Oregon
Tina Kotek, Governor

Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, Oregon 97301-2540
Phone: 503-373-0050
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www.oregon.gov/LCD

March 8, 2024

Heather Richards
Community Development Director
City of McMinnville
231 NE Fifth Street
McMinnville, OR 97128

By email: Heather.Richards@mcminnvilleoregon.gov

RE: Submittal of Work Task No.1 of Approved Sequential UGB Work Program

Dear Community Development Director Richards,

Thank you for the City's March 5th submittal of Task 1 on the approved sequential urban growth boundary (UGB) amendment work program for the City of McMinnville (transmitted via email to the DLCD Director). We have reviewed the submitted documents consisting of Ordinance No. 5141, the associated letter of submittal, and the public notice, and have determined the submitted record to be incomplete pursuant to the requirements of OAR 660-025-0130 (Submission of Completed Work Task) and OAR 660-025-018 (Review of Urban Growth Boundary Amendment Components). As such, at this time we are formally requesting that the City submit the remainder of the record, as required by OAR 660-025-0130 and specified as follows with underlined text. Please note that there will be different requirements for the record depending on the size of the final record once it includes the requirements of OAR 660-025-0130(1), as such, we have included the rules for each scenario below as well.

- OAR 660-025-0130 (1) A local government must submit to the department <u>a list of persons who participated orally or in writing in the local proceedings leading to the adoption of the work task or who requested notice of the local government's final decision on a work task</u>.

- OAR 660-025-0130 (3) (a) or (b):

  (a)If the local record does not exceed 2,000 pages, a submittal must include the entire local record, including but not limited to adopted ordinances and orders, studies, inventories, findings, <u>staff reports, correspondence, hearings minutes, written testimony and evidence</u>, and any other items specifically listed in the work program;

(b) If the local record exceeds 2,000 pages, a submittal must include adopted ordinances, resolutions, and orders; any amended comprehensive or regional framework plan provisions or land use regulations; findings; <u>hearings minutes; materials from the record that the local government deems necessary to explain the submittal or cites in its findings; and a detailed index listing all items in the local record and indicating whether or not the item is included in the submittal.</u>

- OAR 660-025-0130 (3) (c) A submittal of over 500 pages must include <u>an index of all submitted materials. Each document must be separately indexed, in chronological order, with the last document on the top. Pages must be consecutively numbered at the bottom of the page</u>;

We would also like to clarify that pursuant to OAR 660-025-0185(5), we can't start the 90-day timeline for a director's decision until we receive the full record, required as specified above. Please feel free to reach out with any questions, we are available to coordinate to ensure that the work task submittal is compliant with the requirements in state law.

Respectfully,

Melissa Ahrens
Mid-Willamette Valley Regional Representative
Oregon Department of Land Conservation and Development
Cell: 503-779-9821 | Main: 503-373-0050
melissa.ahrens@dlcd.oregon.gov

City of McMinnville
PLANNING

COMMUNITY DEVELOPMENT DEPT.
231 NE Fifth Street
McMinnville, OR 97128
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www.mcminnvilleoregon.gov

March 5, 2024

Brenda Bateman
Director
Department of Land Conservation and Development
635 Capitol Street, NE, Suite 150
Salem, OR 97301-2540

(Sent via Email)

RE: Ordinance No. 5141 - McMinnville Housing Capacity Analysis, Economic Opportunity Analysis and Buildable Lands Inventory

Dear Director Bateman,

Please find enclosed the City of McMinnville's Housing Capacity Analysis, Economic Opportunity Analysis and Buildable Lands Inventory for the planning period of 2021-2041. We are submitting these documents per ORS 197.296 as amended by a letter from the Department of Land Conservation and Development (DLCD) dated February 7, 2024, approving a Sequential UGB work plan. This submittal should satisfy Task #1 of that work plan. We are submitting them for your review per OAR 660-025-0150.

These documents were adopted via Ordinance No. 5141 on February 27, 2024 by the McMinnville City Council. The Notice of Decision was mailed on Tuesday, March 5, 2024 to all interested parties that participated in the public hearing process.

This project was funded in part by a Department of Land Conservation and Development Housing Assistance grant and we appreciate that support, as well as the support and guidance that we received from DLCD staff, especially Melissa Ahrens.

If you should have any questions regarding the submittal, please contact me at Heather.Richards@mcminnvilleoregon.gov, or 503-474-5107.

Sincerely,

Heather Richards, PCED
Community Development Director

Enc: Ordinance No. 5141 with Attachments:

ORDINANCE NO. 5141

AN ORDINANCE ADOPTING THE NOVEMBER 2023 "MCMINNVILLE URBANIZATION REPORT", AND UPDATING THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "MCMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 2023 "MCMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS", AND REPEALING ORDINANCES NO. 4746 AND 4976.

RECITALS:

WHEREAS, the McMinnville City Council adopted McMinnville's first Housing Needs Analysis on May 22, 2001 (Ordinance No. 4746) as part of the City's work to determine future housing land needs for the planning horizon of 2000 - 2020; and

WHEREAS, the City Council amended McMinnville's Housing Needs Analysis on October 14, 2003 (Ordinance No. 4796) as part of the City's McMinnville Growth Management and Urbanization Plan work to determine future housing land needs for the planning horizon of 2003 - 2023; and

WHEREAS, per ORS 197.296, the City of McMinnville needs to submit an updated Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023; and

WHEREAS, the City of McMinnville developed an updated Housing Needs Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the McMinnville Housing Needs Analysis to the McMinnville City Council on September 21, 2023, by an unanimous vote of 8 - 0; and.

WHEREAS, the McMinnville City Council adopted McMinnville's first Economic Opportunities Analysis on October 14, 2003, (Ordinance No. 4795) as part of the City's McMinnville Growth Management and Urbanization Plan to determine future commercial and industrial land needs for the planning horizon of 2003 - 2023; and;

WHEREAS, the McMinnville City Council approved Ordinance No. 4976 updating the McMinnville Economic Opportunity Analysis on February 25, 2014; and

WHEREAS, in conjunction with its work to update the Housing Needs Analysis in 2020, the City of McMinnville developed an updated Economic

Opportunities Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the 2023 McMinnville Economic Opportunity Analysis with amendments to the McMinnville City Council on September 21, 2023, by a unanimous vote of 8 - 0; and

WHEREAS, on October 10, 2023, the McMinnville City Council considered the McMinnville Planning Commission's recommendation and directed city staff to draft documents that adopted the 2023 McMinnville Housing Needs Analysis as recommended by the McMinnville Planning Commission, and to amend the 2023 McMinnville Economic Opportunities Analysis by increasing the amount of acreage associated with the parkland brought into McMinnville's urban growth boundary by Ordinance No. 5098 (adopted December 8, 2020) by 62 acres due to a calculation error and to remove 62 acres of parkland need from the deficit in Appendix E; and

WHEREAS, the amendments result in the identification of land deficits for the planning horizon of 2021-2041 in the manner of 202 gross buildable acres of residential land, 29 gross buildable acres of industrial land, 159 gross buildable acres of commercial land, and 32 gross buildable acres of public or institutional land for a total land deficit of 422 gross buildable acres within the city's existing urban growth boundary; and

WHEREAS, per ORS 197.626(3) and OAR 660-025-0185(1) and (2), the City will elect to use the Sequential Urban Growth Boundary Amendment Process to evaluate land use efficiency measures by December 31, 2024, and propose an urban growth boundary amendment, if deemed necessary, by March 1, 2026; and

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. The City adopts Exhibit A to this ordinance, the *McMinnville Urbanization Report, dated November 2023.*

2. The City adopts Exhibit B to this ordinance, the *McMinnville Housing Needs Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

3. The City adopts Exhibit C to this ordinance, the *McMinnville Economic Opportunity Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

4. The City adopts Exhibit D to this ordinance, which includes findings of fact that support the development and conclusions reached for preparing and adopting the *McMinnville Urbanization Report, dated November 2023*, the *McMinnville Housing Needs Analysis, dated November 2023*, and *the McMinnville Economic Opportunities Analysis, dated November 2023,* demonstrating a land deficit of 422 gross buildable acres in the city's urban growth boundary to meet the residential, employment and public land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

5. That Ordinances Nos. 4746 and 4976 are hereby repealed in their entirety.

6. This Ordinance will take effect 30 days after passage by the City Council.

Passed by the McMinnville City Council this 27th day of February 2024 by the following votes:

Ayes: Menke, Chenoweth, Peralta, Garvin

Nays: Geary

Council President

Approved as to form:

City Attorney

Attest:

Claudia Cisneros

City Recorder

EXHIBITS:

A. McMinnville Urbanization Report, November 2023
B. McMinnville Housing Needs Analysis, November 2023
C. McMinnville Economic Opportunities Analysis, November 2023
D. Findings of Fact and Conclusionary Findings







Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

NOVEMBER 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The official population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population
11,260

New Employment
6,885

New Housing Units
4,657

MCMINNVILLE NEEDS 422 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth, McMinnville will need 188 gross acres for employment for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need an additional 32 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(32)	(335)
Industrial	(29)	Not forecast for 2041-2067*
Commercial	(159)	(416)
Total	**(422)**	**(2,048)**

Source: ECONorthwest
*Note: This analysis does not estimate demand for industrial land for the 2041-2067 period.

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 by 2041— a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

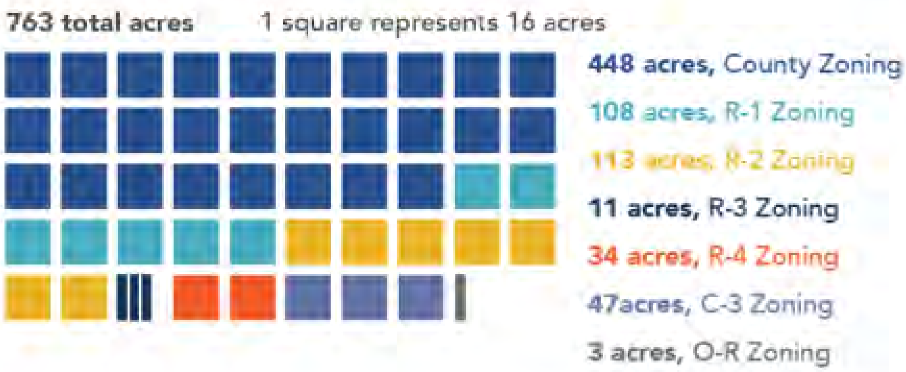
Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legistlature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

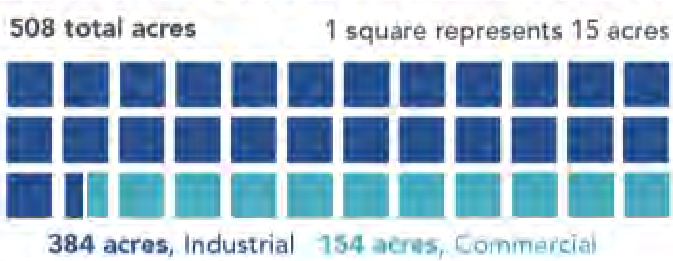
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land are in industrial designations and about 154 vacant acres are in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

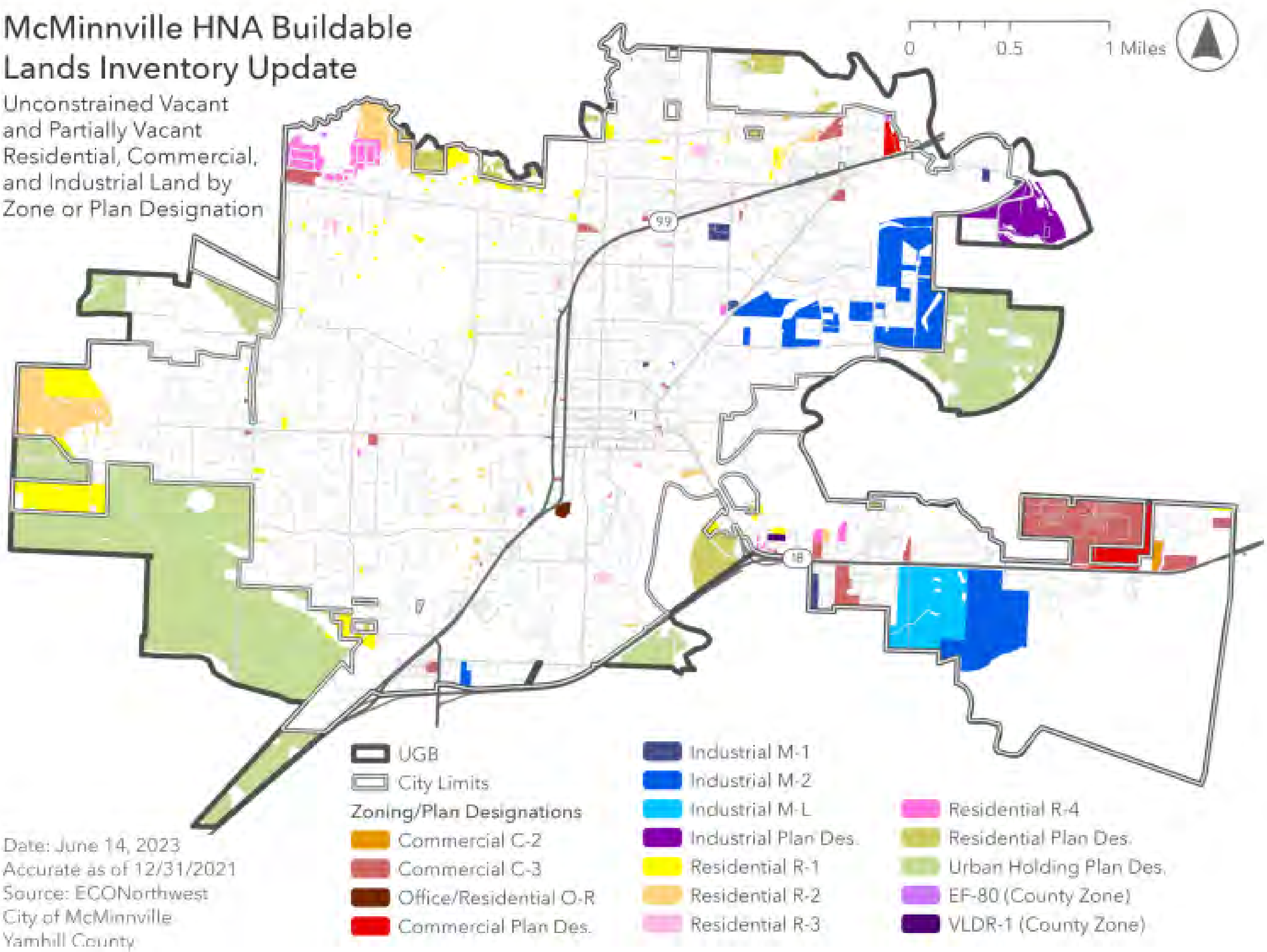
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up a about one-third of Yamhill County's total population, McMinnville has grown at a much faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville's population has historically grown faster than both the county and state.

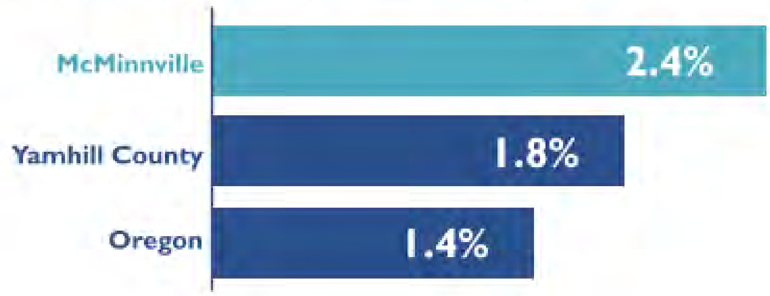
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

Source: Portland State University, Population Research Center

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

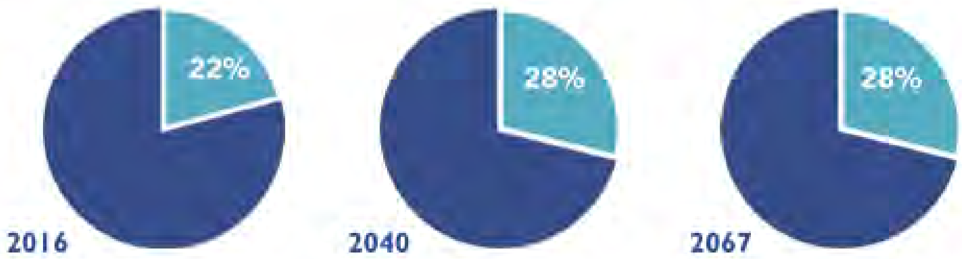
MEDIAN AGE, 2016

Source: Portland State University, Population Research Center

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

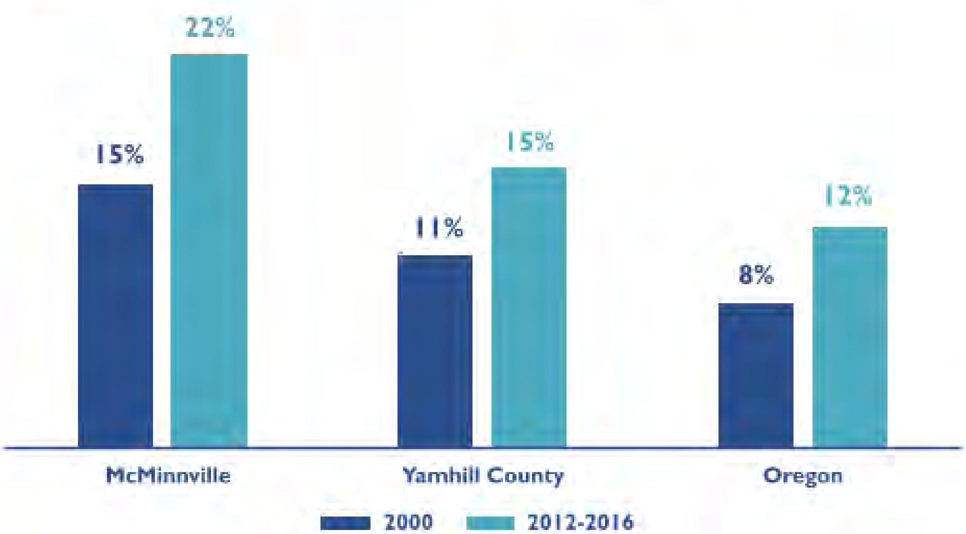


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

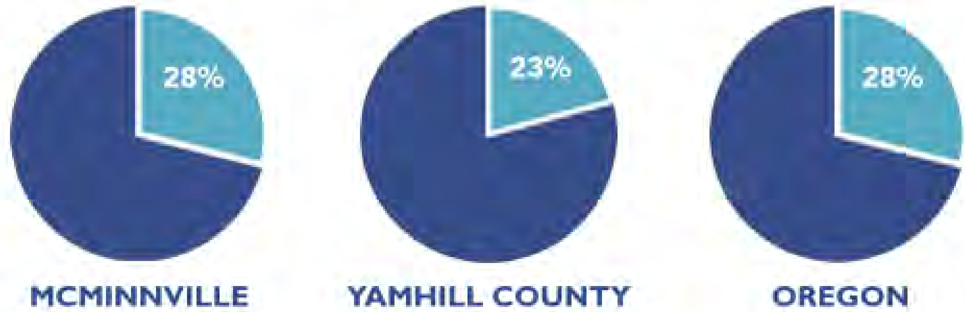
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

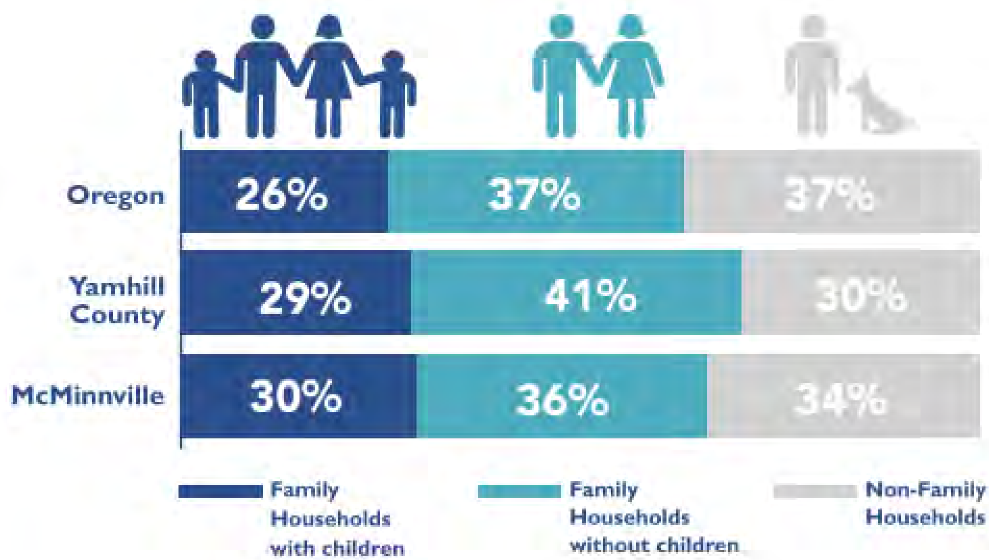


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

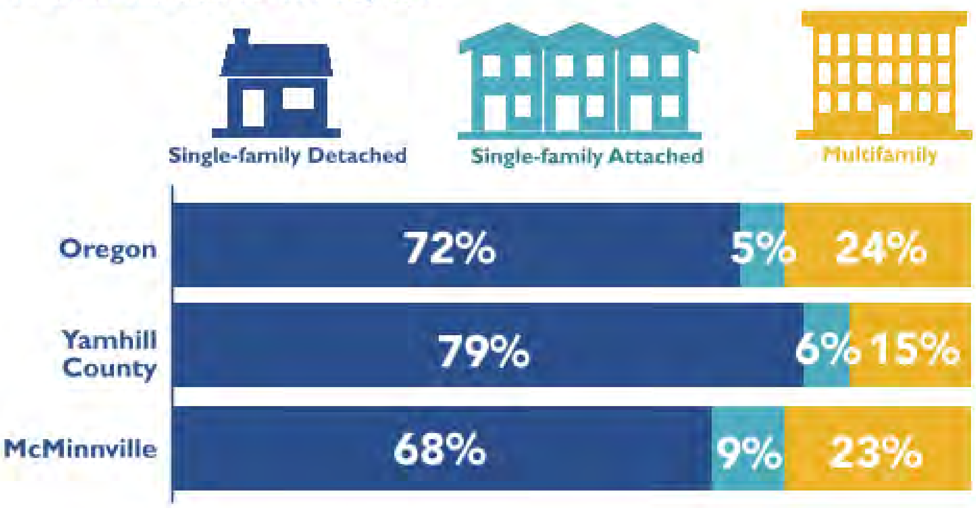
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

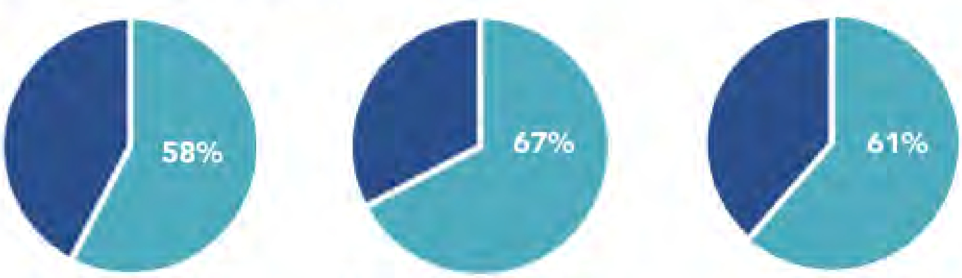
Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



MCMINNVILLE **YAMHILL COUNTY** **OREGON**

A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

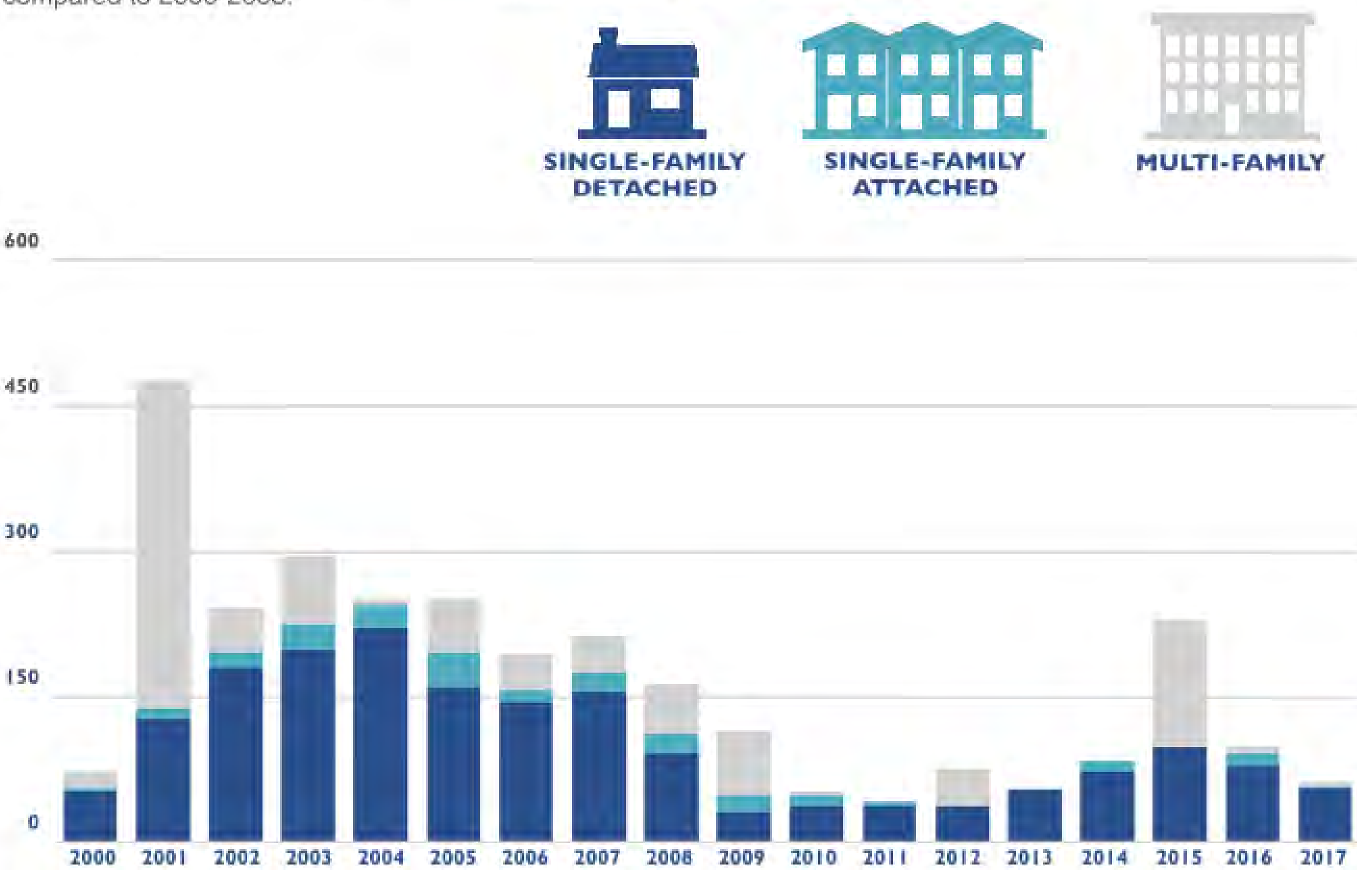
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

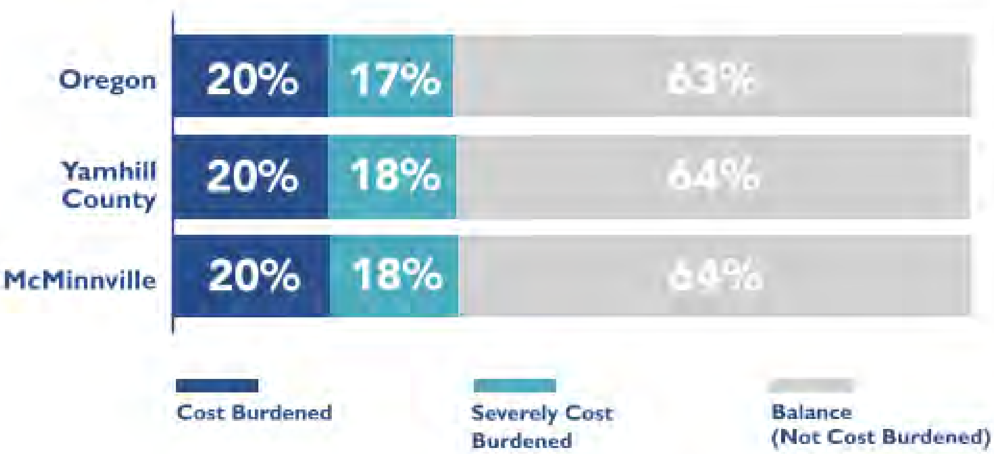


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



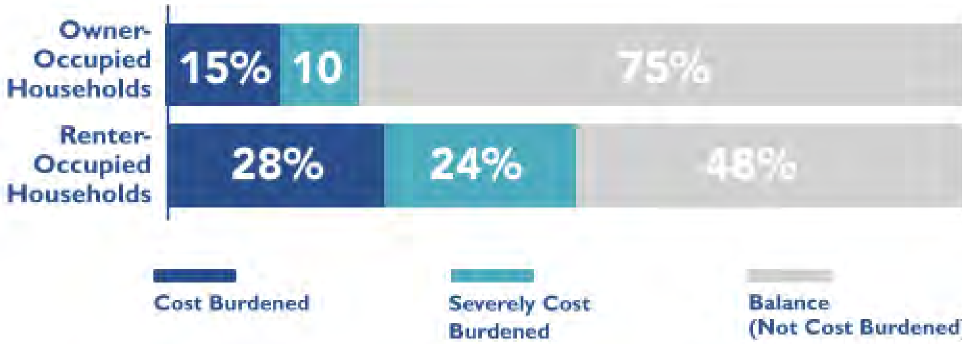
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

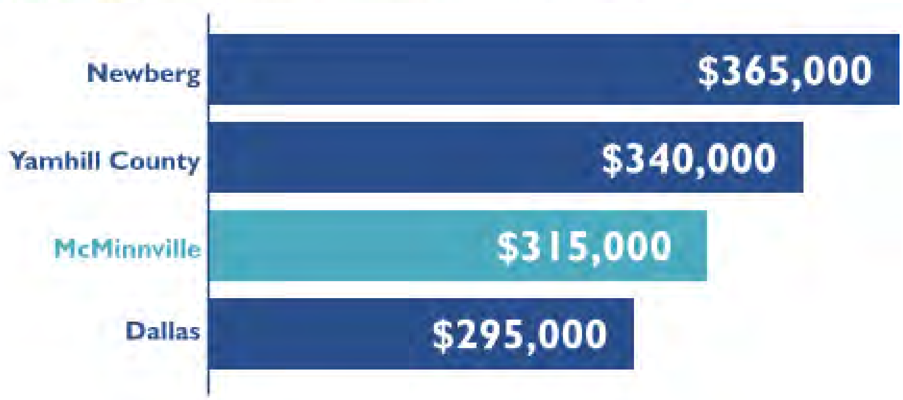
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



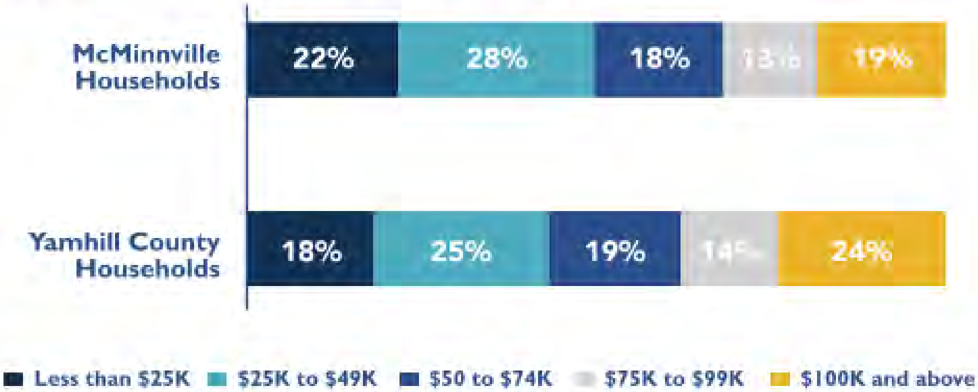
MEDIAN MONTHLY RENTS, 2016

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

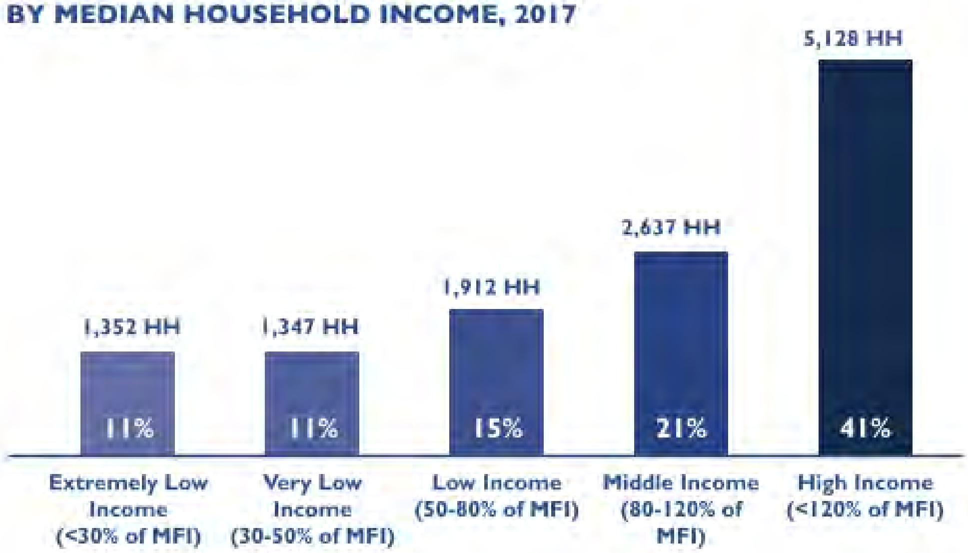
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

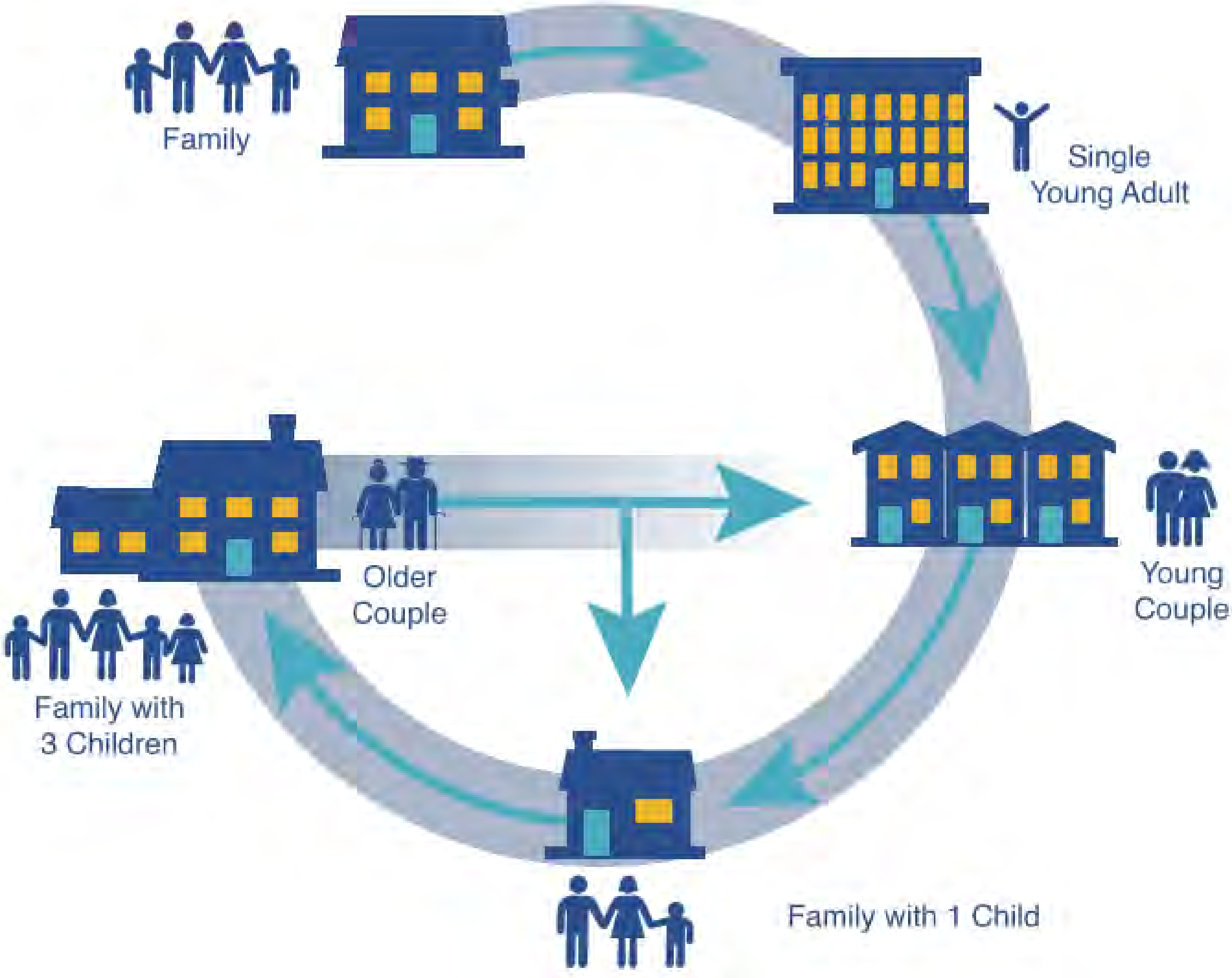
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes
(more 1 person households)

Homeownership Rates
(especially 75 years old)

Income

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes
(as they form families)

Homeownership Rates

Income

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

Homeownership Rates
(Hispanics/Latino households have higher homeownership rates at younger ages)

Continued Lower-Than-Avg. Income

Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

3,611 total dwelling units 1 square represents 36 dwelling units

DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISTLATURE)

3.19	4.43	4.94	6.28
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.49	22.56	5.05
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

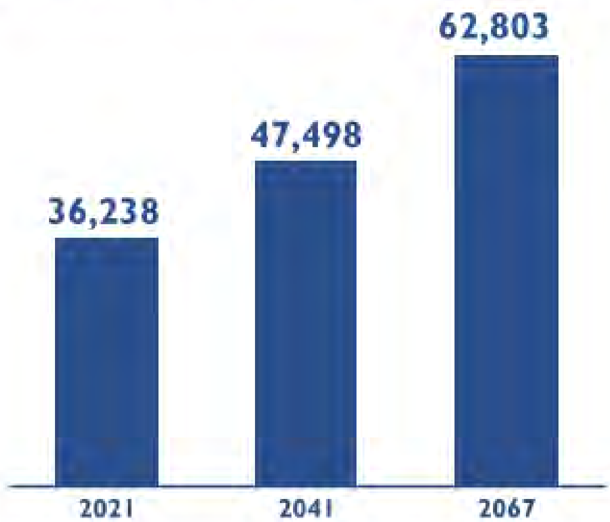
Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

Demand For Residential Land, By Housing Type

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



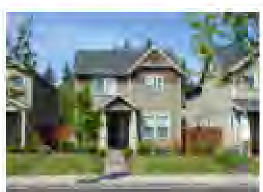
Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).



	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at needed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

1,268 GROSS ACRES
at needed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill – these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) – an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem – possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

- 1.1 Develop an Urban Reserve Area
- 1.2 Establish a Framework Plan for the URA
- 1.3 Identify an Expanded UGB per the URA
- 1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities
- 1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)
- 1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas
- 1.7 Update Goal 7 Hazards Planning & Policies, Incl. Landslide Susceptibility
- 1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.
- 1.9 Implement Great Neighborhood Principles
- 1.10 Create a Diverse Housing Zone
- 1.11 Develop a High-Density Residential Zone
- 1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

- 2.1 Create a Diverse Housing Zone
- 2.2 Develop a High-Density Residential Zone
- 2.3 Provide Density Bonuses to Developers
- 2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards
- 2.5 Update Infrastructure Plans for Infill Development
- 2.6 Implement Great Neighborhood Principles
- 2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

- 3.1 Assess Infrastructure Capacity to Support Infill
- 3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
- 3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements
- 3.4 Develop Infrastructure Allocation Policies
- 3.5 Identify Areas with Underutilized Infrastructure Capacity
- 3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

- 4.1 City Center Housing Strategy
- 4.2 Evaluate Three Mile Lane for Residential Development
- 4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

- 5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards
- 5.2 Implement Other Code Amendments Prioritized by the PAC.
- 5.3 Streamline Zoning Code and Other Ordinances
- 5.4 Implement the Great Neighborhood Principles
- 5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
- 5.6 Evaluate Code for Fair Housing Act Best Practices
- 5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

- 6.1 Pursue Funds for Affordable Housing (City Influence)
- 6.2 Financial Incentives Supporting Inclusionary Zoning
- 6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing
- 6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)
- 6.5 SDC Financing and Credits
- 6.6 Parcel assembly
- 6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)
- 6.8 Sole Source SDCs
- 6.9 Grants or Loans
- 6.10 Vacant Property Tax.
- 6.11 Fee for Demolition of Affordable Home for Expensive Home.

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

- 7.1 Support Partners Pursuit of Affordable Housing Funds
- 7.2 Community Land Trust (CLT)
- 7.3 Affordable Housing Property Tax Abatement
- 7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

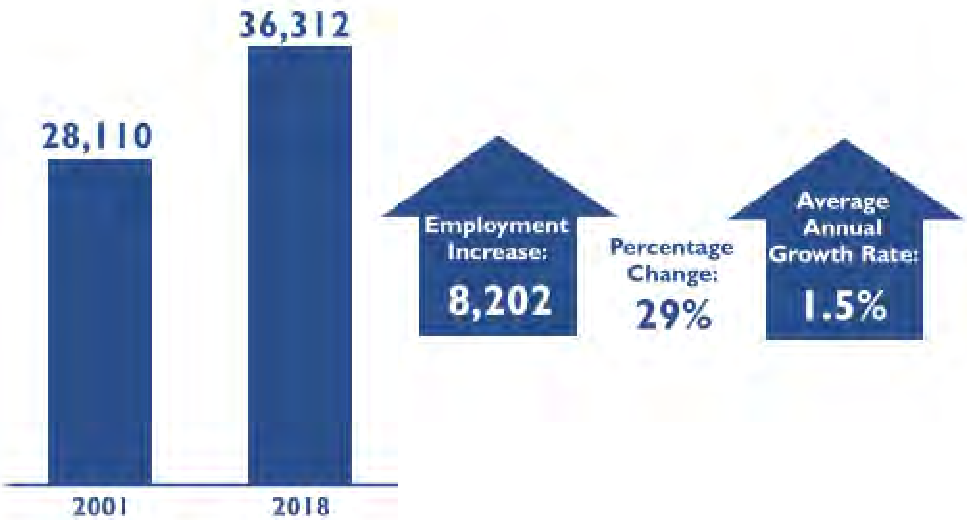
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

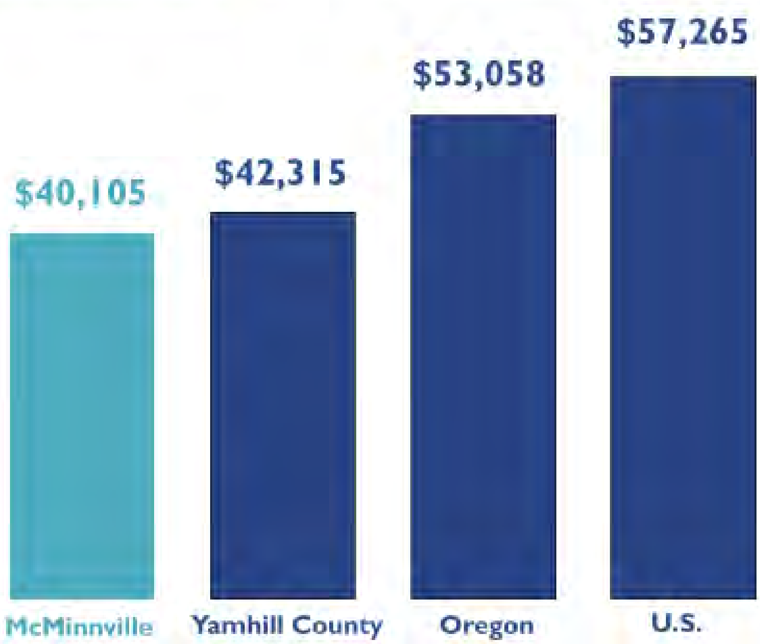


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

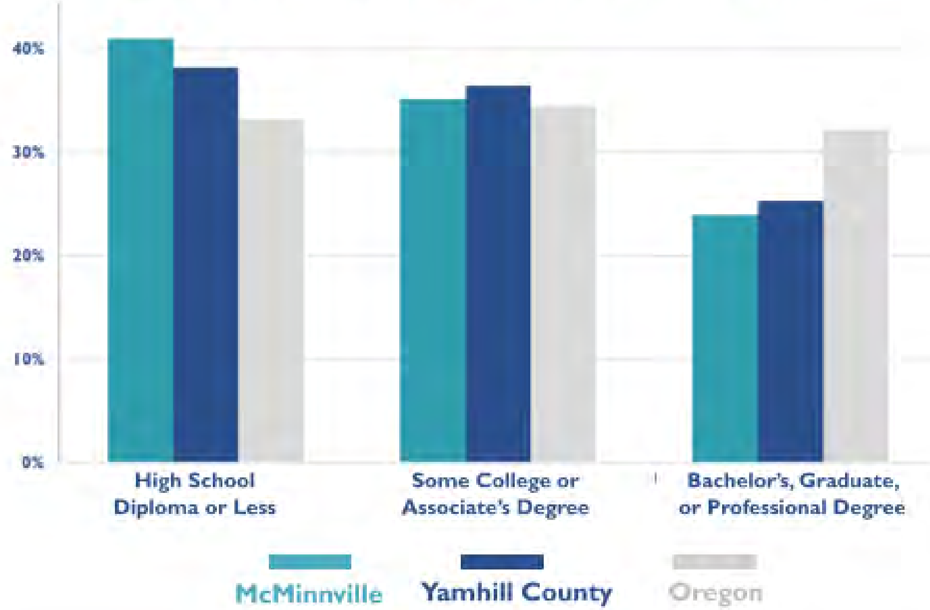


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

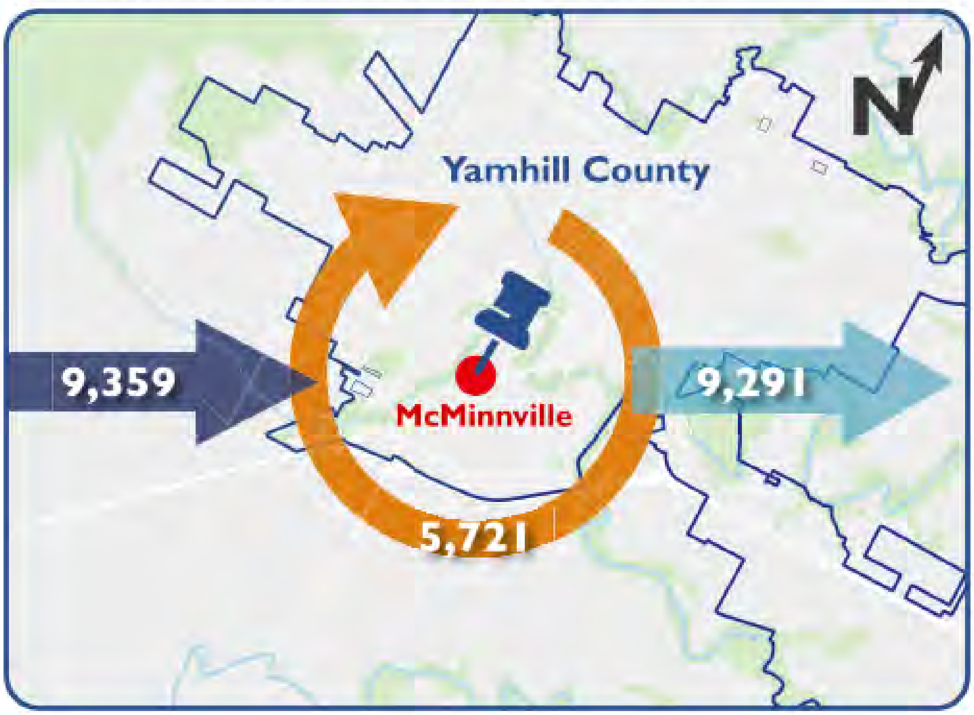
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721	9,359	9,291
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

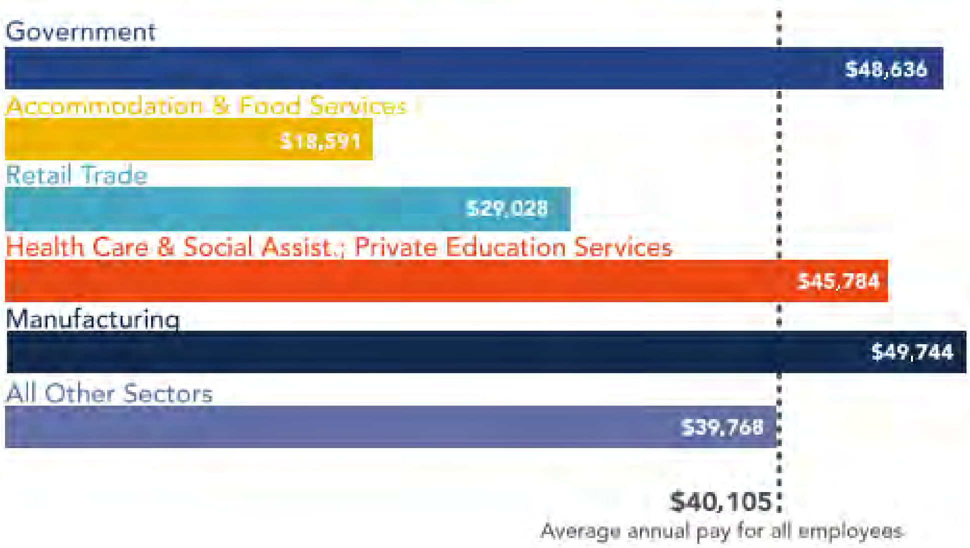
JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1square represents 500 jobs

Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 697 acres of land between 2021 and 2041. For commercial land, demand will continue to grow through 2067, resulting in total commercial land demand of 570 acres between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial employment growth over the next 46 years. The City has a deficit of about 416 acres of commercial land. This analysis does not estimate demand for industrial land for the 2041-2067 period.

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories...". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 444 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	315	392	(77)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	444	477	(32)

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

HOUSING NEEDS ANALYSIS AND ECONOMIC OPPORTUNITIES ANALYSIS PROJECT ADVISORY COMMITTEE (PAC)

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EXHIBIT B TO
ORDINANCE NO. 5141

City of McMinnville
Housing Needs Analysis

November 2023

Prepared for:

City of McMinnville

FINAL REPORT

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

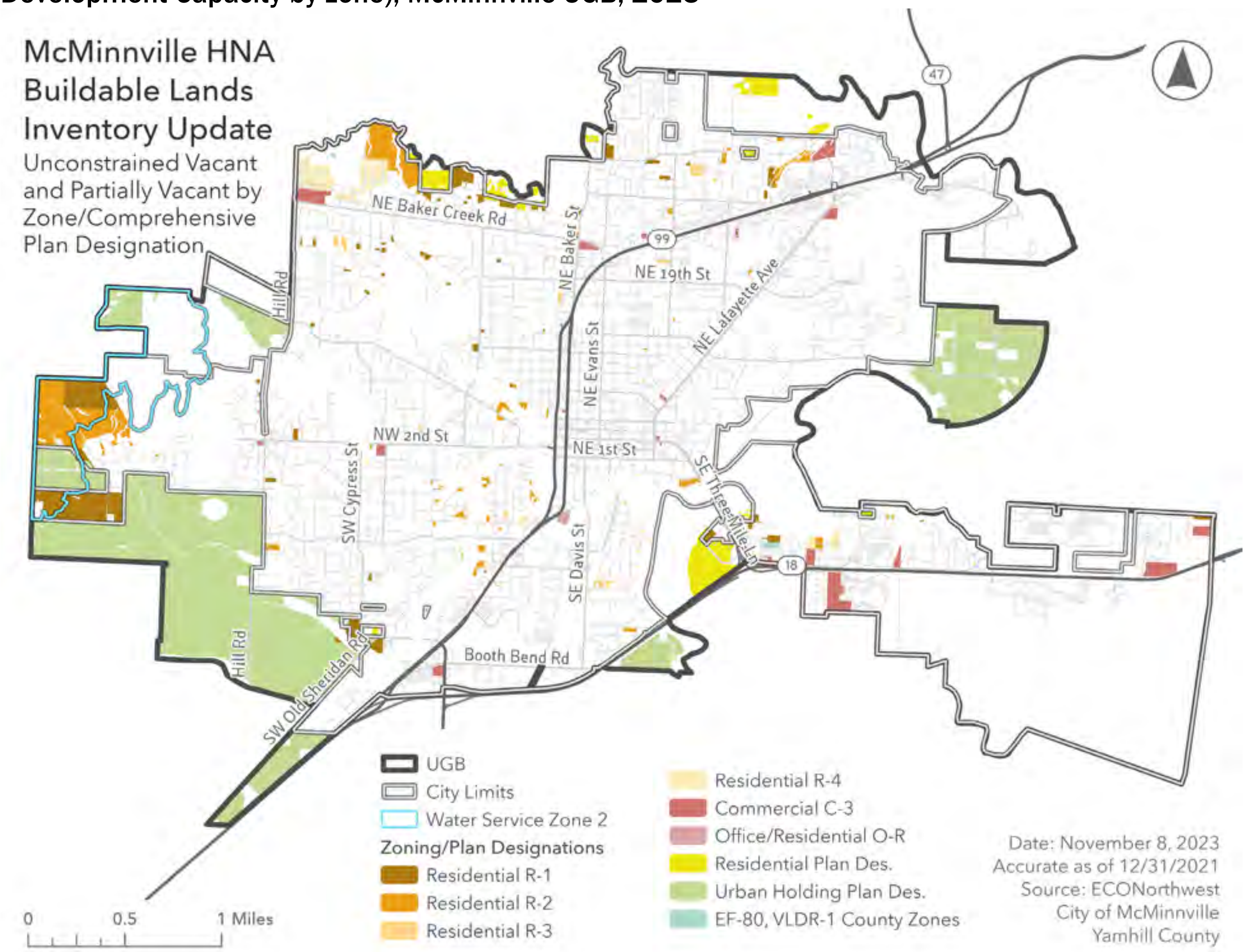
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2 shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2021
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
    - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term “needed housing,” however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn’t provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville’s future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

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[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

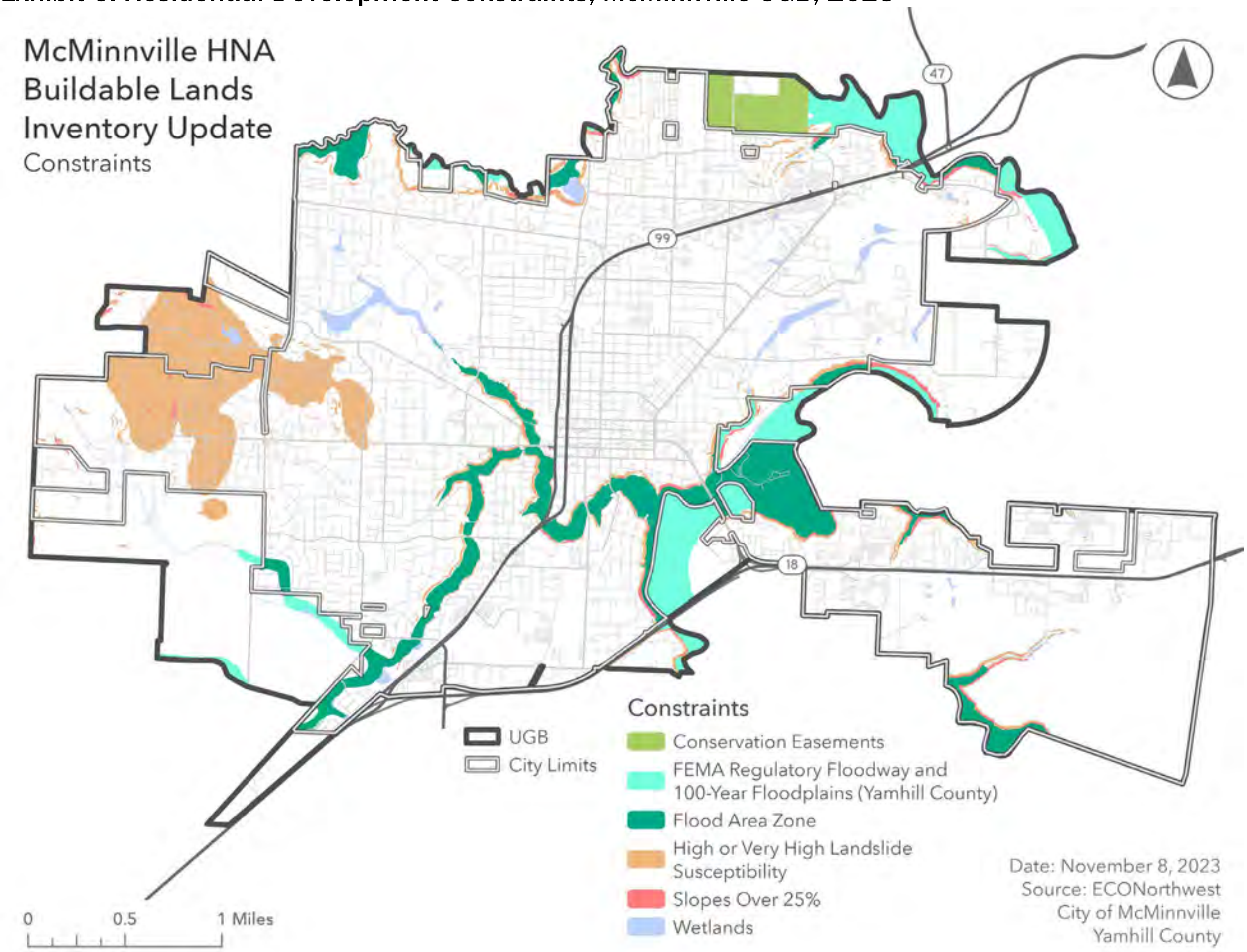
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

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[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

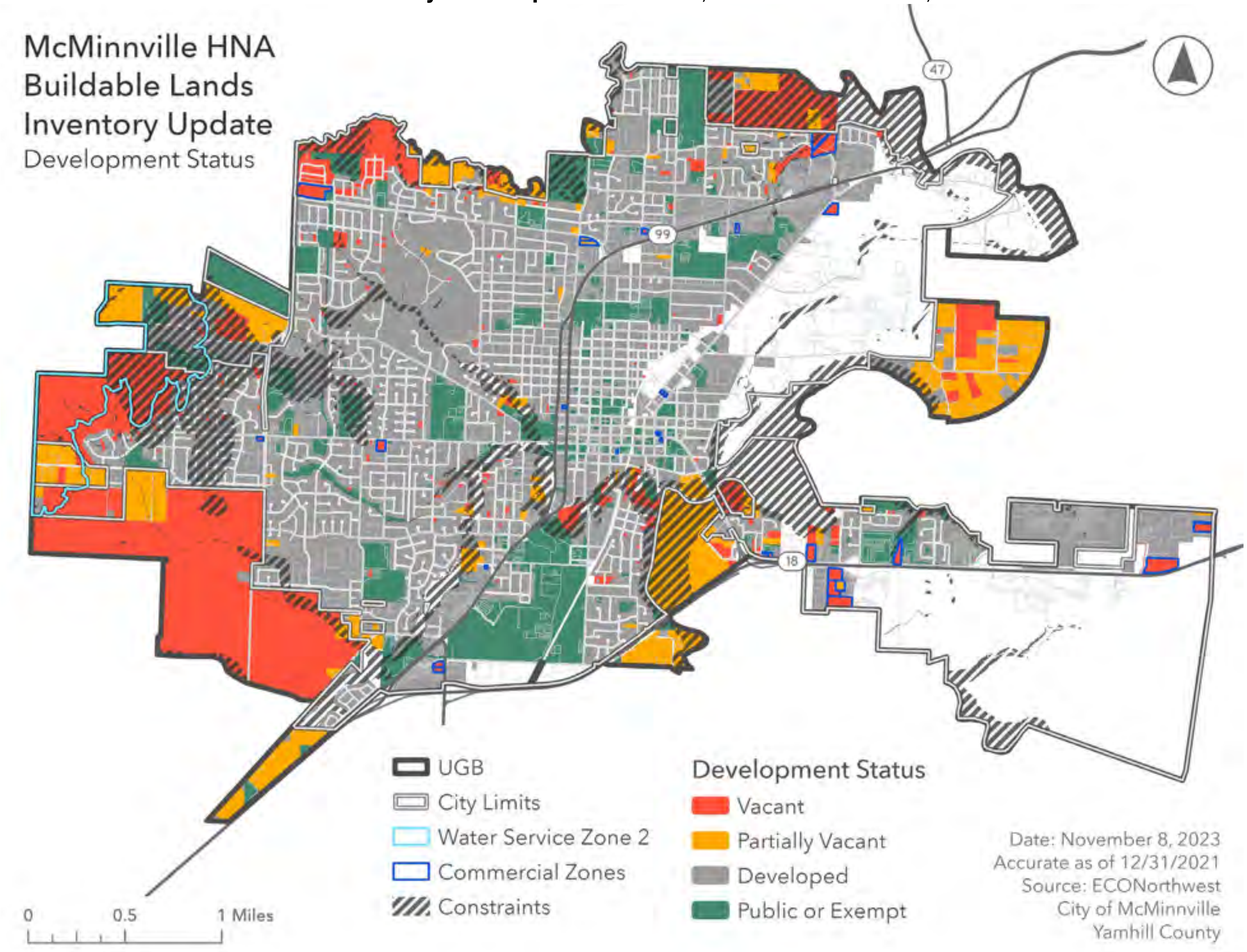
Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

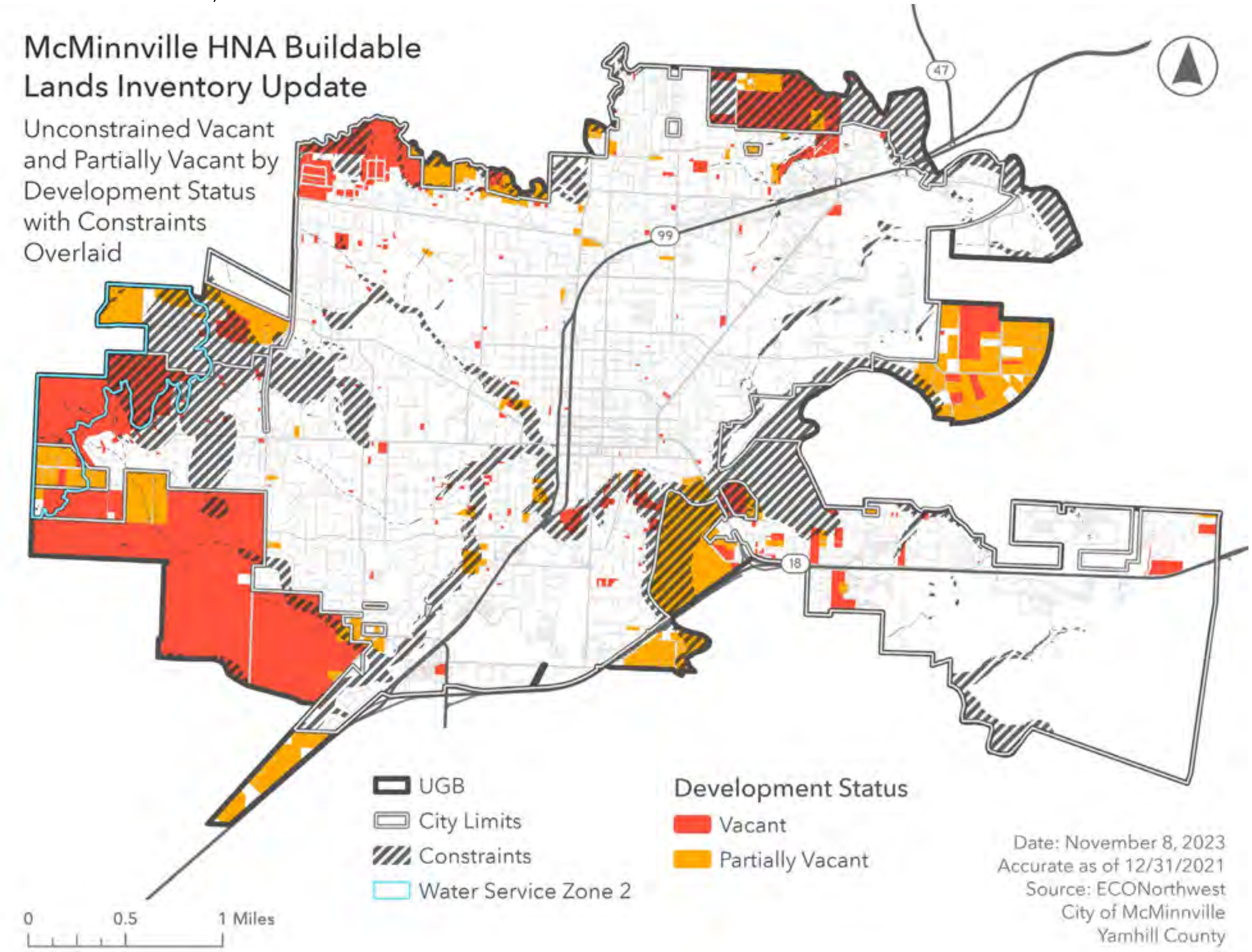


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

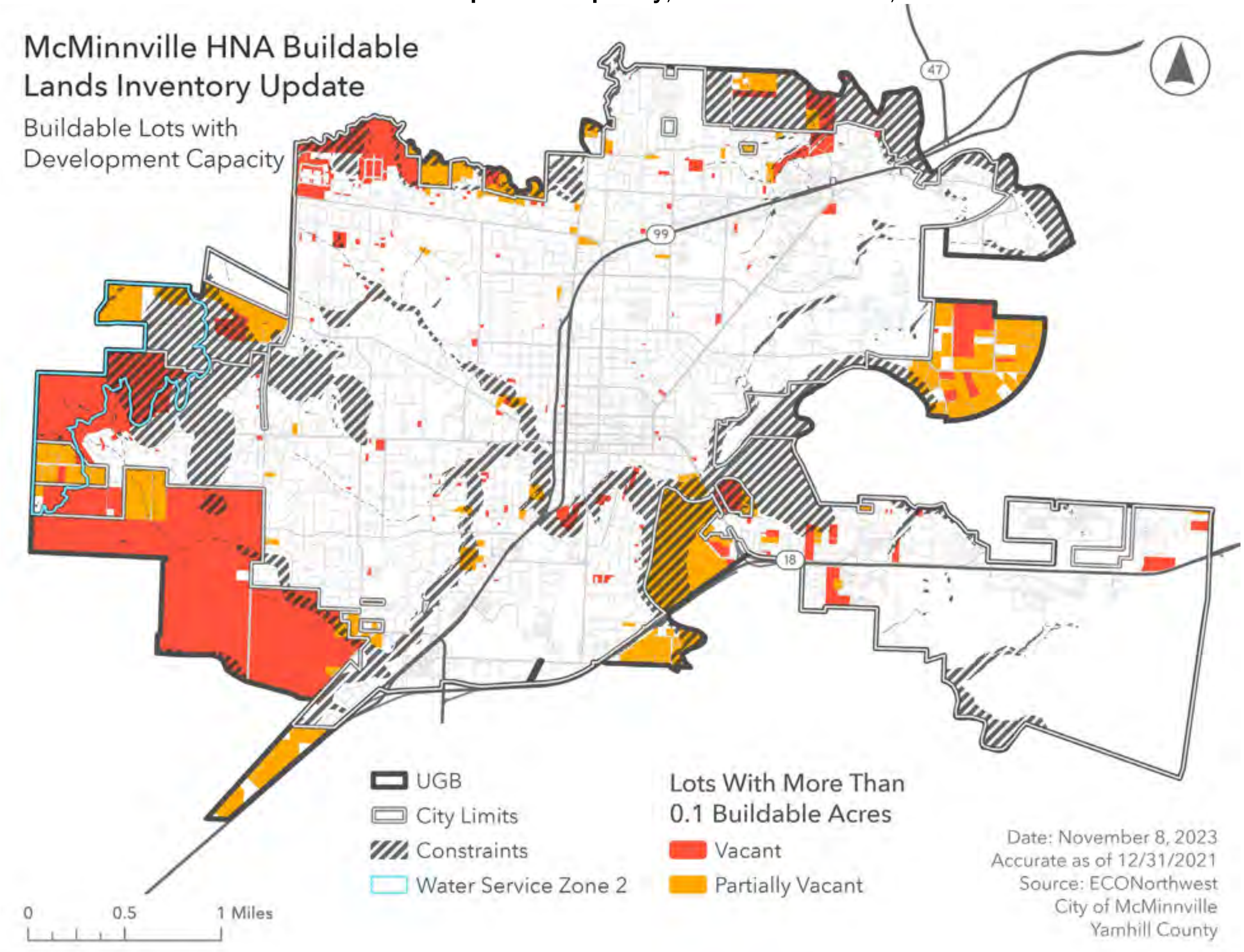
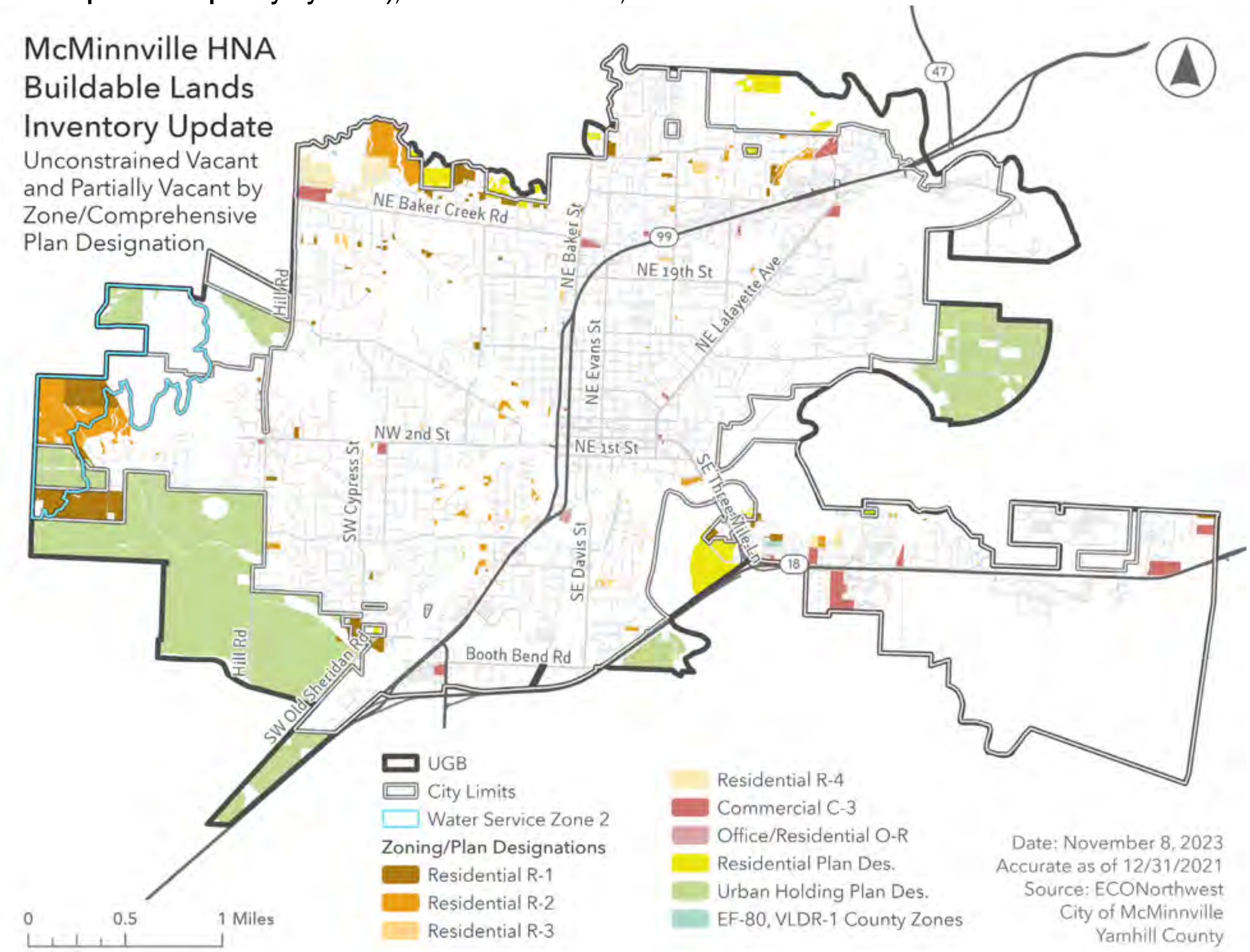


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the strong likelihood that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
    - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
    - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don’t differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

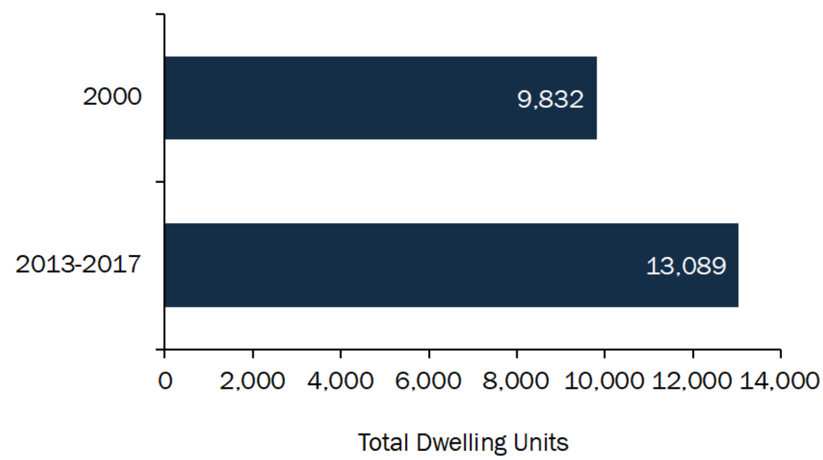
- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

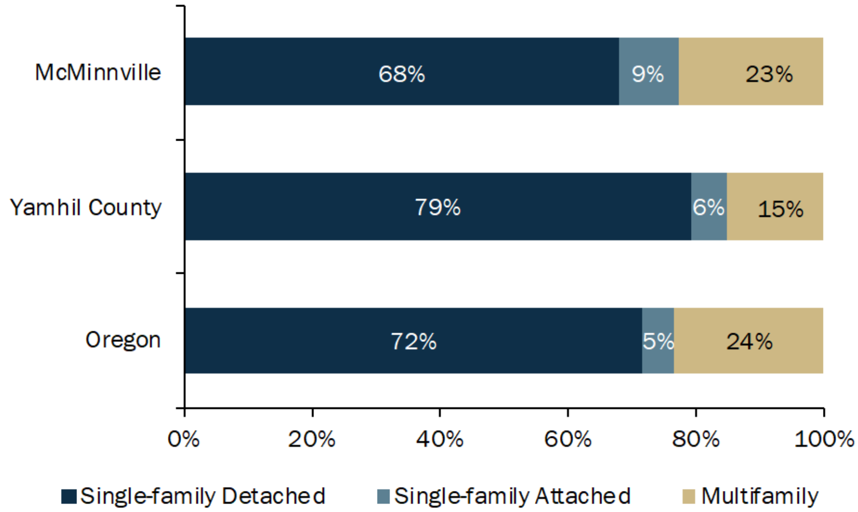


About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

Exhibit 16. Housing Mix, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25024.

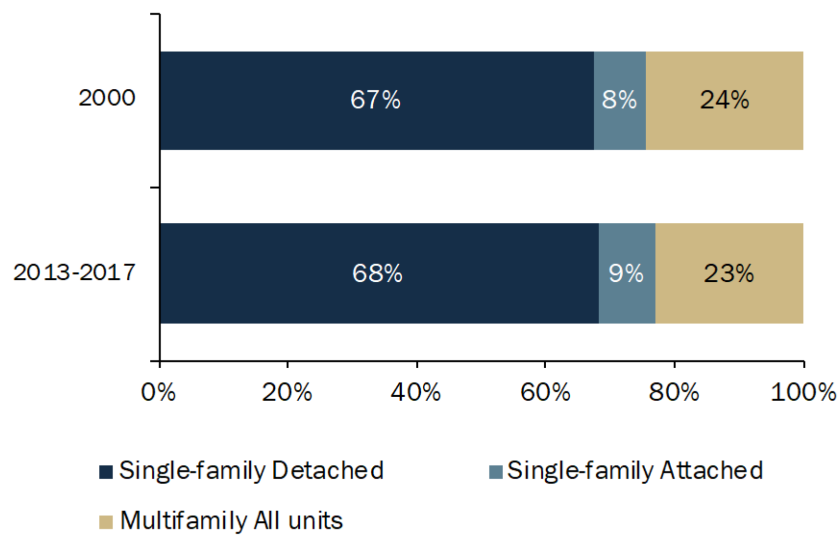


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017

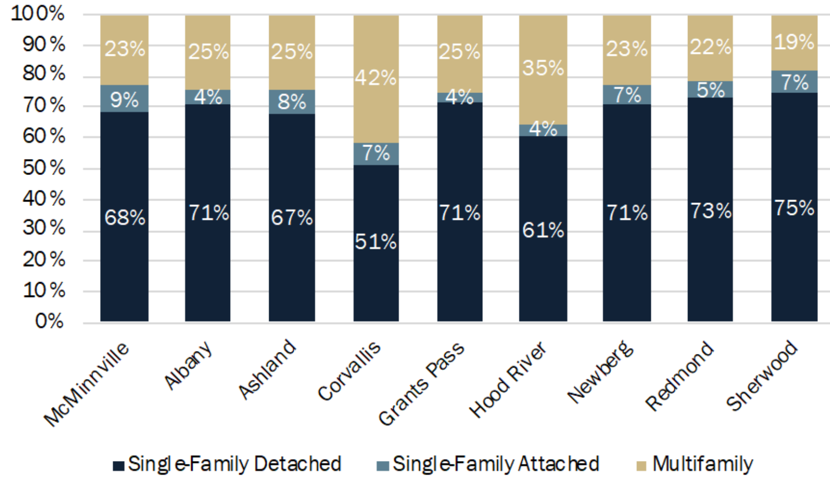
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

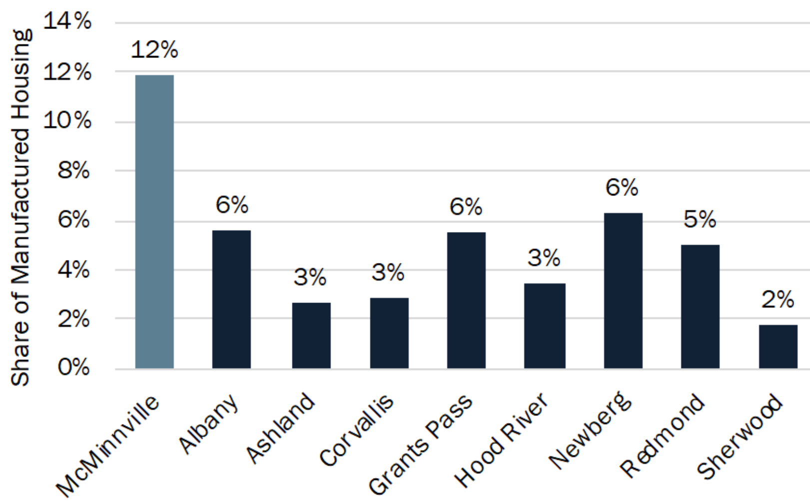


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



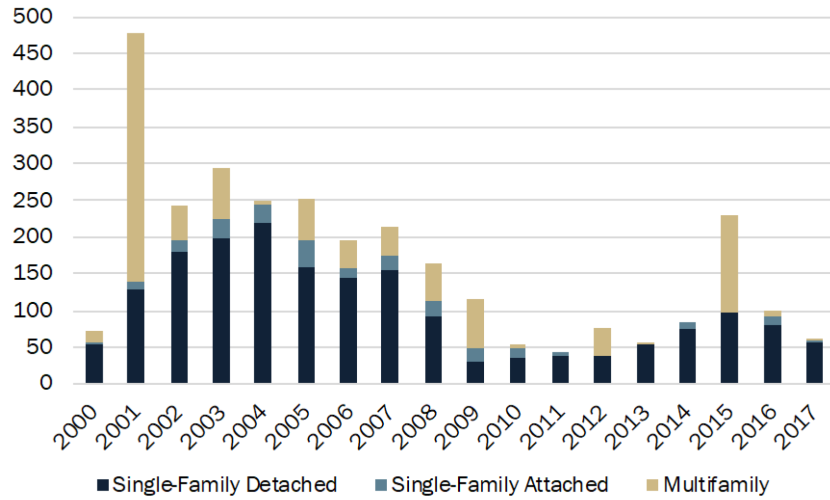
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

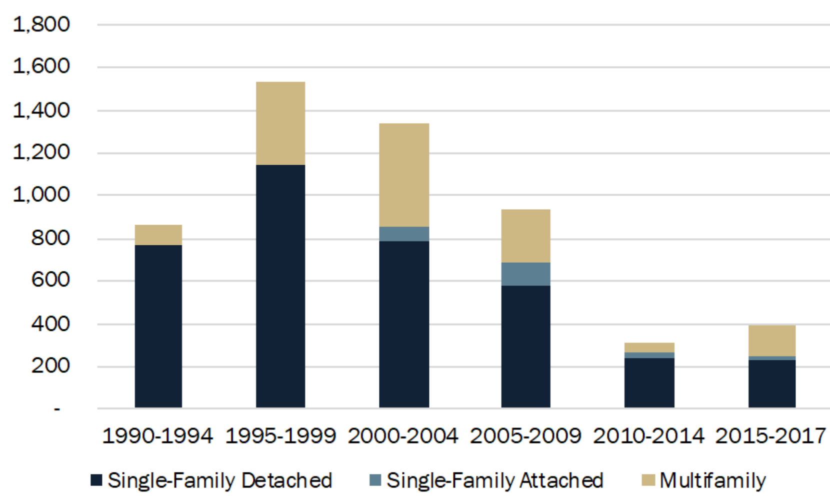
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

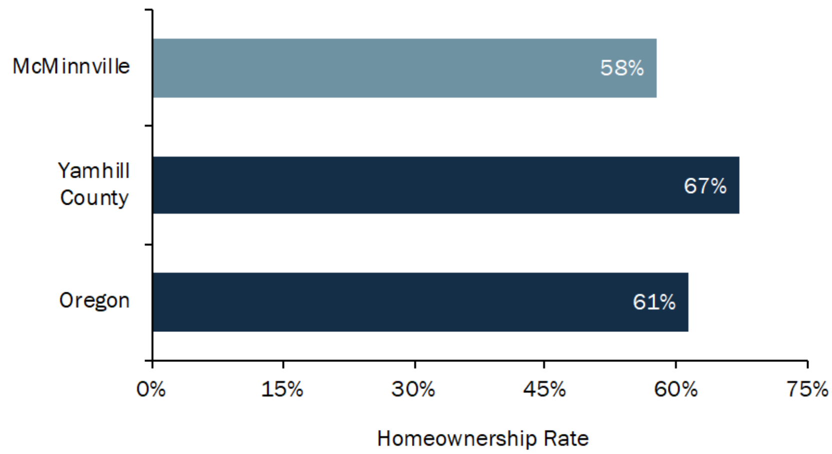
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

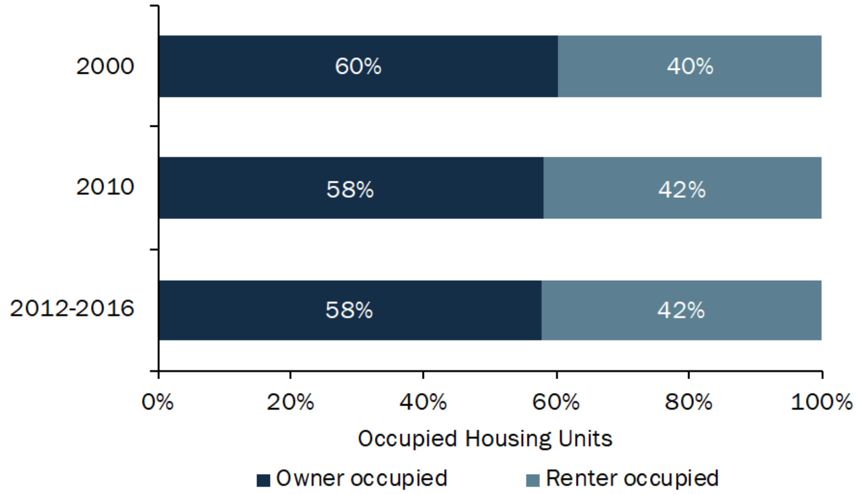
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

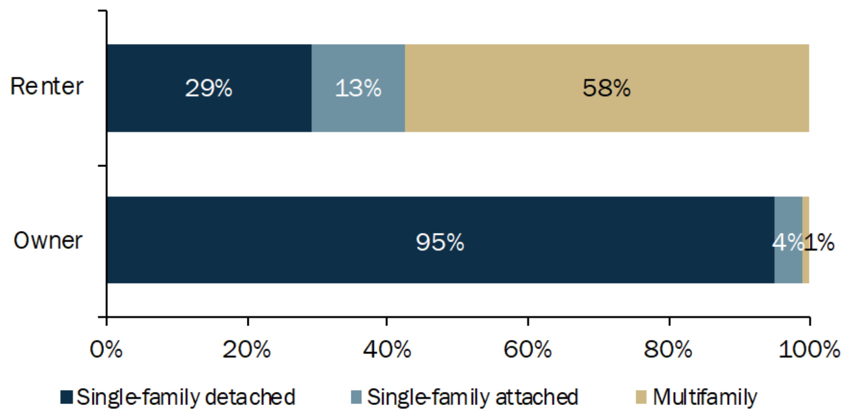
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

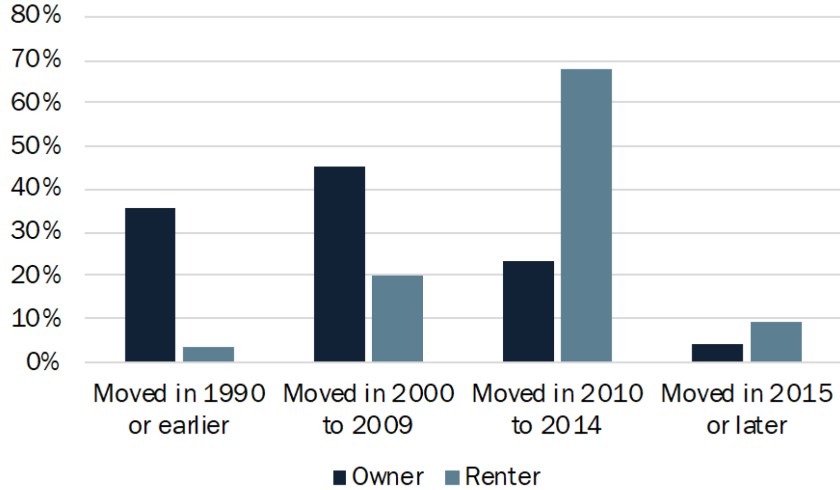
Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

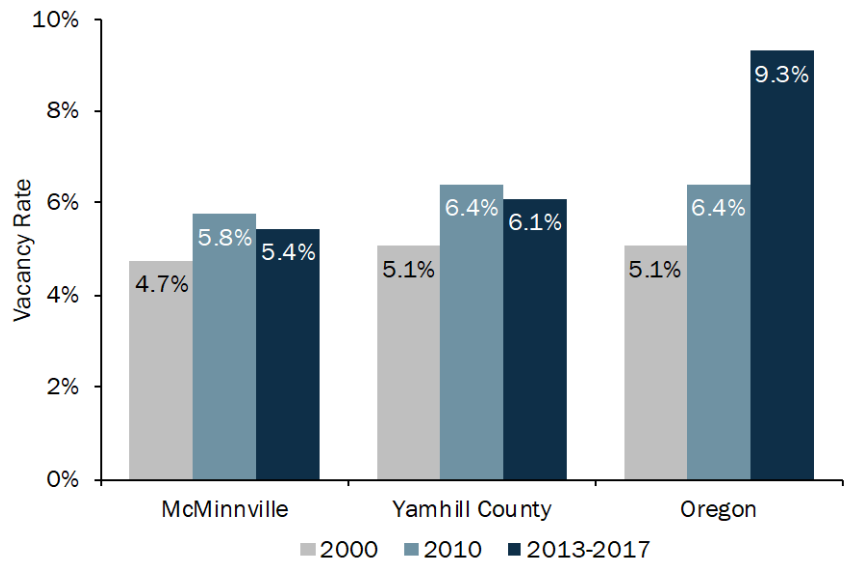
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



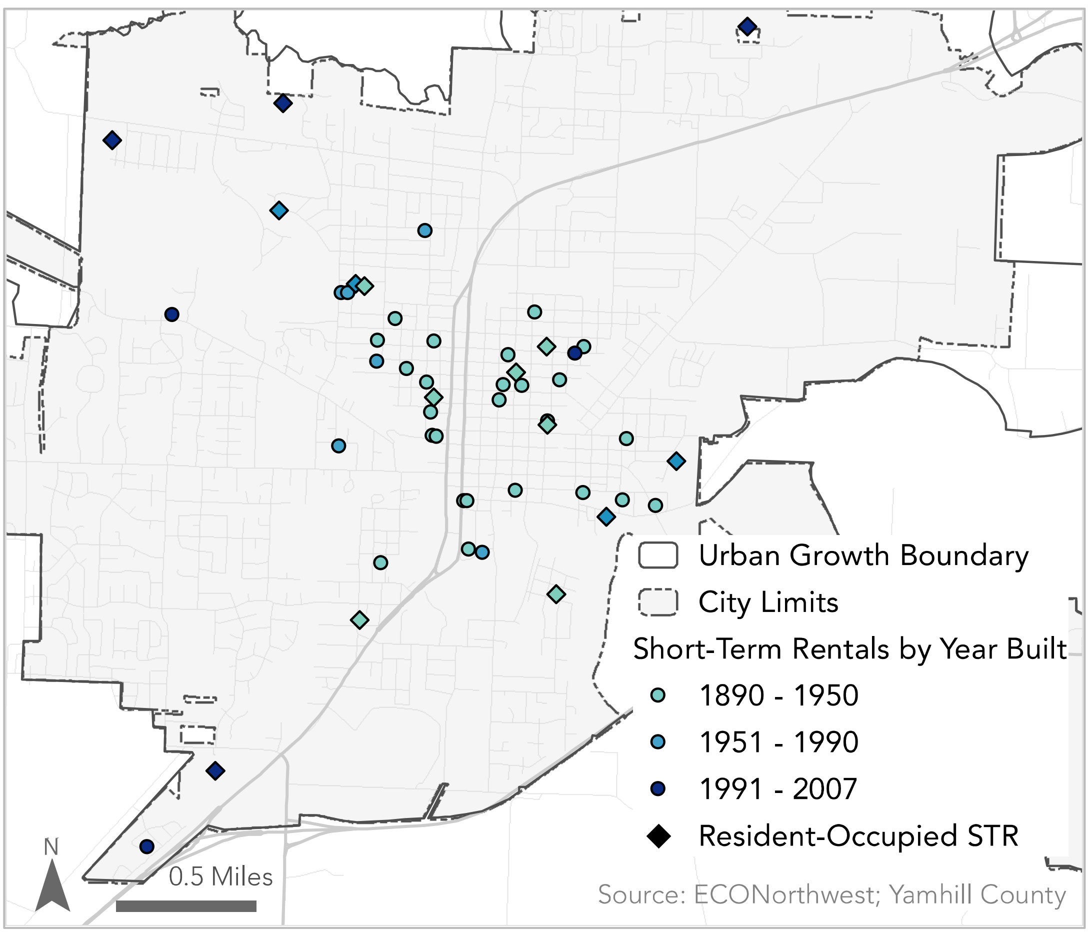
Short-Term Rentals and Seasonal Housing

McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time
Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

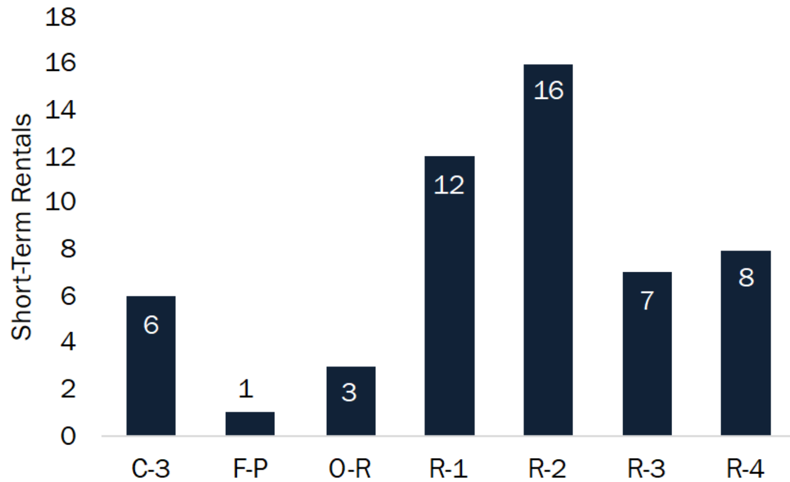


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units
2000

52 Units
2010

74 units
2012–2016

222%
Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.
  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

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[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.

- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

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[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
  - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
  - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
  - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

▪ **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

- Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
- 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.

▪ **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

- Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
- 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

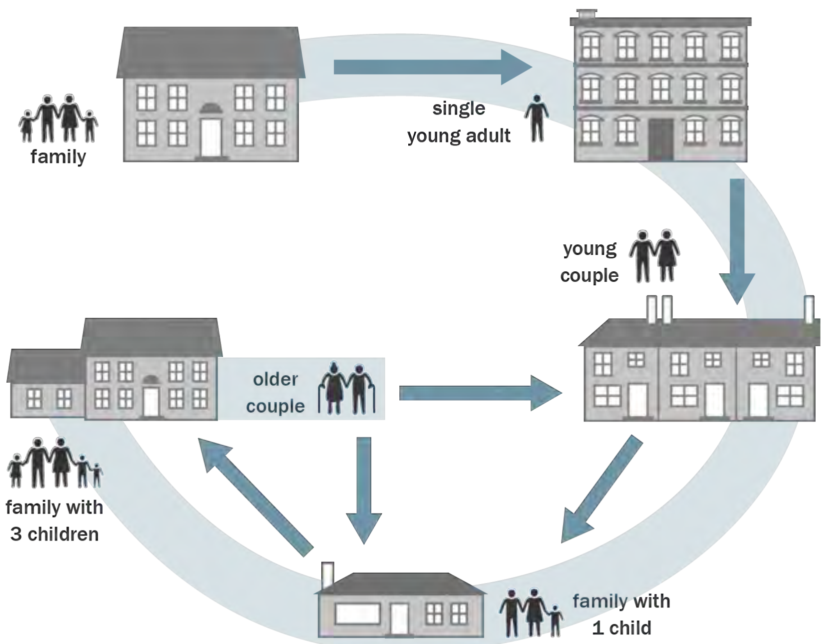
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

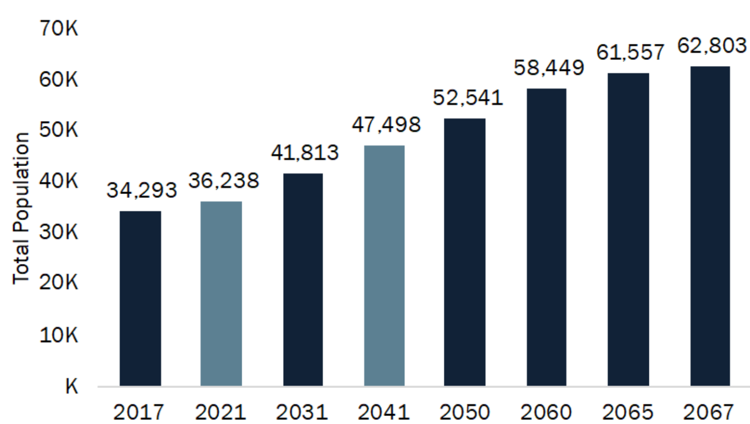
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

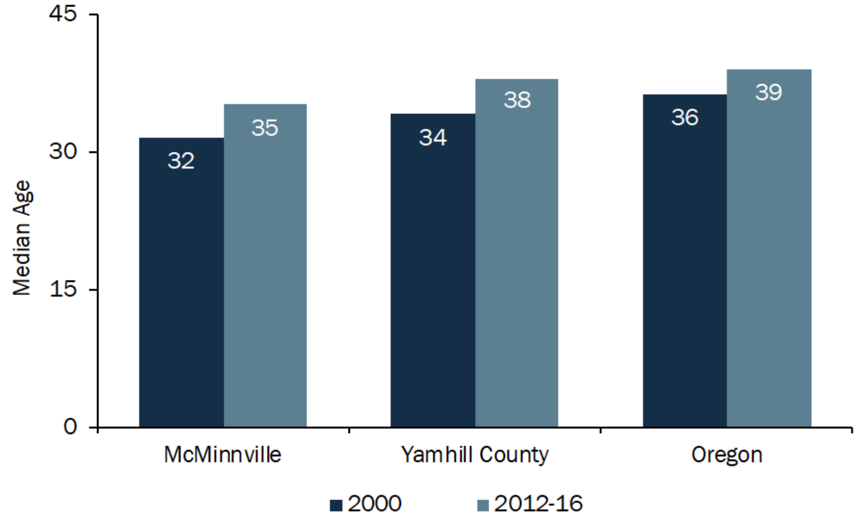
[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.
Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

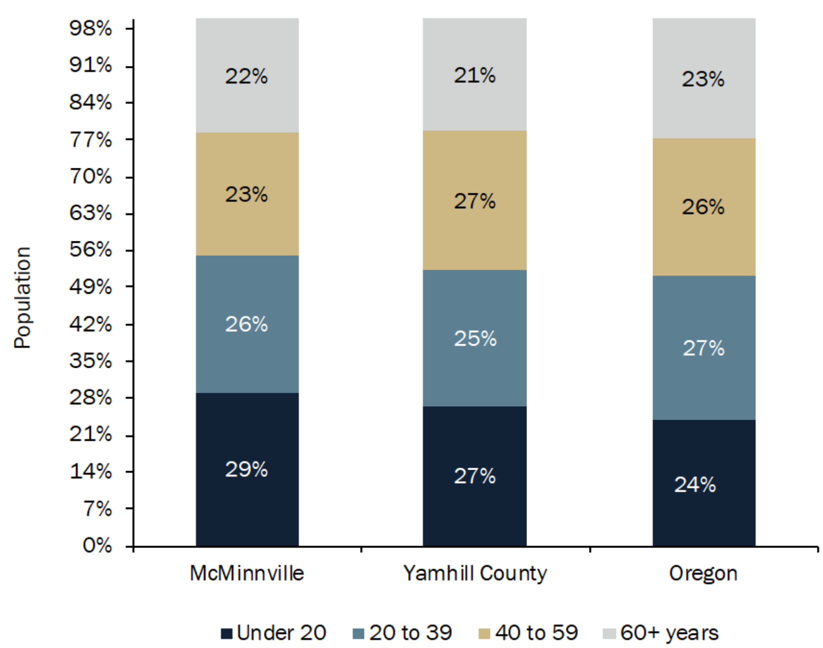
From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

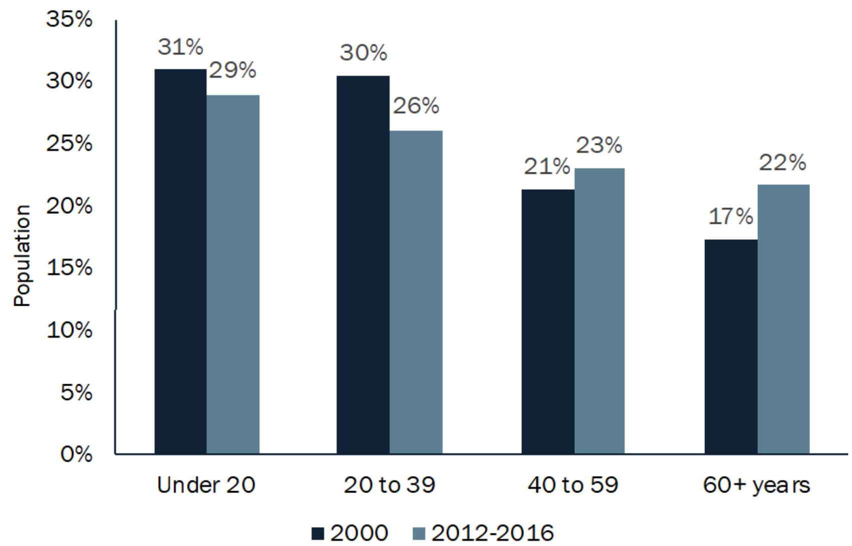
Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

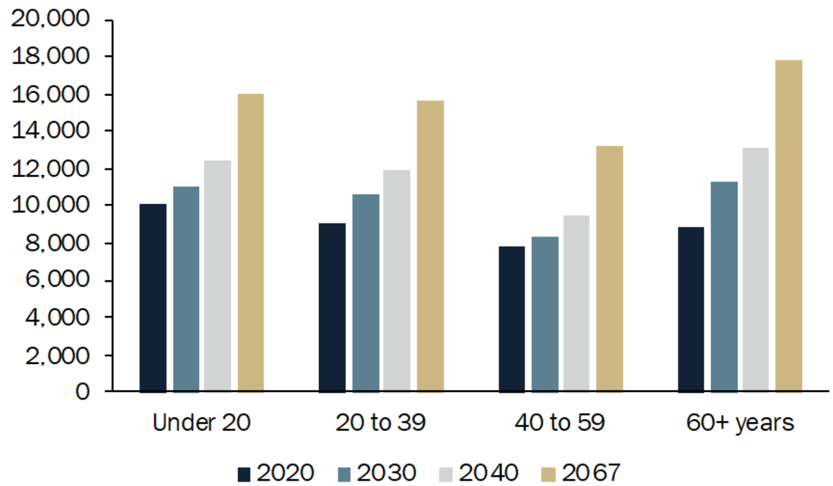
19%	22%	28%	56%
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

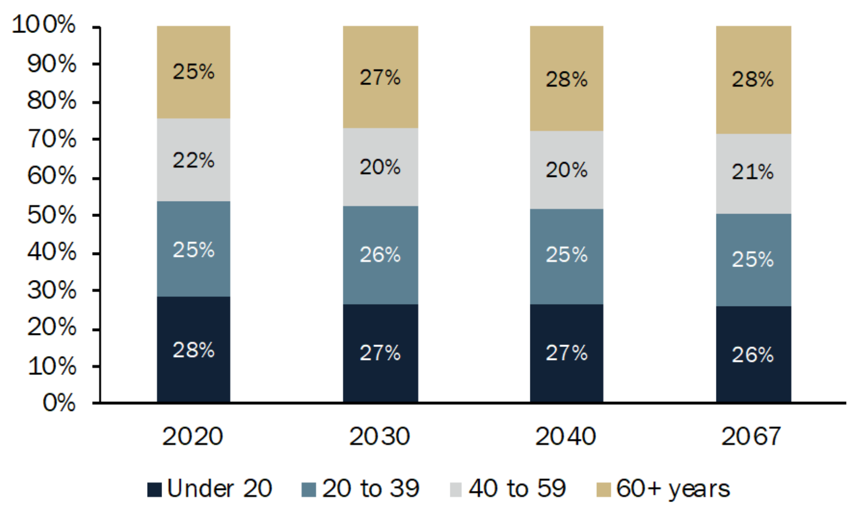
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

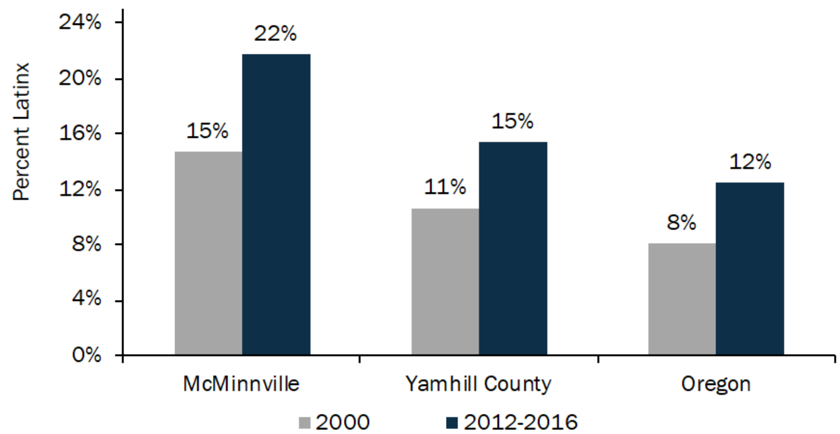
Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	89% White	1% Black/African Am.	2% Asian	8% Other races
Yamhill Co.	89% White	1% Black/African Am.	1% Asian	9% Other races
Oregon	85% White	2% Black/African Am.	4% Asian	9% Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018

Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

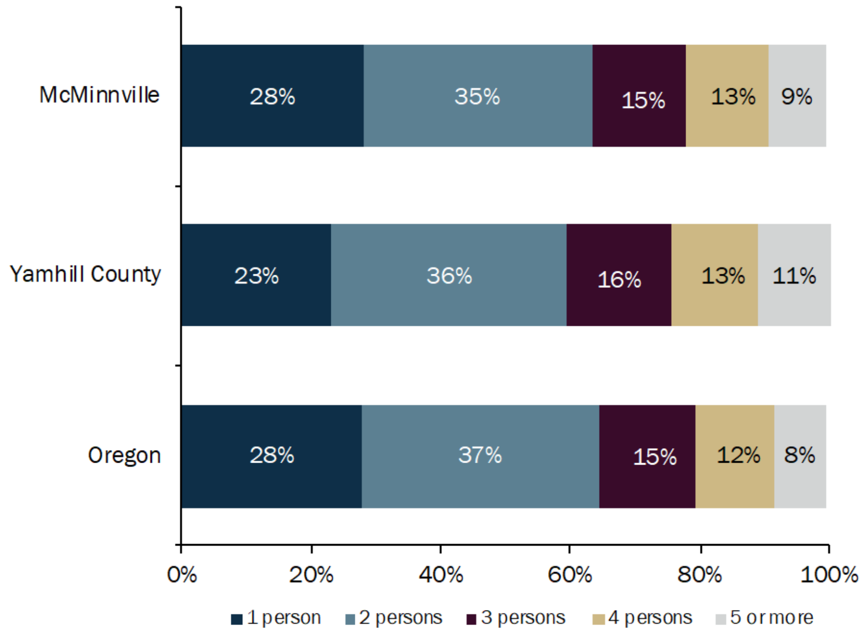
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25009

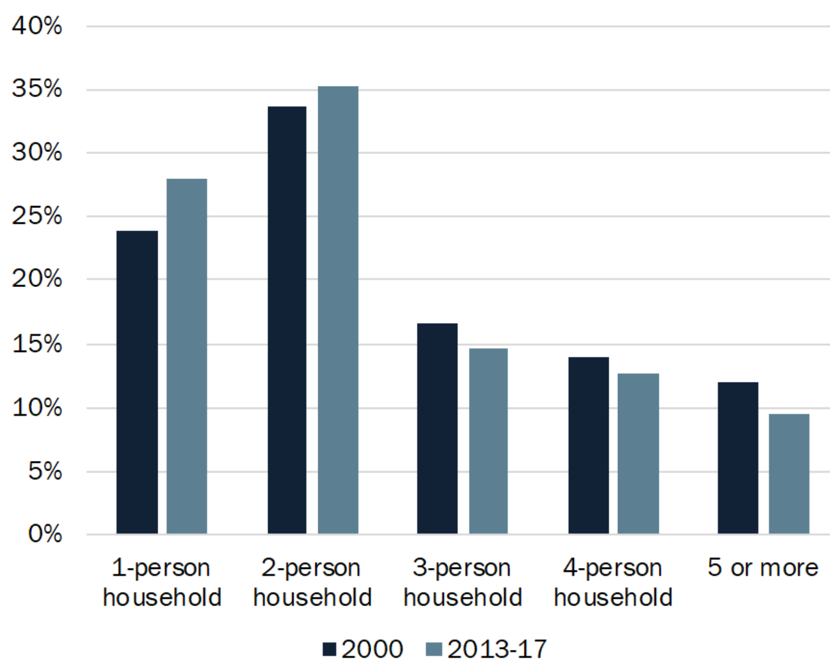


McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17

Source: US Census Bureau, 2013–2017 ACS, Table B25009.

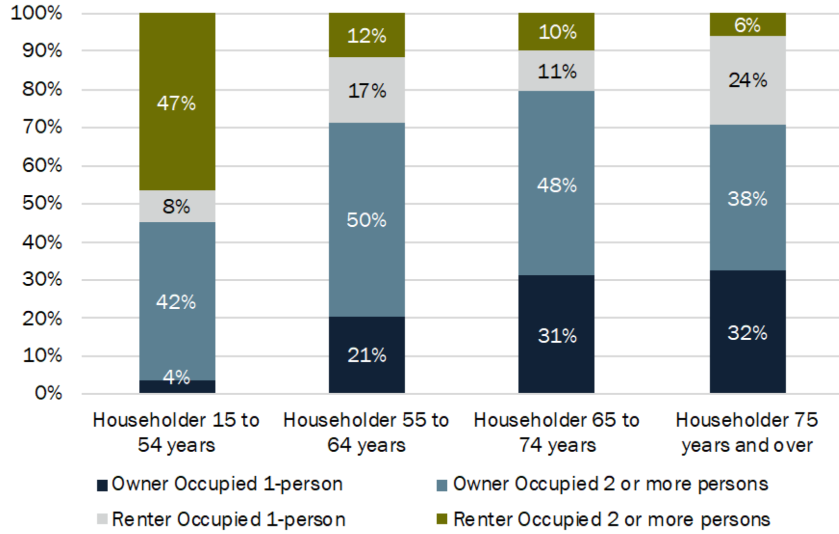


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

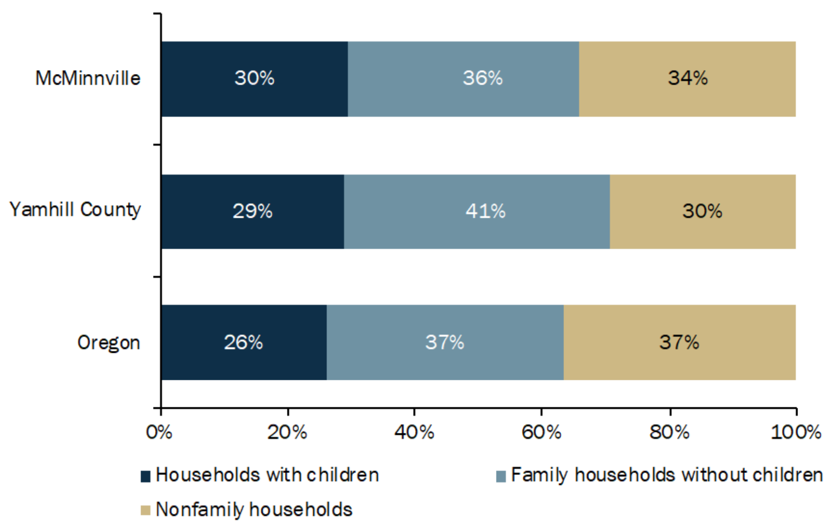


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

Exhibit 52. Household Composition, McMinnville, 2013–2017

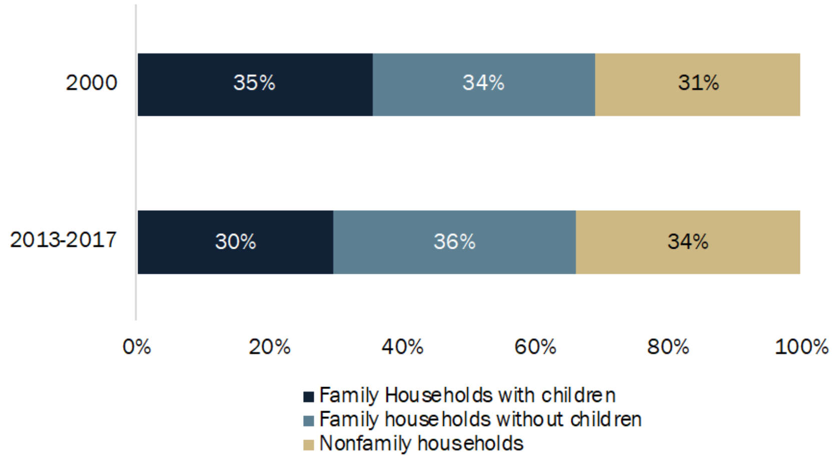
Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017

Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.

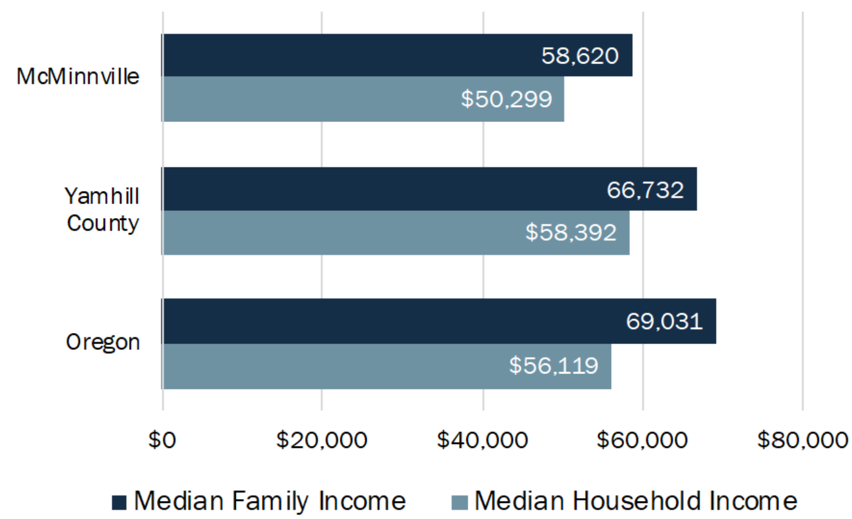


Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

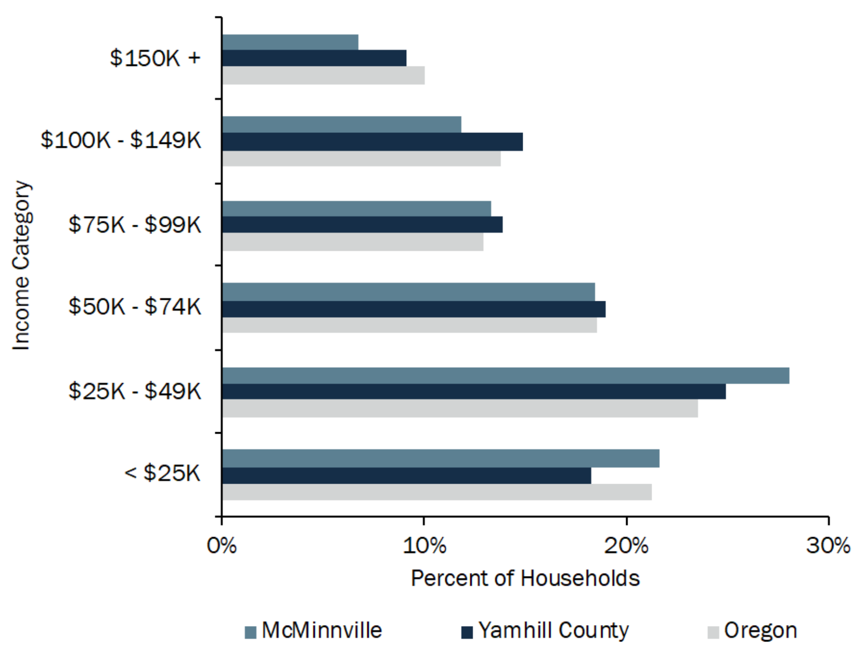
Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.



Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B19001.

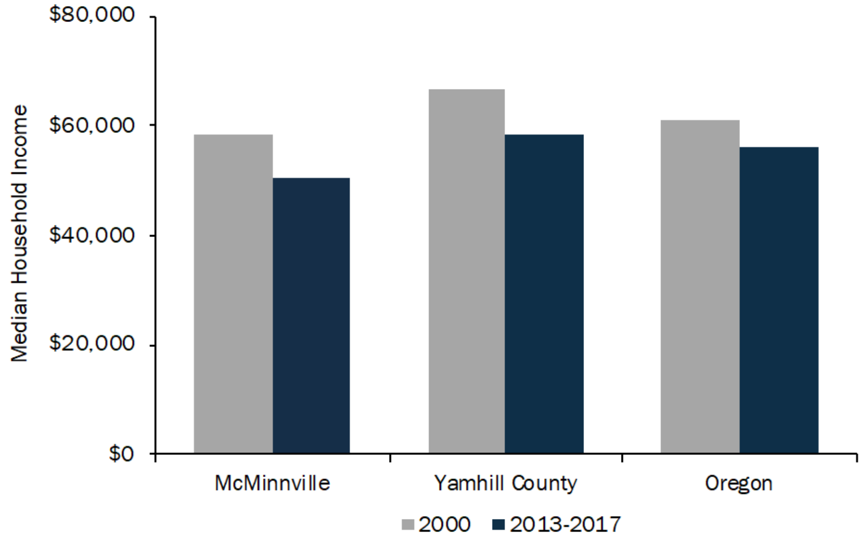


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015
Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015
Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015
Source: US Census Bureau, Census On the Map.

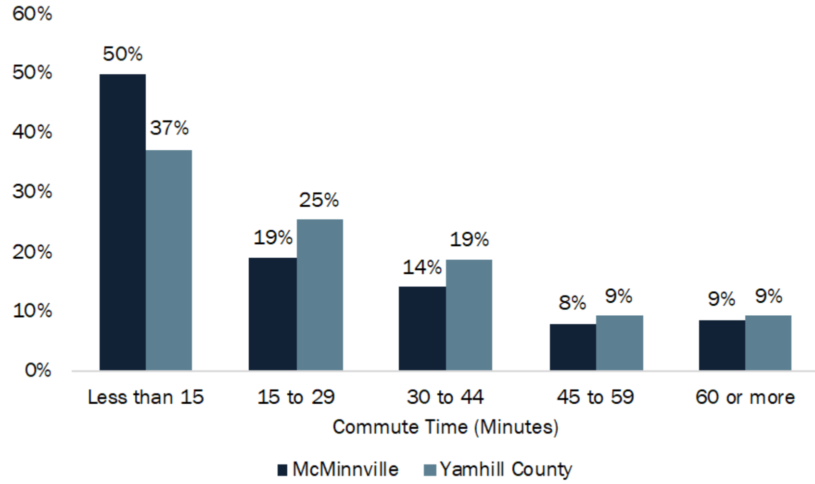
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

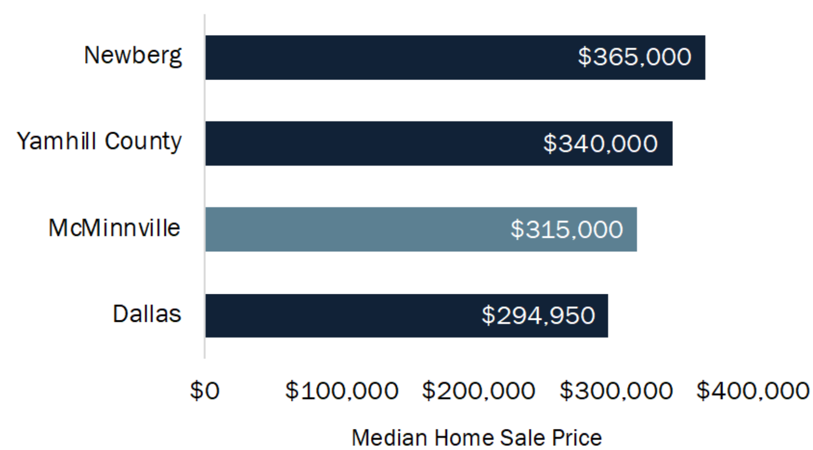
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.

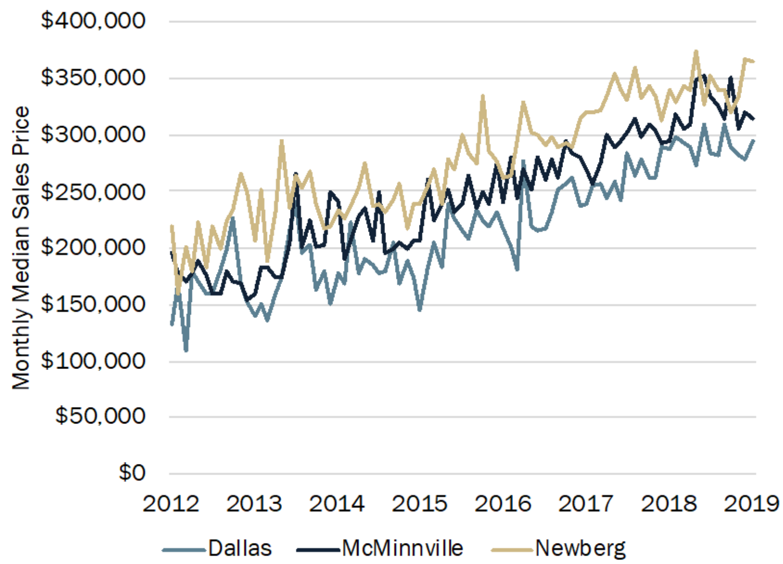


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019

Source: Redfin Median Sales Data 2018.

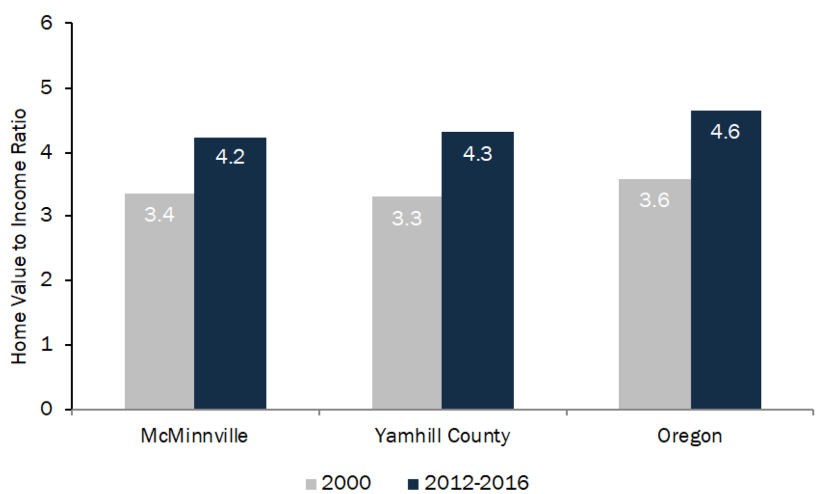


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

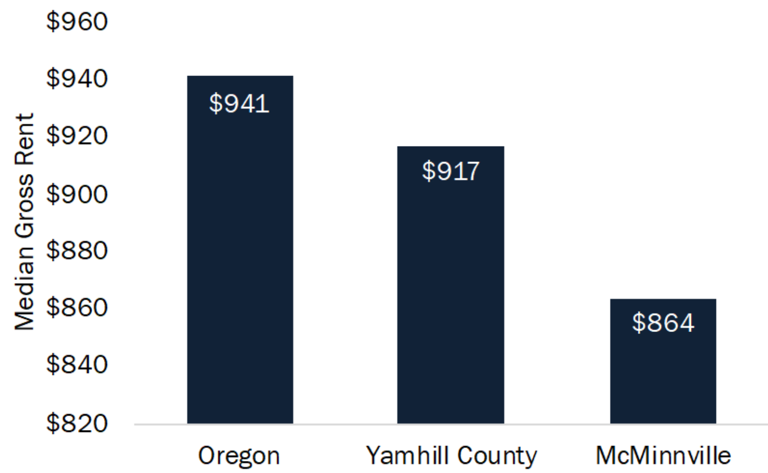
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

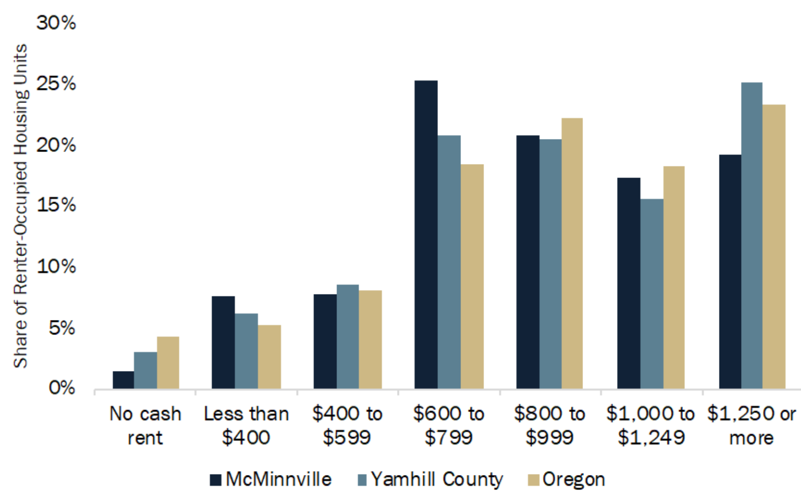


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

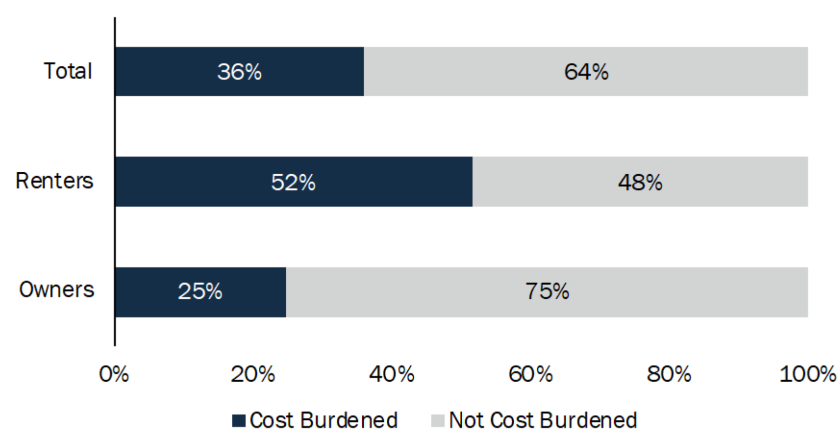
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

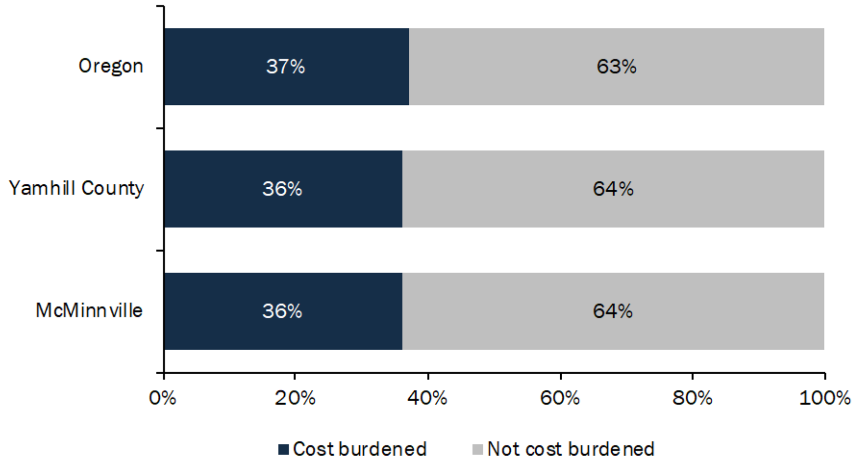
Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



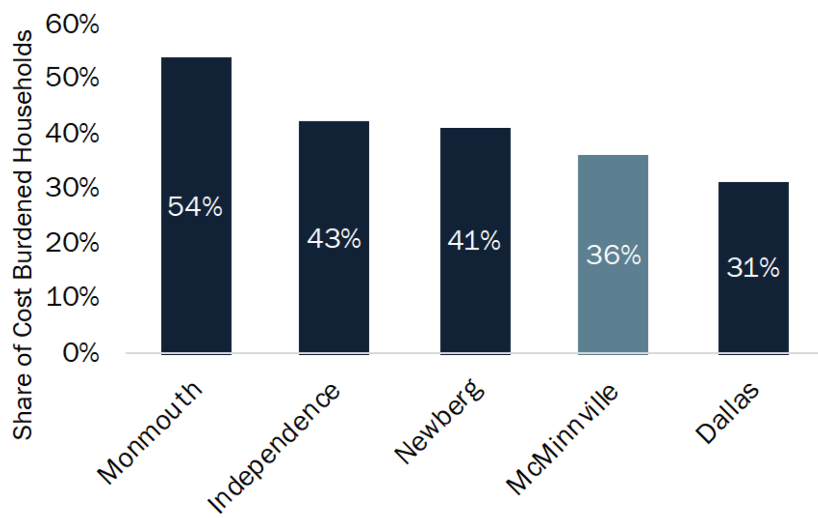
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



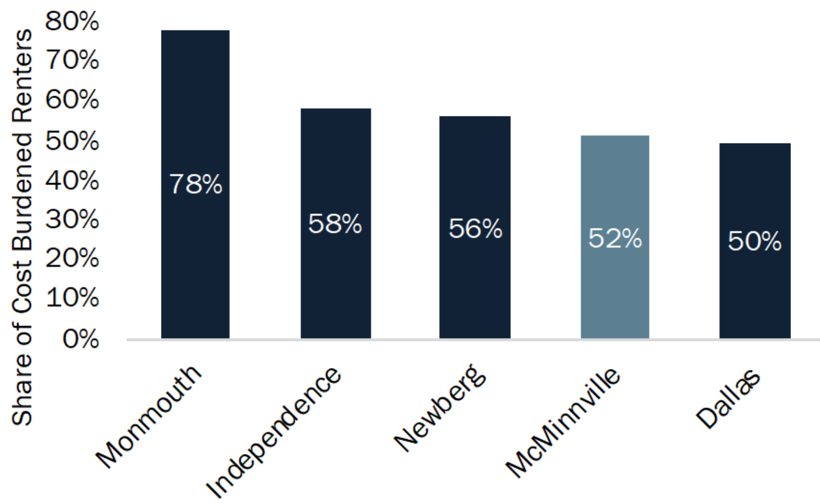
Other communities in the region have a larger share of cost-burdened households than McMinnville does.

Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



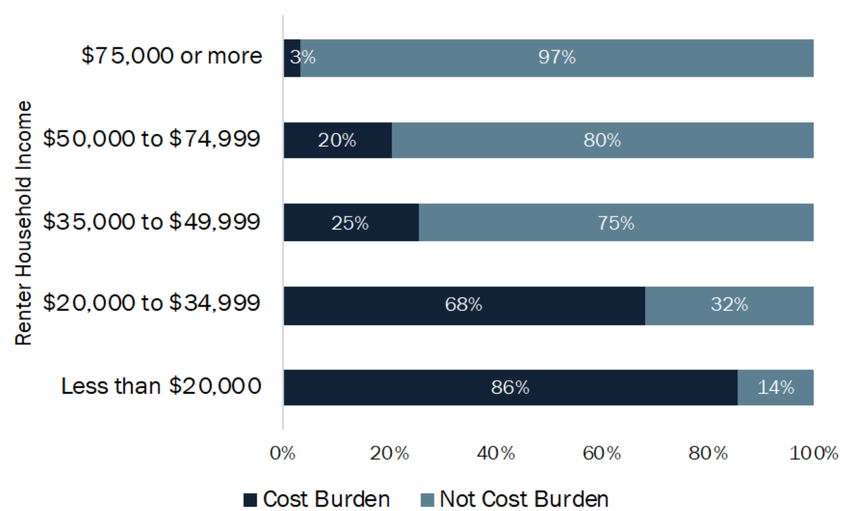
Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
$1,026	$1,132	$1,330	$1,935	$2,343

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

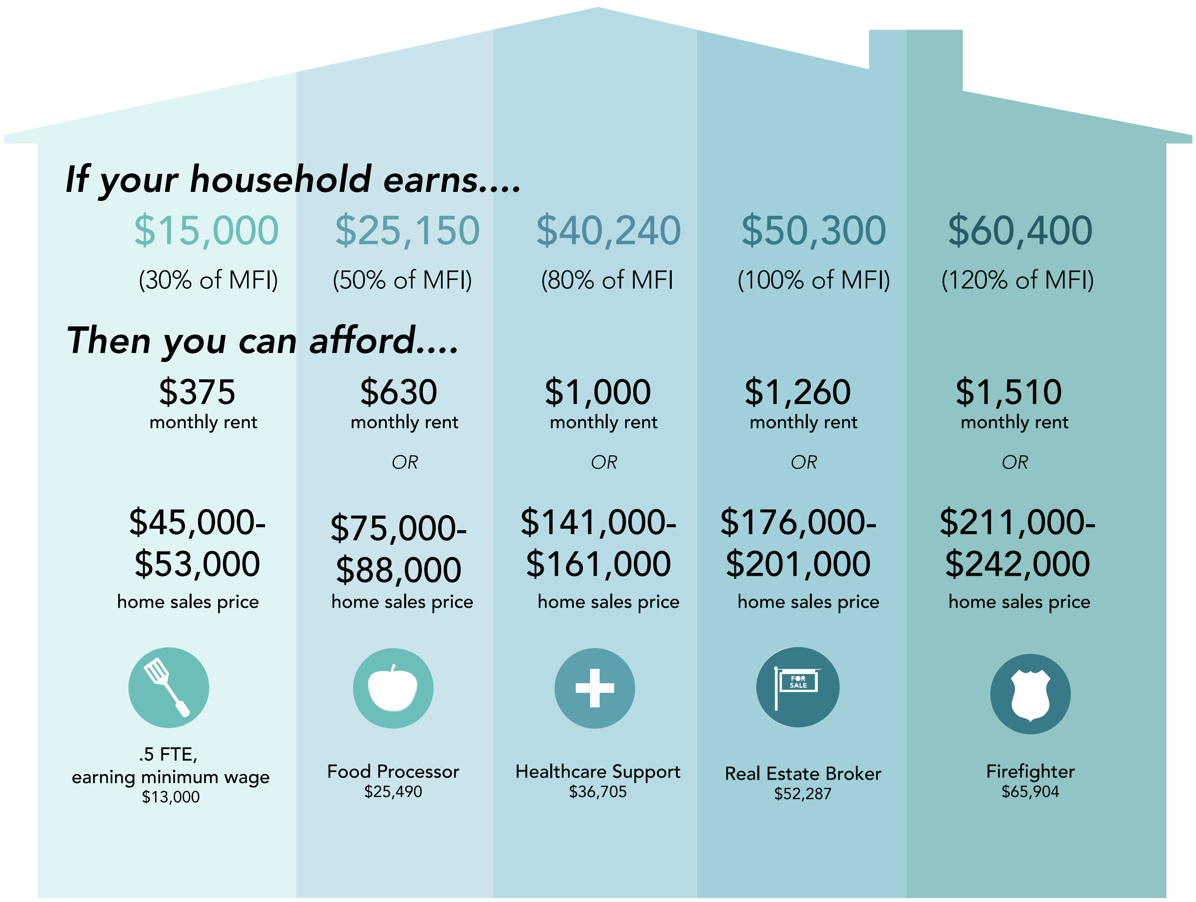
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

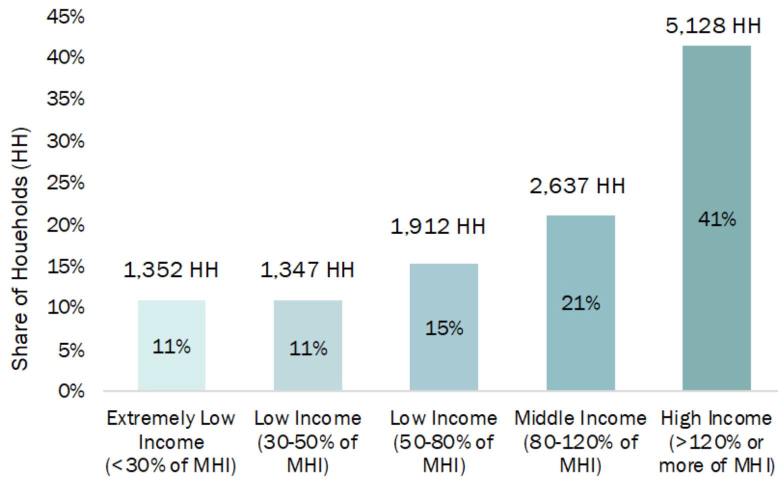
Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017

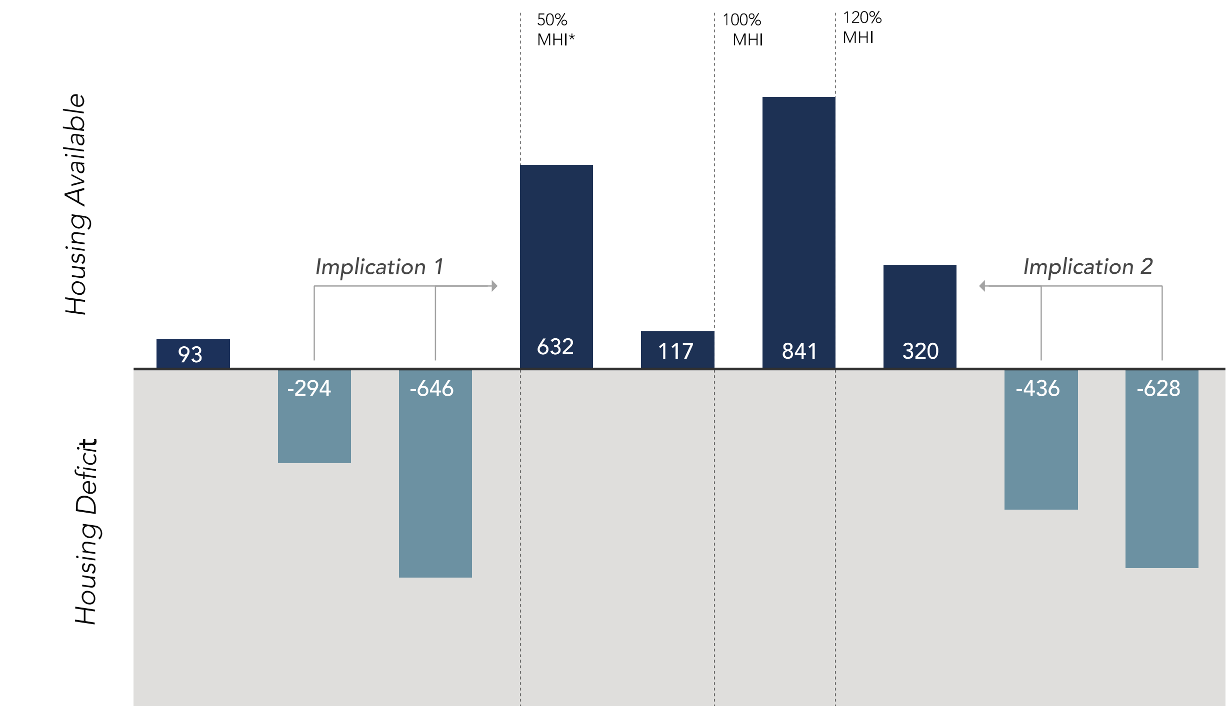
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017

Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

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[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]

- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

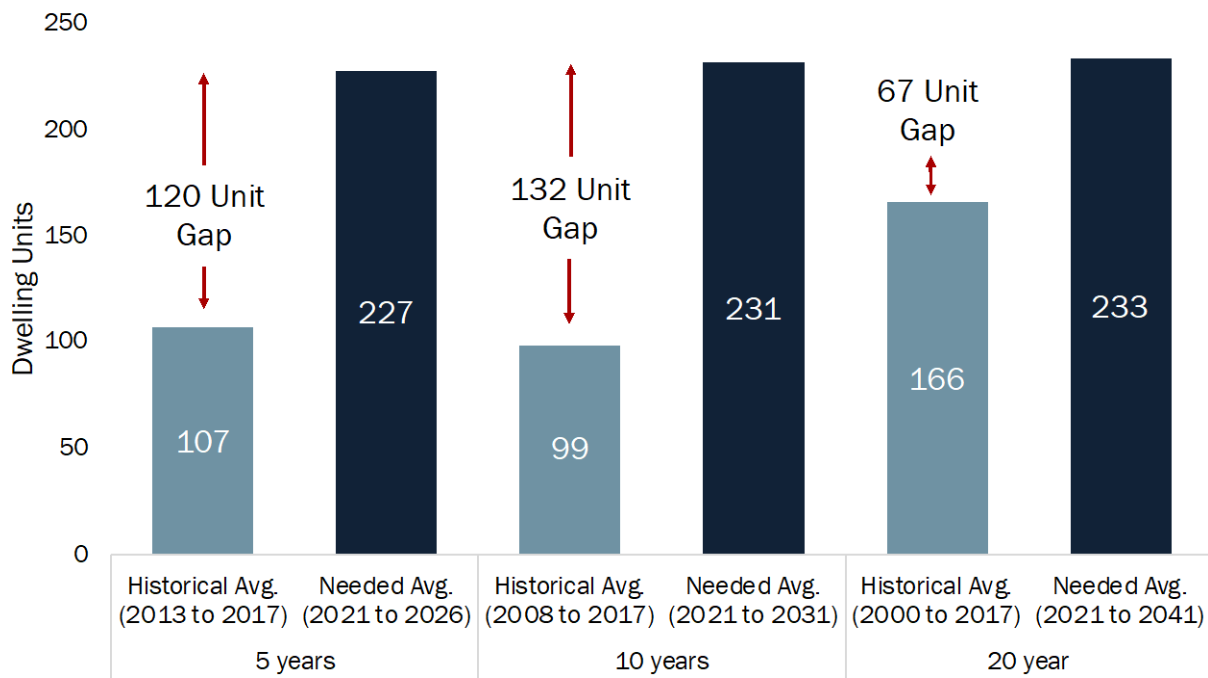
Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:

(A) the number, density, and average mix of housing types of urban residential development that have actually occurred;

(B) trends in density and average mix of housing types of urban residential development;

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

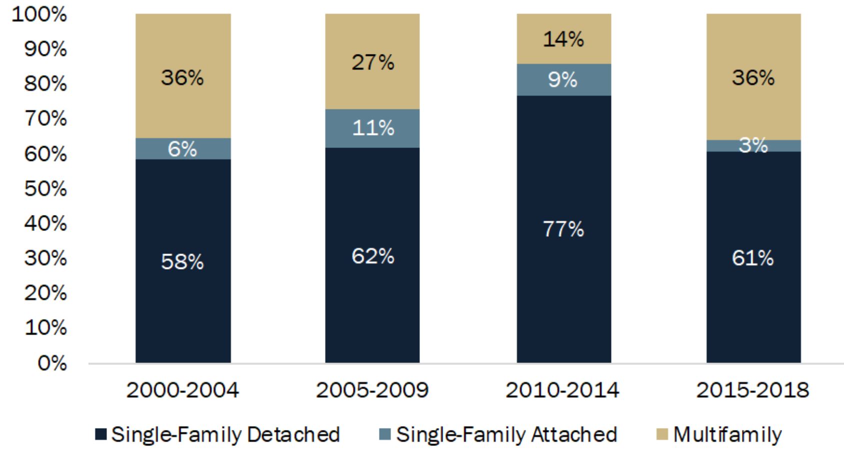
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

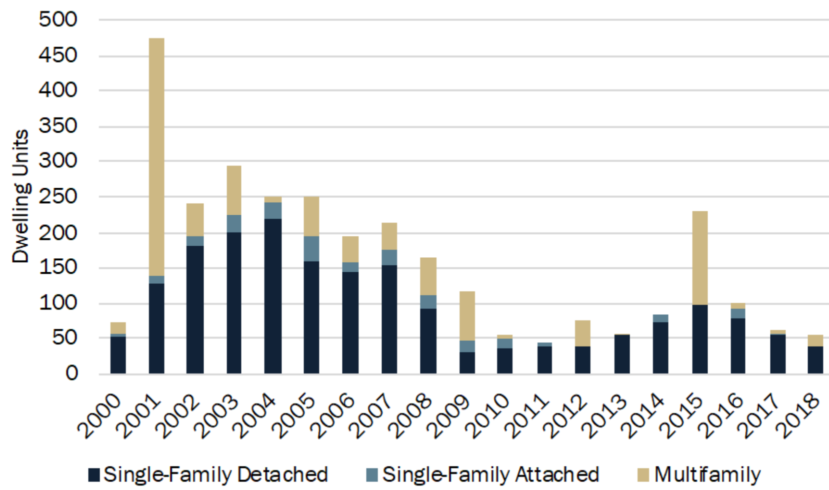
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

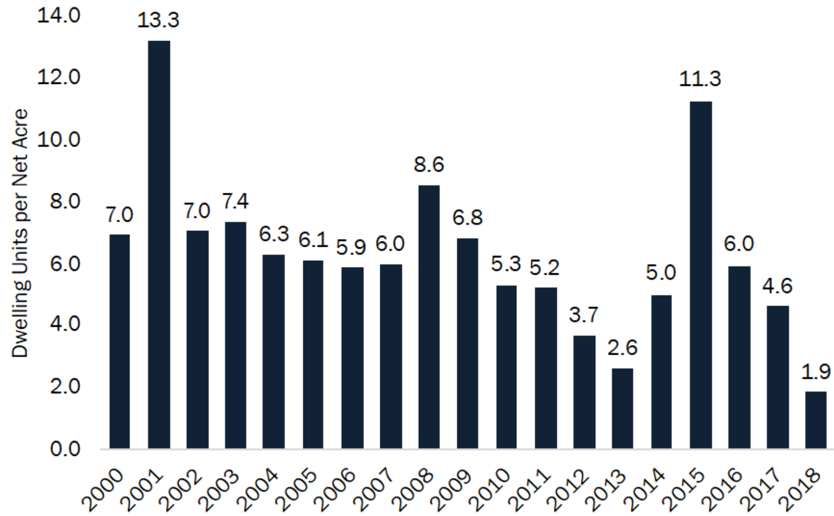
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
    - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
    - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

    - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
    - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
    - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
    - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

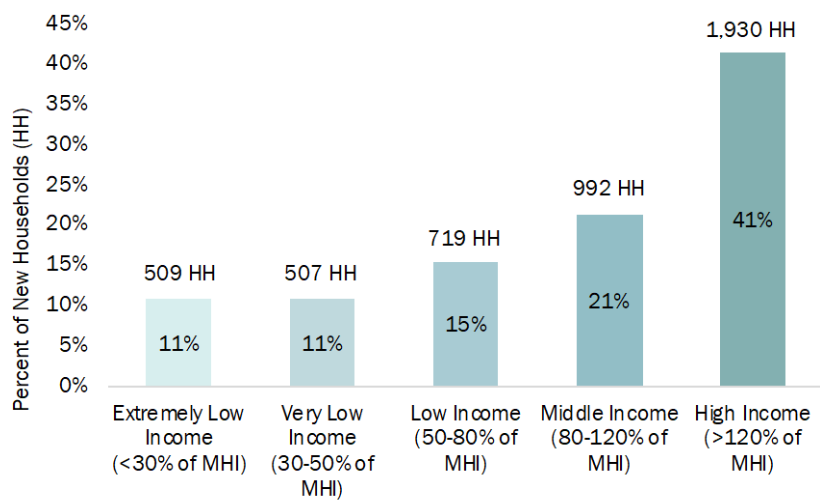


Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
    - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
    - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

      Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

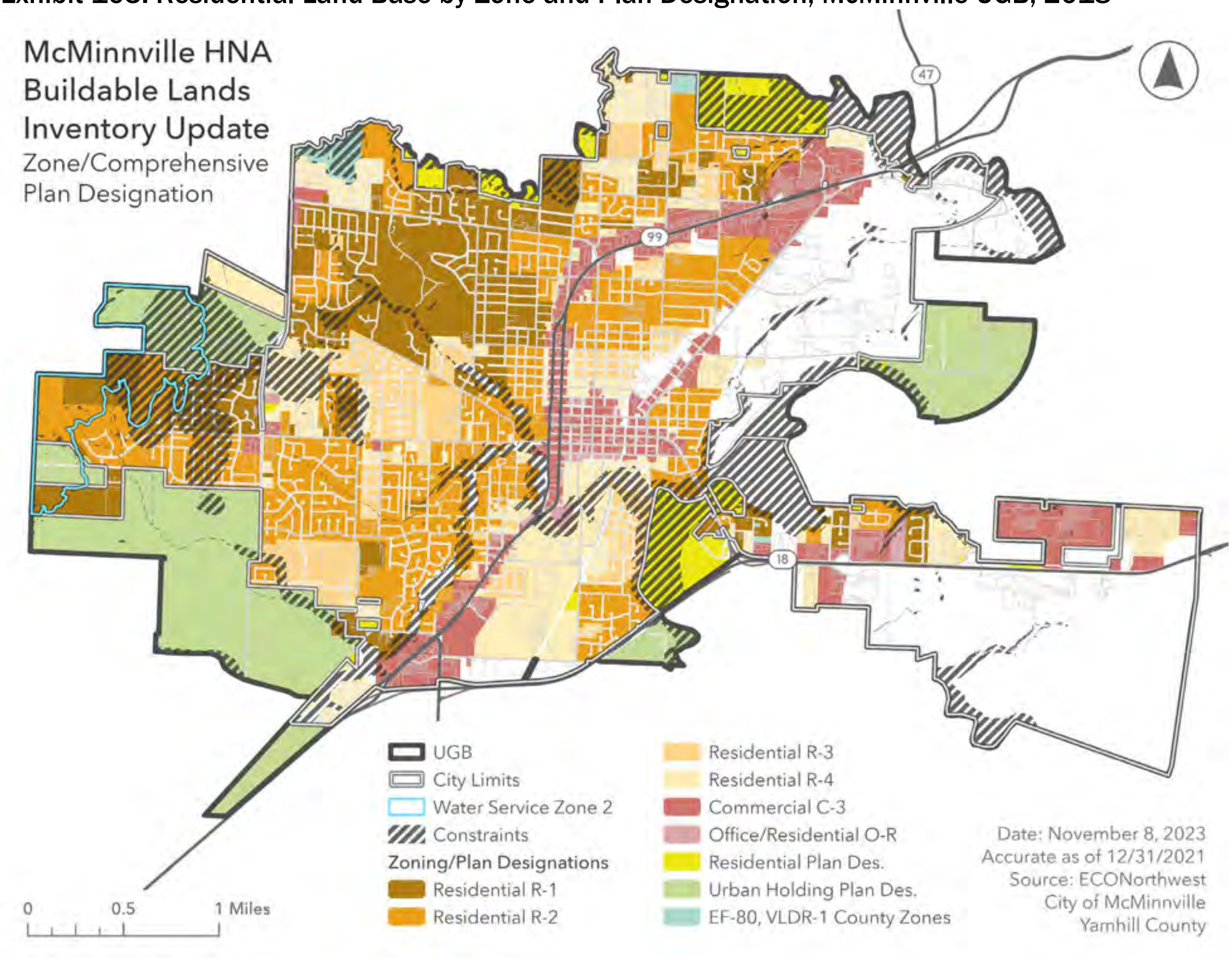
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067
Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041
Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

City of McMinnville Economic Opportunities Analysis

November 2023

Prepared for:

City of McMinnville

FINAL **REPORT**

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgments

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to "Planned Development" overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

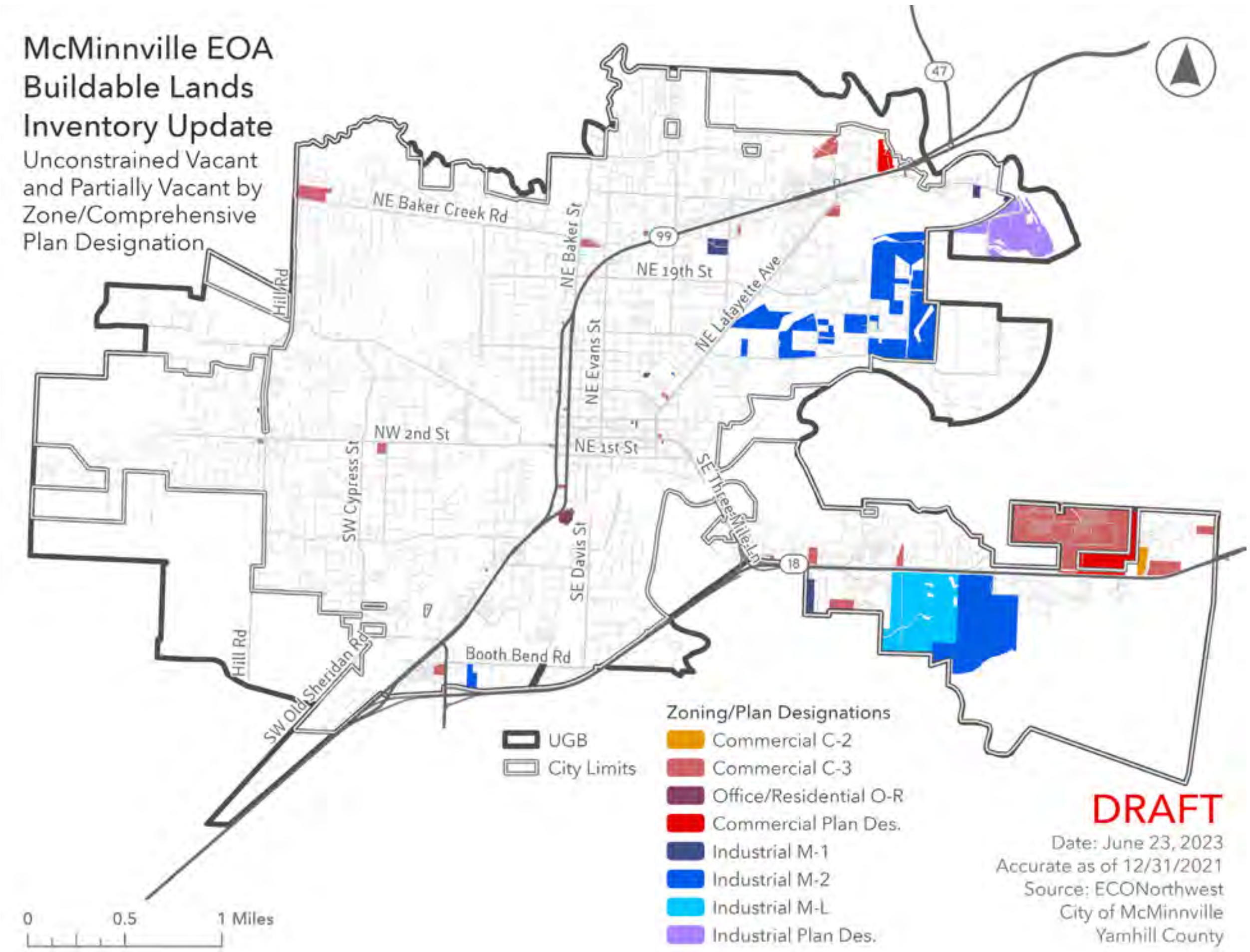
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional
Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need 20-Year (2021-2041)	Additional Land Need 46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 444.5 acres, including about 62 acres for Joe Dancer Park. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Note: Park land in the UGB expansion includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2020
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

> Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

> Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.
>
> Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.
>
> Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

> Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.
>
> Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes five appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

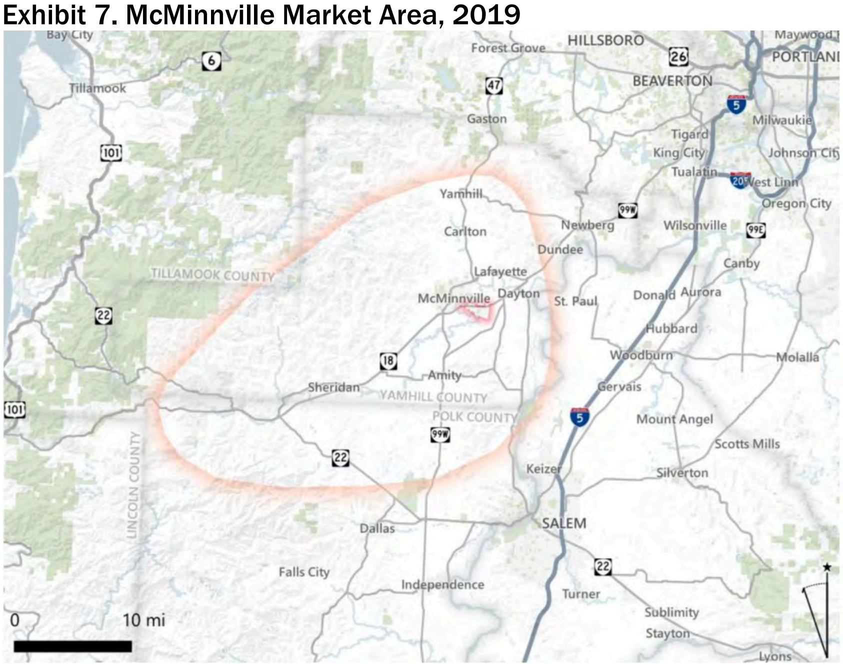
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

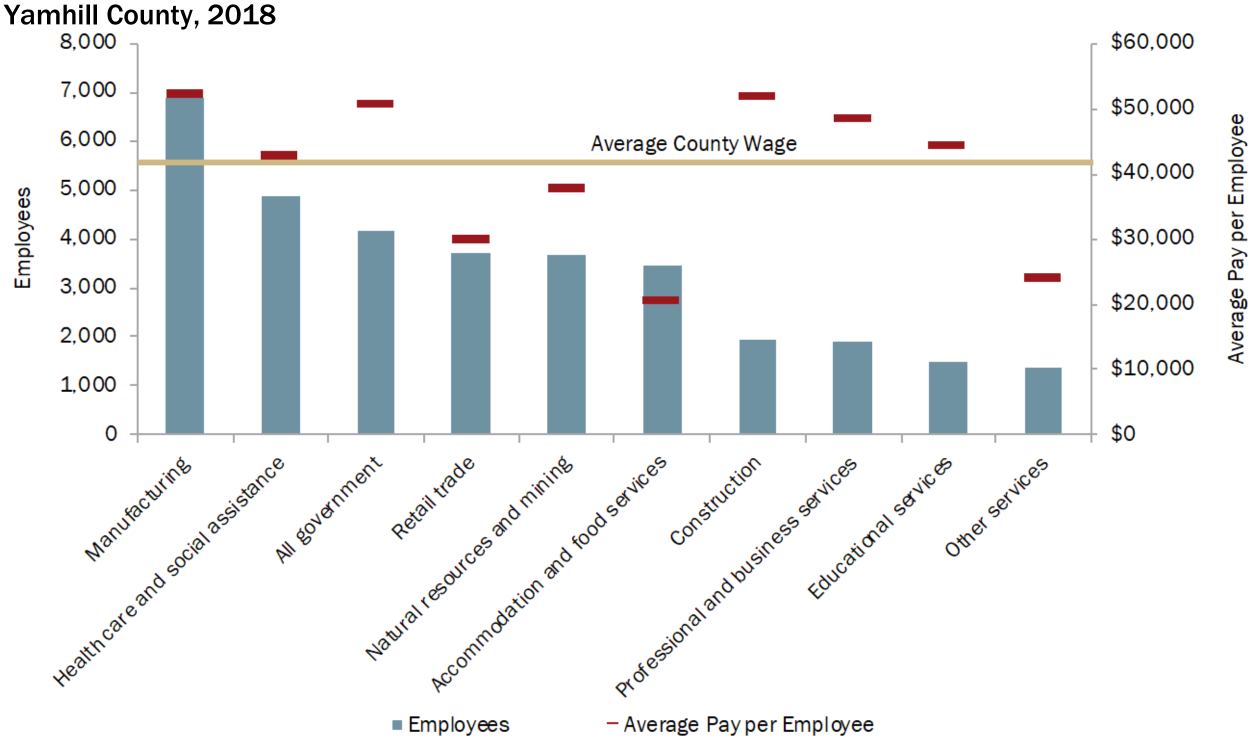
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

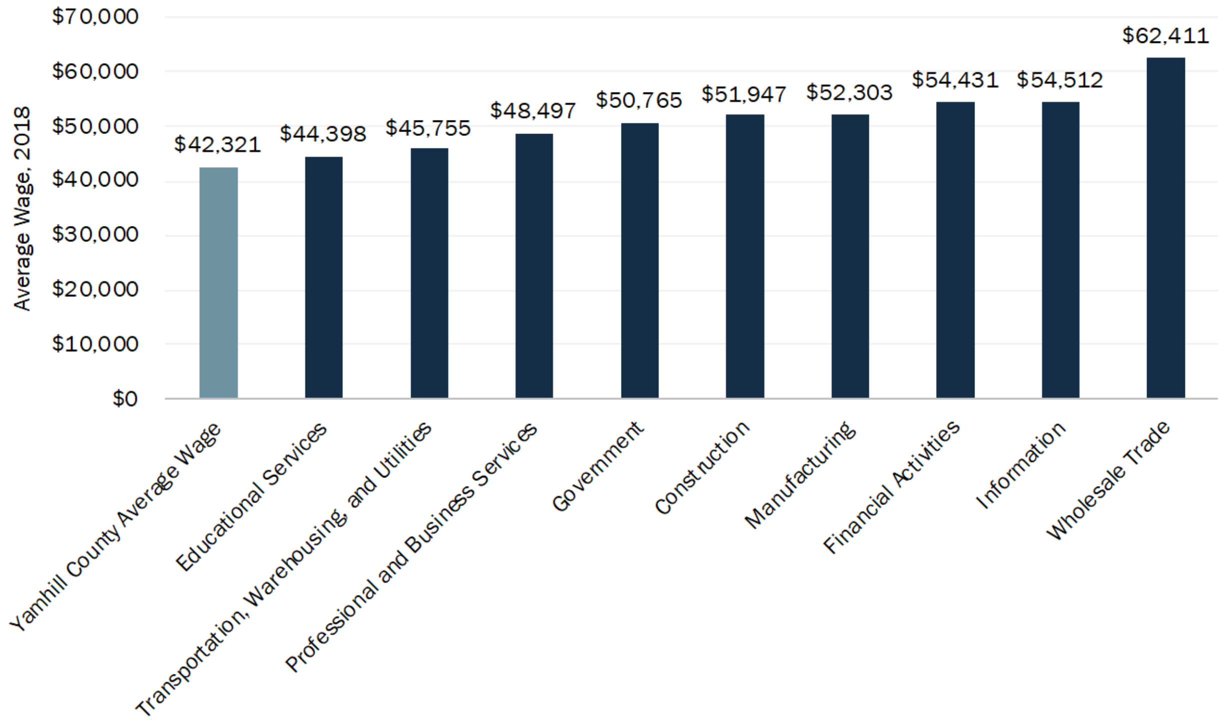
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

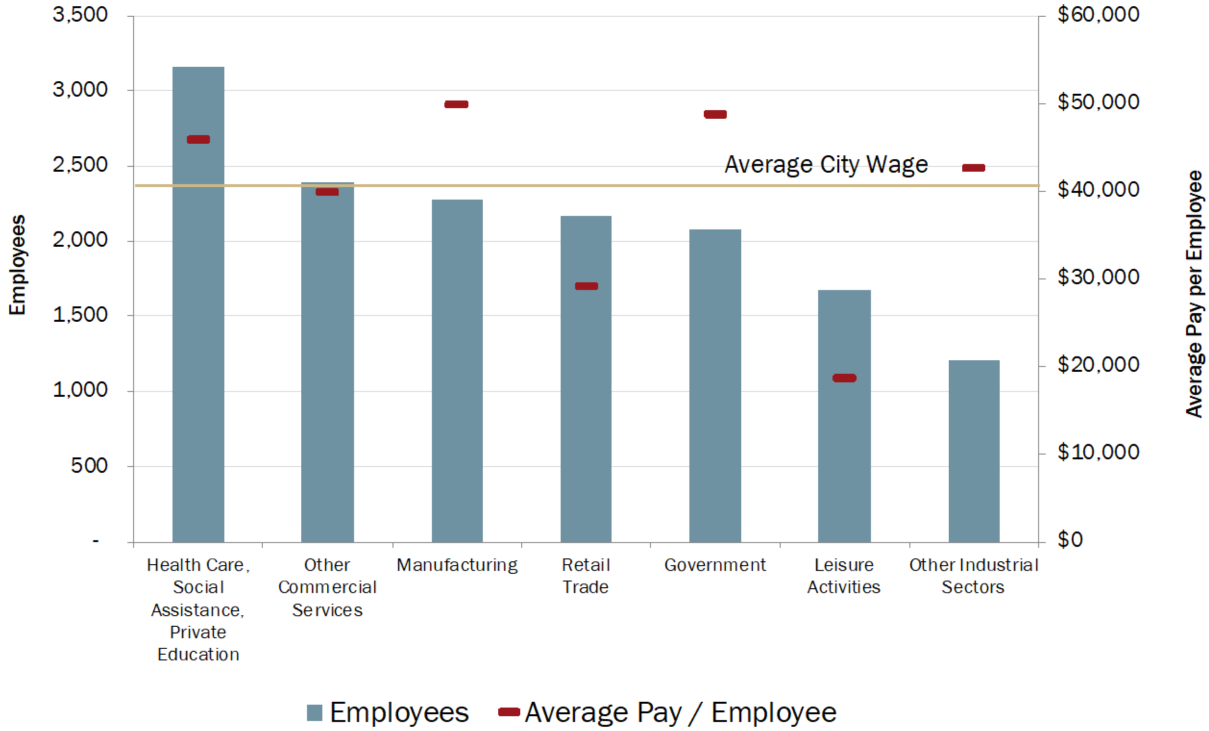
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

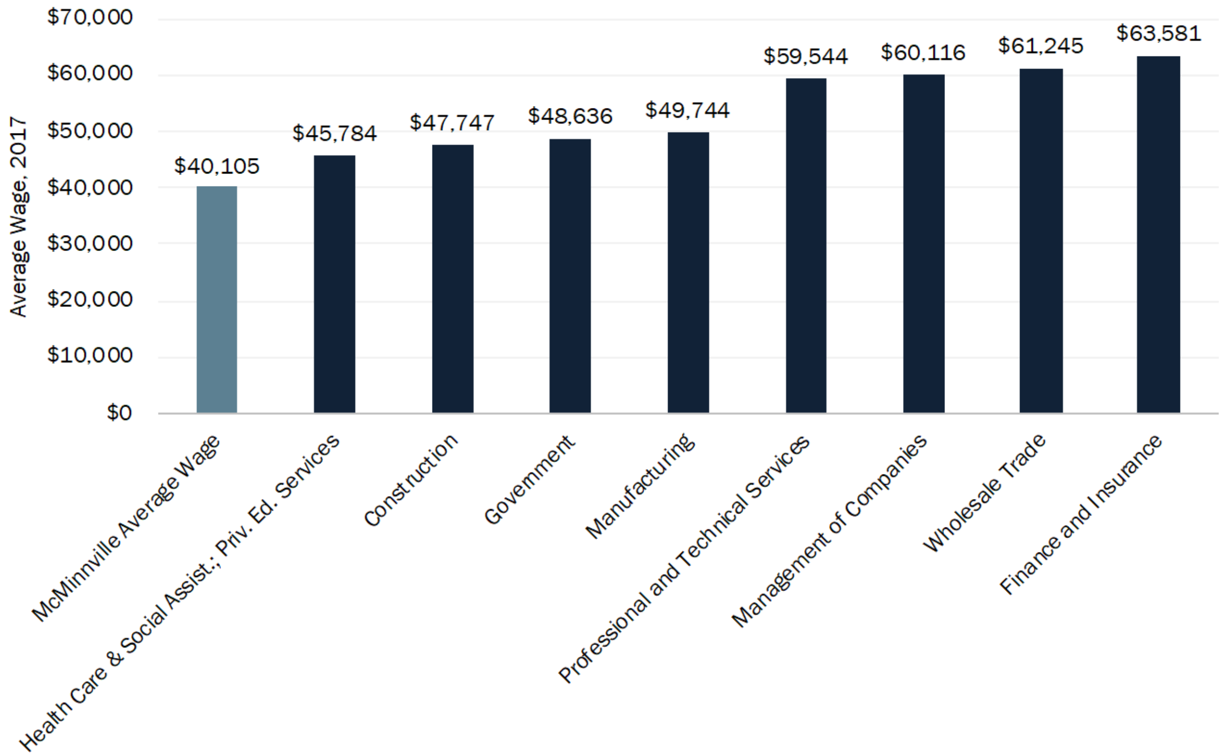
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

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[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

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[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see*, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

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[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]
- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]
- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

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[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

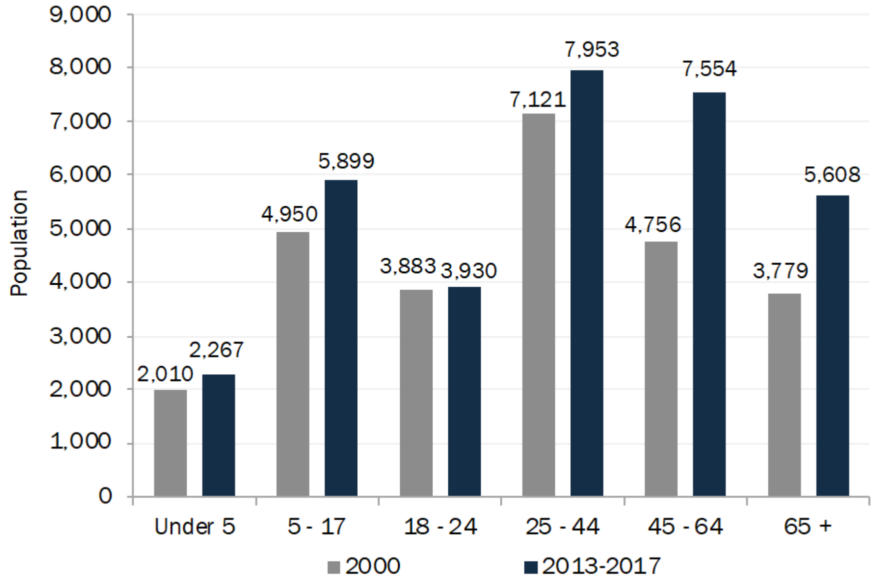
McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017.
This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).
This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



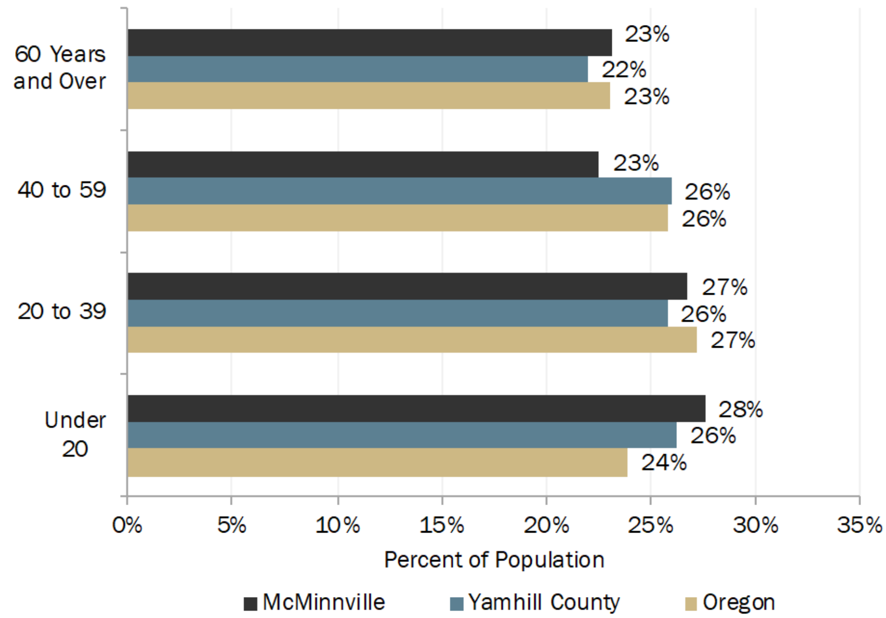
During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.

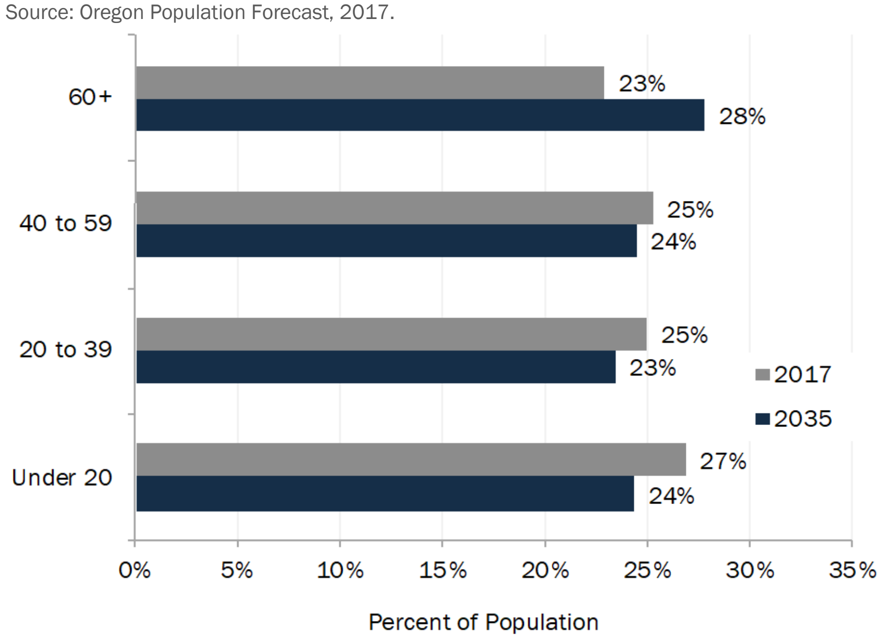


By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



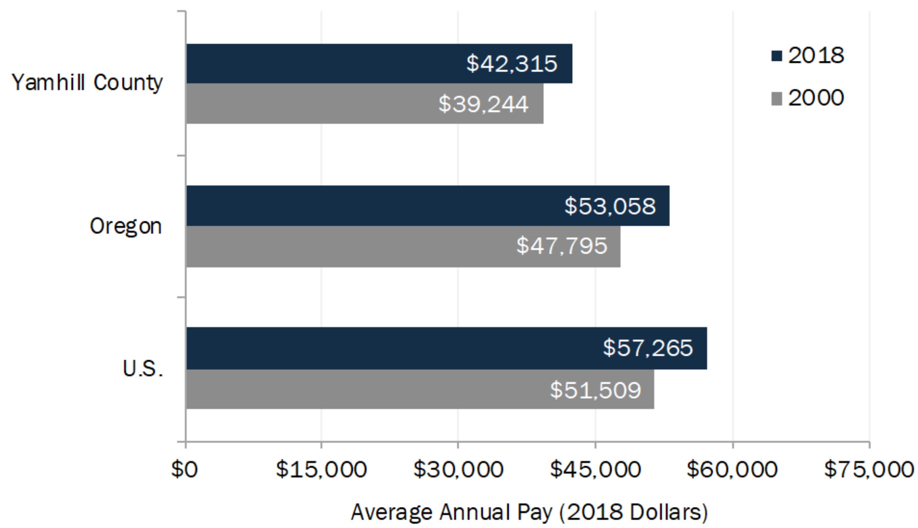
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299	$58,392	$56,119
McMinnville	Yamhill County	Oregon

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[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017

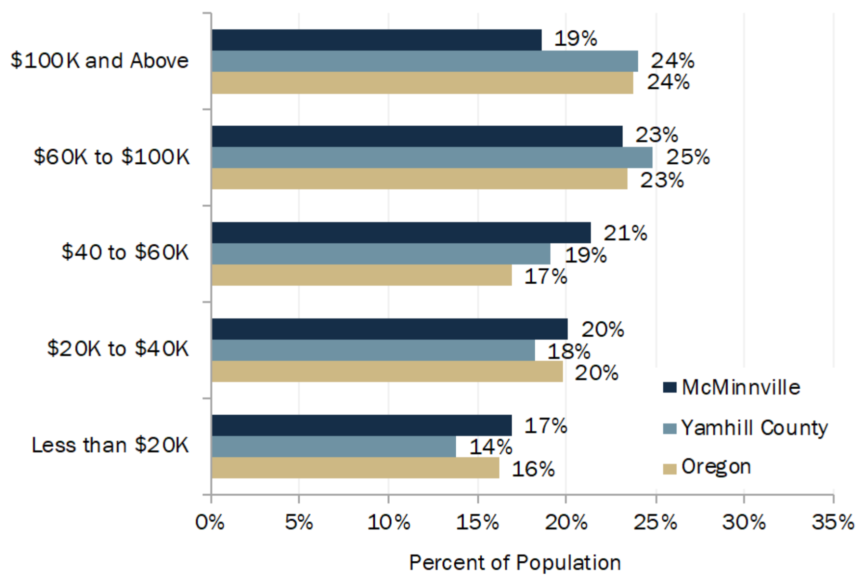
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



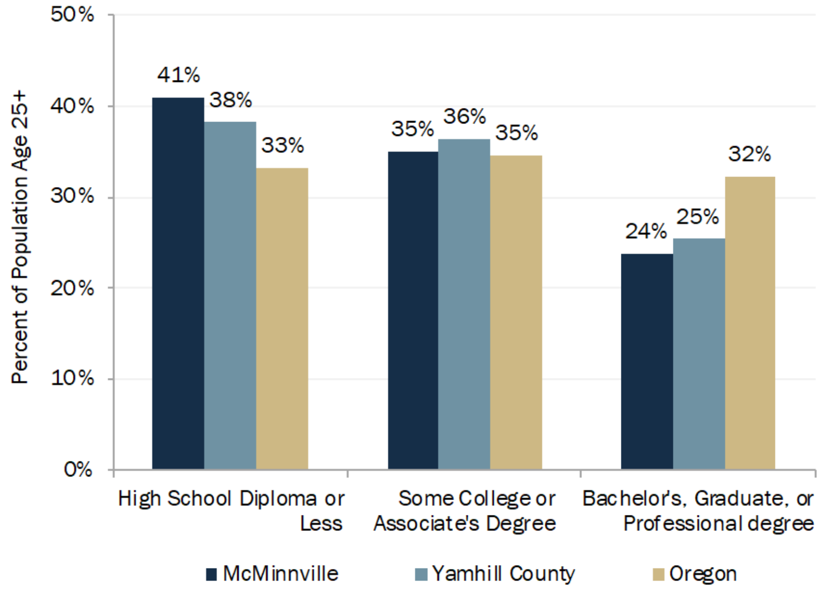
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

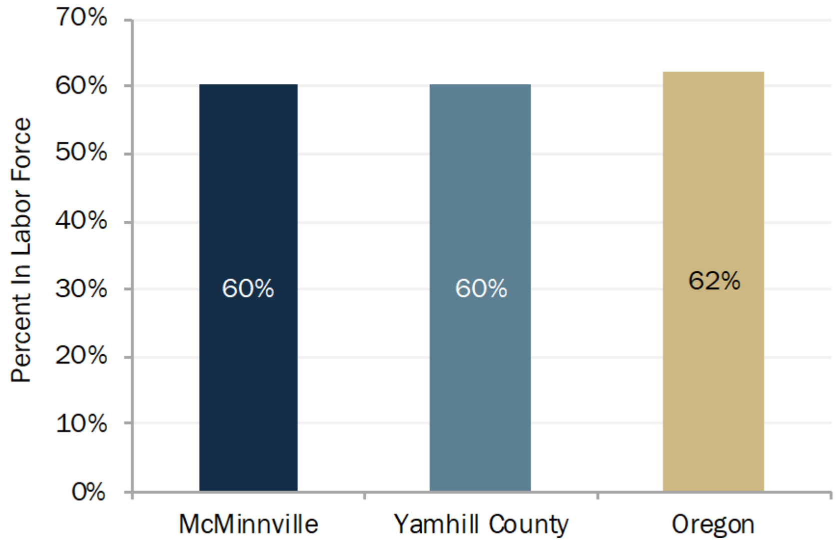
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



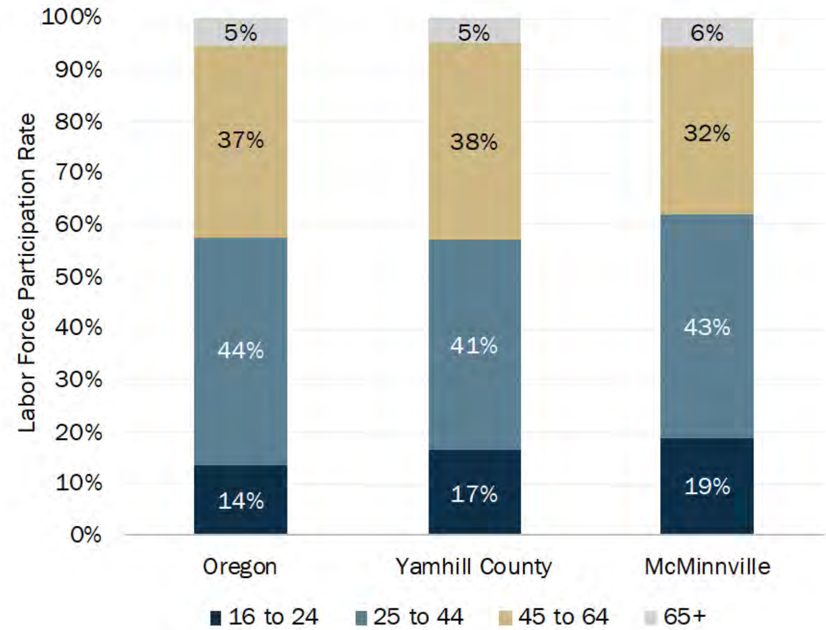
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

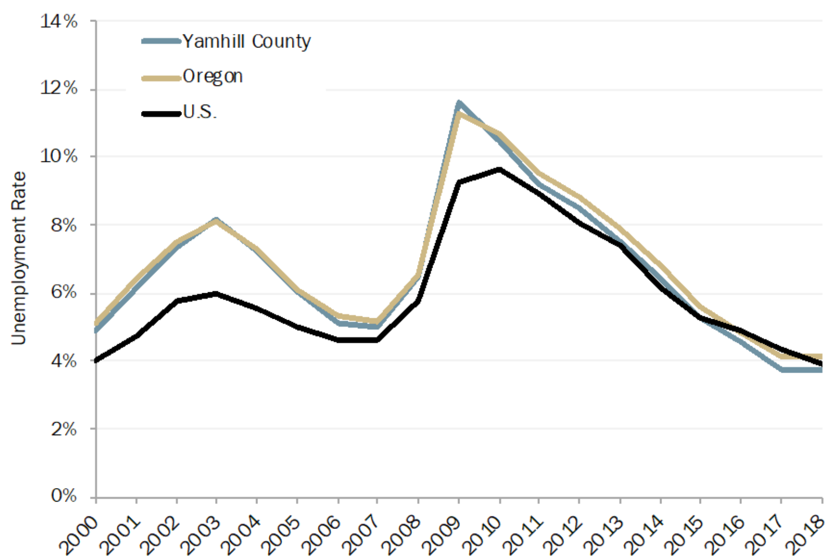


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

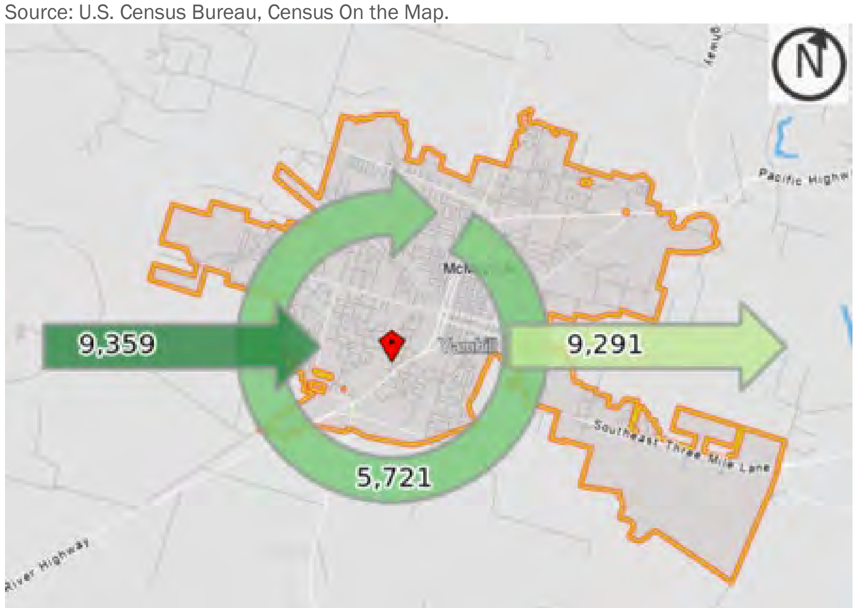
Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.

Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017

Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017

Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

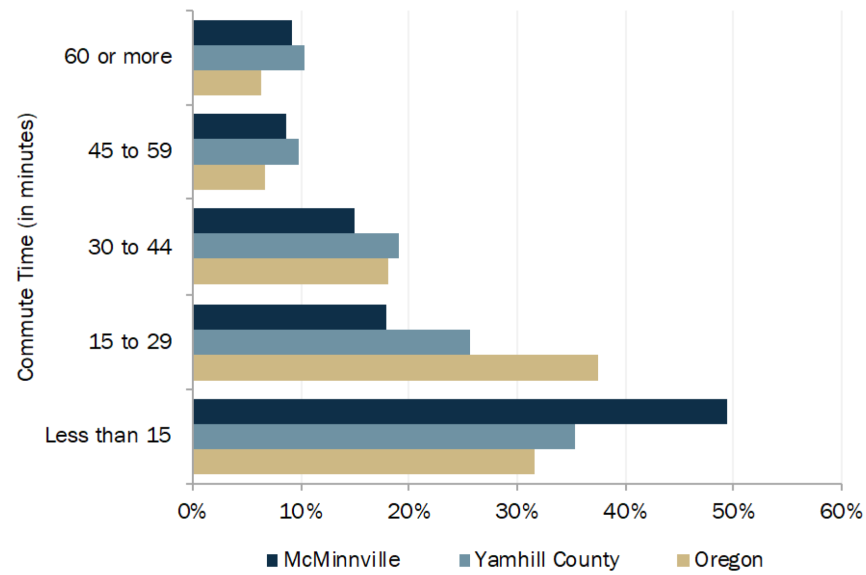
Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

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[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018. The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

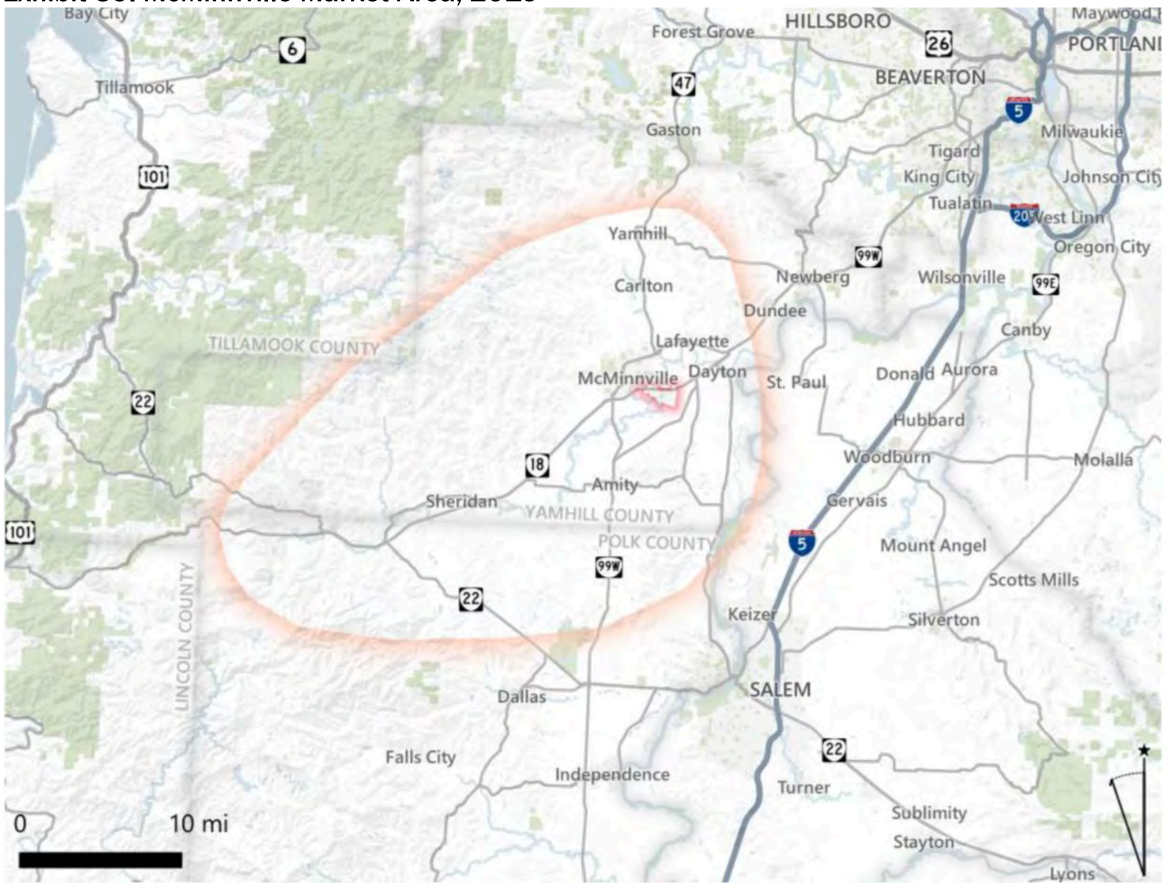
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

"Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."

- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

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[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

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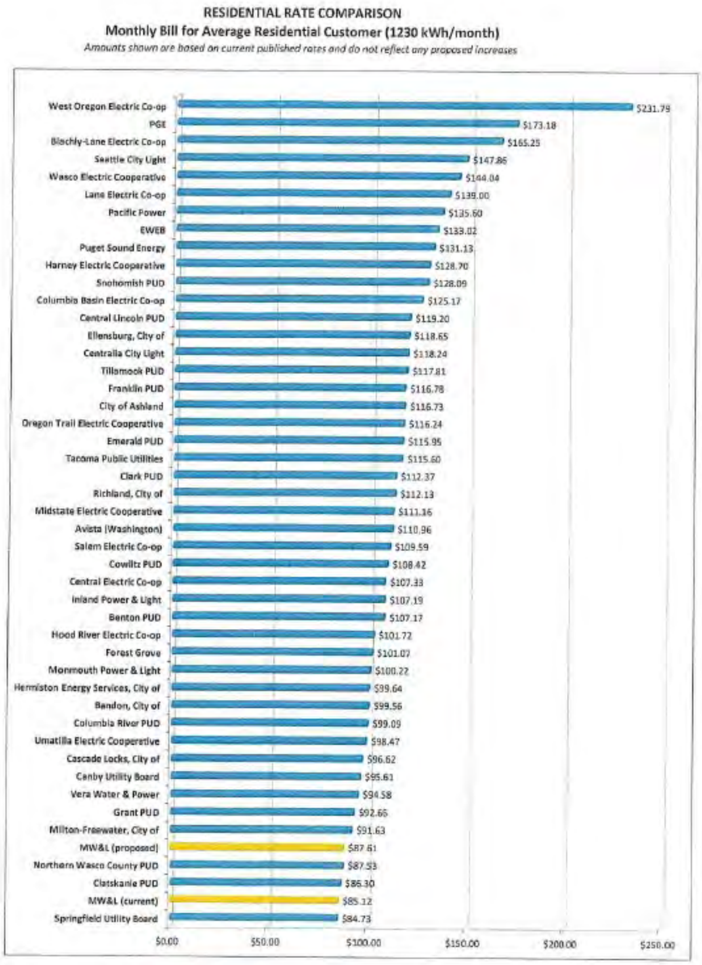
[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*

    - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.

    - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.
- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.

- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.

- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

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[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

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[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.

- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

Strengths	Weaknesses
• High quality of life to boast about and attract investment • Strong, widely-recognized downtown • Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors • Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets • Balanced employment across industry sectors • Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College) • Location advantages: • Good location in proximity to major metro area • High quality soils in surrounding areas, climate suited for agriculture • Natural environment assets nearby, including Yamhill River, access to the ocean and mountains • Inexpensive power and water, with sustainable sources • Major infrastructure assets: major highways, freight rail, airport • Various parks and recreational assets • Positive business climate perceptions and a sense of civic leadership	• Relatively low educational attainment • A limited labor pool for local companies and those looking to relocate • Difficult access to and from I-5 and no near near-term possibility of a more direct connection • End-of -the-line location for wine country visitors coming from the Portland area • Lack of housing options • Low levels of professional and office office-using employment • Comparatively high poverty rates and low median household income
Opportunities	**Threats**
• Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities • Local airport has comparative advantages over other regional airports • Highway 99 bypass : future completion will improve access to McMinnville • A stronger framework for regional collaboration , improved opportunity in surrounding communities • Opportunity sites for new downtown development • New housing development – higher density , diversity of types, live live-work units • Improved connections to the University of Oregon and Oregon State University • Stronger branding and improved gateways into McMinnville • Innovation in agriculture and food systems • Wine -oriented makerspace • Food hub • $6M gift to Linfield College's wine program • Expanded culinary and craft beverage retail offerings	• Limited land availability for residential, commercial and industrial development • Regulatory challenges associated with UGB expansion • Worsening housing affordability • Brain drain due to local graduates leaving for other job markets • Absorption of projected growth without detrimental impacts to character, congestion, affordability • Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs • Need to find a sustainable solution to homelessness • Future impacts of climate change on agriculture and related industries, including tourism

Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing.** Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
  - 4.1 Ensure workforce availability in trades and other mid-skill positions.
    - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
    - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
  - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
  - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
  - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
  - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
  - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
  - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
  - 5.1 Become a place where small and medium technology firms can relocate and grow.
    - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
    - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
    - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
    - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
    - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
    - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
    - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
  - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
  - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
  - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
  - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
  - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
  - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
  - 6.1 Make downtown the best it can be.
    - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
    - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
    - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
    - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
  - 6.2 Become the preferred destination for wine-related tourism.

        - Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
        - Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
        - Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
        - Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville
    - 6.3 Diversify tourism destinations beyond wine.
        - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
        - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
        - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
        - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
        - Become a national destination for bicycle tourism and other recreational and leisure activities.
    - 6.4 Market and promote McMinnville.
        - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
        - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
        - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
    - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

    - Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
    - Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
    - Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
    - Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.
- 7.2 Locate higher job-density food and beverage activities within McMinnville.
    - Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
    - Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
    - Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
    - Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
    - Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
    - Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
    - Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
    - Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
    - In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

        - Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
        - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
        - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
    - 7.4 Open new markets for local agricultural products.
        - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
        - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
        - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
    - 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
        - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
        - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
        - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
        - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
        - Evaluate alignment of current food cart regulations with community goals.
    - 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
        - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
        - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.

- Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
- Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
- Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
- Foster R&D opportunities for existing and emerging industries.

o 8.4 Improve and expand connections between key institutions and the City of McMinnville.

- Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
- Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

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[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	**718**	**73%**	**607**	**41%**
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	**265**	**27%**	**888**	**59%**
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	**100%**	**1,494**	**100%**

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

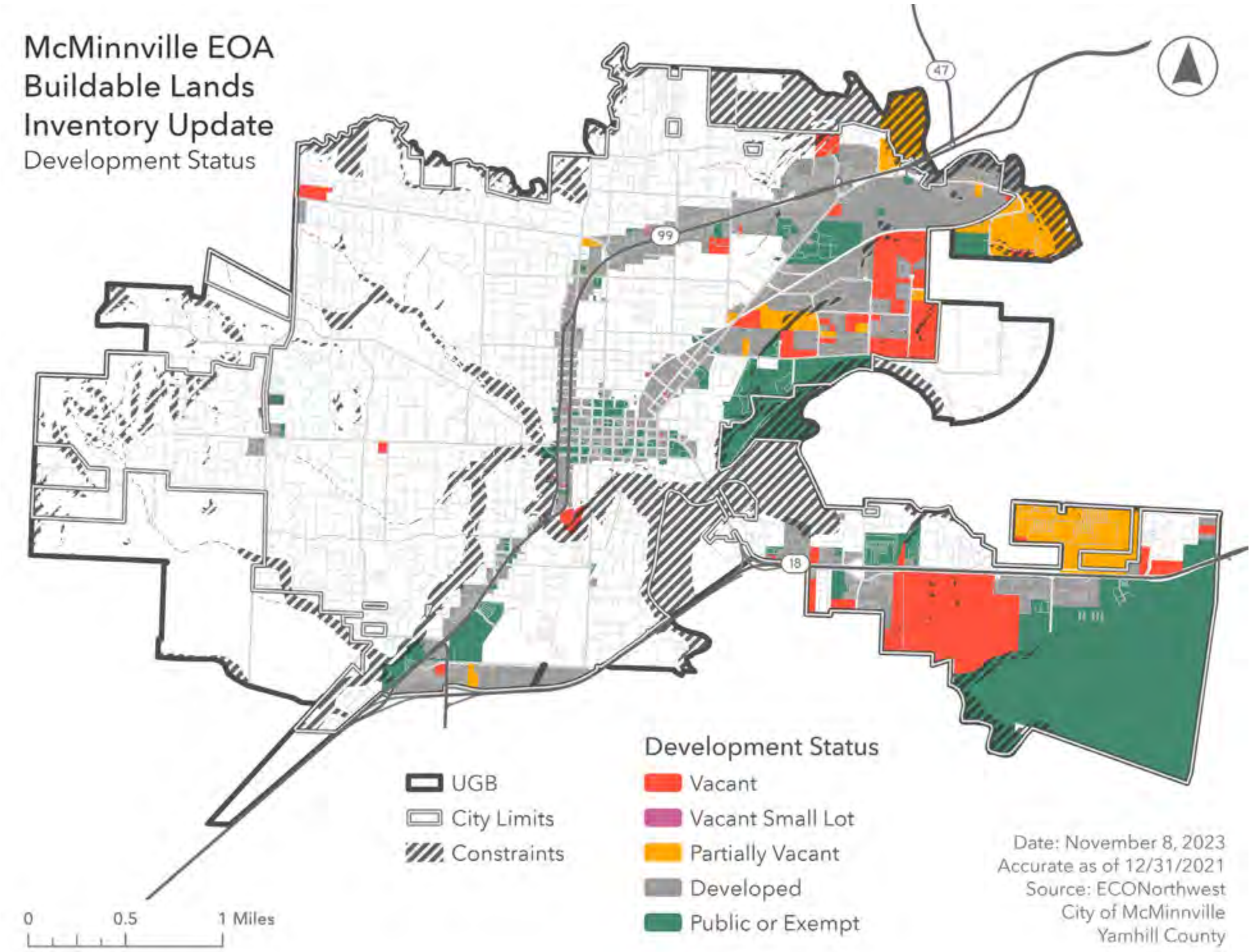
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

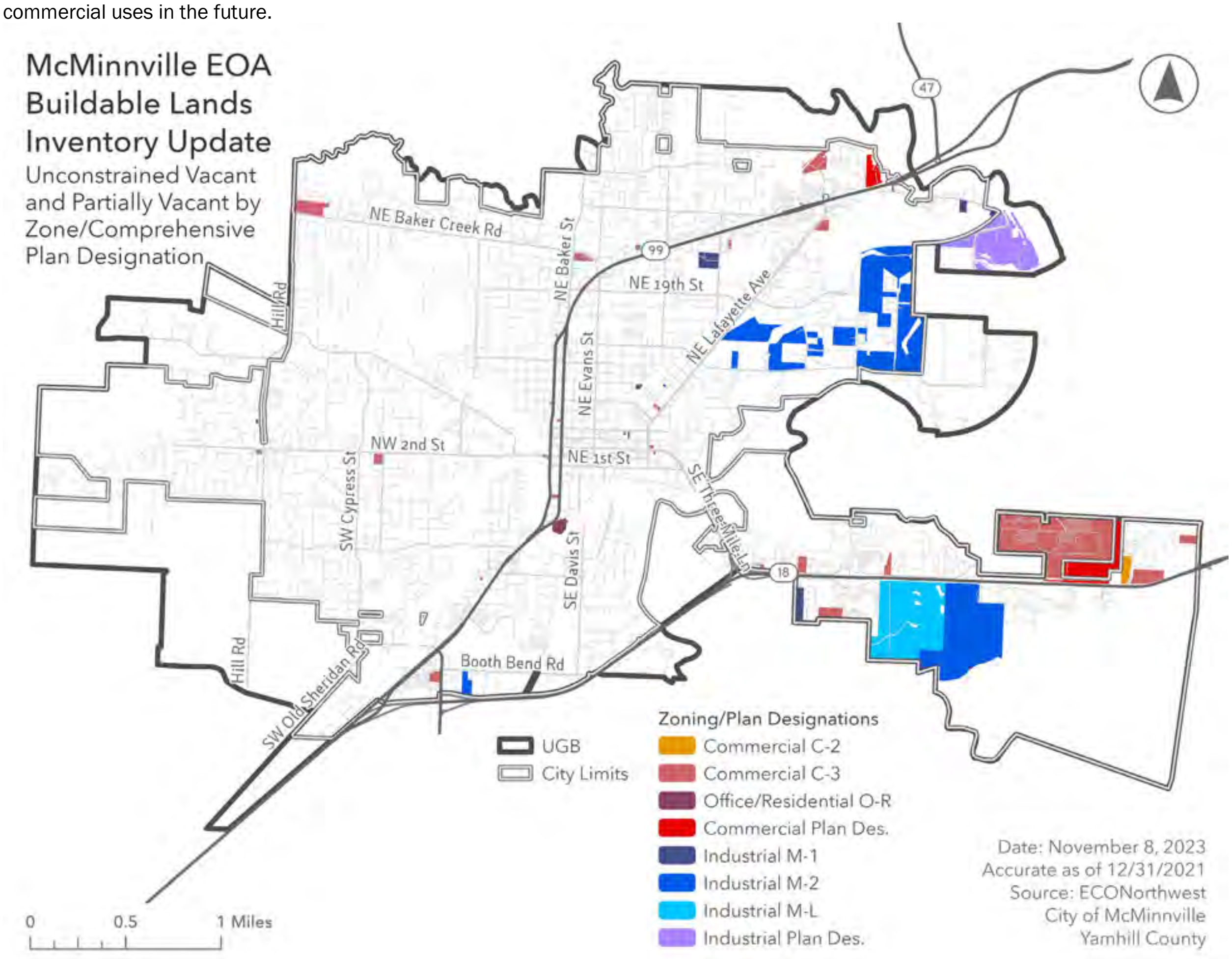
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	**-**	**4.4**	**22.4**	**13.5**	**23.2**	**-**	**-**	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	**-**	**16.8**	**-**	**-**	**-**	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	**-**	**-**	**-**	**-**	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	**-**	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	**-**	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	**-**	**1**	**3**	**1**	**1**	**-**	**-**	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	**-**	**1**	**-**	**-**	**-**	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	**-**	**-**	**-**	**-**	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	**-**	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	**-**	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

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[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

Land Use Type	2021 Employment	2021 % of Total	2041 Employment	2041 % of Total	Change 2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	New Employment Growth 5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

[109] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= <u>net increase of 49 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft² of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

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[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

	Developed acres size									
Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

ICSC

U.S. Shopping-Center Classification and Typical Characteristics*

Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	%Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience-store anchor	N/A	N/A	Convenience store, such as a mini-mart	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertaiment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors, retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

	CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	GENERAL REQUIREMENTS		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCBA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Diameter)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Diameter)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1600 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Diameter)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2100 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Diameter)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
##	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.) Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
↑	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon*. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
Less Critical	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			Revised Size Classes and Assignments		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

[114] https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			**<u>4:</u>**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			**<u>4:</u>**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Light/Flex Industrial</u>			**<u>6:</u>**							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	1	25-50 ac	(1) 40ac (Innovation Campus)					1
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required	2	5-15 ac	(1) 5ac, (1) 10ac	1	1			
<u>Warehousing & Distribution</u>			**<u>5:</u>**							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred	3	10-25 ac	(1) 10ac, (1) 15ac, (1) 20ac		1	1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>**Specialized**</u>			<u>**2:**</u>							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land for the 2021-2041 period. This analysis does not estimate demand for industrial land for the 2041 – 2067 period.***

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB,
2021–2026, 2021–2031, 2021–2041, and 2021–2067
Note: The analysis did not forecast industrial growth for the 2041-2067 period.

	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
Land Use Type	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	**Not forecast for 2041-2067**		
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name

Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
    - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
    - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

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[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>**Examples:**</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>**Example:**</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	<u>**Master Plan Facilities:**</u> Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		**Average Annual Employment:** Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 Makerspace: 3 **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = **net increase of 49 acres** for other needed sites, over acres calculated from average employees/acre	

Appendix D. Site Need Letters

McMinnville | ECONOMIC DEVELOPMENT PARTNERSHIP

Please accept these comments regarding the City of McMinnville's Economic Opportunity Analysis and the estimated future industrial land needs. MEDP has had the good fortune to work with many economic development partners over the years as we work to further our mission of advancing strategies that respond to the needs of McMinnville's traded-sector businesses. We do this through four economic development strategies guided by the City's MAC Town 2032 Economic Development Strategic Plan: 1) Business Retention & Expansion, 2) Business Attraction, 3) Workforce Development, and 4) Innovation Development.

Without available, buildable industrial lands the strategic plan cannot be fully realized. The historical job growth and the projected job growth of 27% over the next 20 years will struggle to take place without planning for necessary industrial land.

The current estimates state McMinnville will need 153 acres of buildable industrial lands by 2041 and 329 buildable acres by 2067. Currently, we have 323 acres of identified industrial land. The reality of those numbers is that 177 of those acres are on two sites. The highest and best use and market realities for these sites with Highway 18 frontage may make these sites impractical to retain as large industrial sites that would be available for industrial use. The potential unavailability of these sites for industrial use would place us well behind the projected need.

While acres available and acres needed may be close to matching up, the fact is there are few perfect sites. An available site may meet a company's minimum requirements, but it's location, shape, slope, or infrastructure may not work. So, they will look for another similar sized site in a different location (hopefully) within the community. McMinnville has lost out on potential opportunities due to lack of rail-served sites, proximity to a major metro area, access to a major airport, or location close enough to an Interstate. It is critical we don't lose out on projects due to a lack of available sites for our targeted industries.

In order to address our targeted industry's needs of high-tech/clean-tech manufacturing, value-added manufacturing, UAV manufacturing, business park, innovation campus, and local and regional headquarters, we will need varying sizes of sites with various requirements. The minimum lot size for these sectors should be 5 acres with a span of up to 25 acres.

Rail served sites continue to be a requirement for some companies interested in a McMinnville location. An additional 5 sites of 5-25 acres would be a good use of rail-served industrial property.

Also, with over 80 manufacturers in McMinnville, we will need sites for existing companies that are growing out of 0.5 – 5-acre sites into larger sites of 10 -20 acres. An additional 5 sites would accommodate additional existing business expansions.

Potential developments associated with targeted sectors include the creation of a mixed-used Innovation Center that would require 20-40 acres, depending on density, and an Airpark allowing for local, regional headquarter space. This could require 3-5 sites of 5-25 acres, and an additional 10 sites between 2-25 acres for companies wanting access to the airport, or access to an Innovation Center.

The types of companies in the targeted sectors are meant to continually diversify the local economy and never rely heavily on a single business, or industry. The ability to have various site sizes and locations to choose from can assist with potential job growth. Available sites are like options that attract opportunity. Without multiple options of readily buildable industrial lands, you risk the loss of new business growth.

Sincerely,

Scott G. Cooper, CEcD
Executive Director
McMinnville Economic Development Partnership

231 NE 5th Street | McMinnville, Oregon 97128 | 503.474.6814 | www.McMinnvilleBusiness.com

McMinnville Industrial Promotions, Inc.

P.O. Box 328
McMinnville, Oregon 97128

To Whom It May Concern:

McMinnville Industrial Promotions, Inc. ("MIP") appreciates the opportunity to present its written comments related to the City of McMinnville's Economic Opportunities Analysis and Urbanization Report (Phase 2) as coordinated with the City's MAC-Town 2032 Economic Development Strategic Plan. MIP specifically addresses its remarks regarding future industrial land needs and sufficiency of the City's Urban Growth Boundary to ensure a reasonable estimate of industrial land inventory necessary to support good jobs and amenities in the future that create a high quality of life for McMinnville residents.

MIP advocates for a robust industrial lands inventory that accomplishes the City's Strategic Plan priorities by providing enough flexibility to foster an attractive business climate, positioning McMinnville's businesses for modern development and investment, and utilizing the City's strengths to encourage a sustainable economy for future generations.

MIP was incorporated in 1953 in response to the closure of two large manufacturers in the area, a devastating loss at the time of approximately 350 jobs. Also facing a slowdown in the timber industry, a local group of business and professional leaders pledged their own money to attract new businesses to McMinnville and diversify its economic base. In 1955, the corporation was expanded to a community corporation, and ultimately it progressed to a for-profit corporation a year later. Regardless of its structure, MIP has never lost sight of its initial mission and special corporate purpose- to foster, encourage, promote, and improve the industrial, commercial, and physical development of the City of McMinnville. MIP seeks to support the continuation of present businesses, but also attract new industries that strengthen the community as a whole, provide long term economic stability to the area, and which provide living wage opportunities to residents. Over the last 67 years, MIP has invested and assisted in growing industrial businesses. Notable accomplishments of MIP include being the first industrial development company in the Pacific Northwest to qualify for Small Business Administration funds, which was recognized when nine different industrial projects broke ground in McMinnville in 1969. In addition, MIP formed a unique partnership with the City of McMinnville to acquire and develop the major industrial park infrastructure in 1983. MIP has and continues to play a unique role in business and industrial real estate development in the City.

There is no denying that McMinnville is uniquely situated. While the City is disadvantaged due to its relatively far location from a major metropolitan area and its airport (PDX) (approximately 60 miles away), it has developed into an economic hub nonetheless. The availability of ample water and electricity at a low price continues to make the City attractive for businesses to locate to a more rural area and provides occupational opportunities to McMinnville and the surrounding communities. Encouraging vibrant and diverse businesses has created economic collaboration and resiliency, which should be prioritized and maintained if McMinnville is to continue to be an economic engine in Yamhill County. As such, MIP is a proponent of protecting currently industrially zoned properties and supports the future planning for expansion of the industrial zone.

The availability of shovel-ready industrial employment lands is critical to expanding and attracting businesses that provide high-wage jobs. The City has forecasted that employment in the industrial area will grow by approximately 27% over the next 20 years. In that analysis, it is determined that approximately 153 buildable acres are needed to account for and service this growth by 2041, and upwards of 329 buildable acres are needed by year 2067. Currently, 323 acres are part of the overall identified inventory.

The foregoing indicates that McMinnville has just barely enough gross industrial lands inventory for its needs over the next 40 years. However, simply looking at the gross numbers provides an inaccurate and incomplete picture of the location and suitability of the currently zoned industrial sites and does not account for the various development costs associated with many of those acres. 177 of those buildable acres are concentrated in two large tax lots located on the Three Mile Lane corridor, 89.6 and 87.5 acres respectively. There are significant and very costly barriers to the development of this land. First and foremost, ODOT has been fiercely protective of preserving the Hwy 18 McMinnville bypass, and costs of developing the public improvements to accommodate ODOT's requirements would be substantial (and not possible for most buyers). Other hurdles to overcome include actual acquisition of the property, time for site readiness, site planning, and additional infrastructure and improvement changes. The costs associated with the 177 acres has impeded industrial development of this property and will likely continue for the foreseeable future.

Also, due to the fact that the majority of growth and development in the industrial sector has occurred, and continues to occur, on parcels between 0.5 and 10 acres in McMinnville (and on 25 acres or less statewide), having more than half of the industrially zoned lands tied up on two parcels has made it impractical for business placement or relocation to the Three Mile Lane area. As such, growth is constrained with available parcels located in the industrial park unless a second industrial area is constructed with the needed infrastructure, which is unlikely at this time.

Finally, it is also very possible that owners or developers of either or both of these large parcels will ultimately seek rezoning to respond to the current severe deficit of lands available for residential development or commercial requirements located within the Urban Growth Boundary.

As such, only 146 acres are reasonably and realistically available for development in the core industrial area. If the type and character of available sites are taken into consideration, McMinnville actually has a large deficit of available and buildable industrial lands that will not meet its needs even in the next 20 years. With this, McMinnville risks local businesses leaving, or the encroachment of industry into other neighborhoods, resulting in safety and other nuisance concerns.

It has been the collective experience of MIP's leadership that the majority of companies looking to locate here in McMinnville need small parcels (0.5-5 acres in size) for development. In fact, MIP has partitioned many of its larger holdings for sale to businesses looking to build on smaller parcels. MIP has seen this type of development crucial to its mission. Industries in close proximity cultivate a vibrant manufacturing sector by offering differentiated as well as supportive services and products. Additionally, a mixture of locally owned businesses allow for the community to weather ups and downs throughout the business cycle, and not be dependent on a few large employers. If readily and economically developable industrial lands hit a ceiling, McMinnville is in danger of losing businesses that would otherwise integrate into and diversify the economic base. Not only would business opportunities be stifled, but would also consequentially result in lost or lower wage jobs.

Recently, MIP has negotiated transactions that proposed developing between 20-30 acres of property. While there is not a tremendous immediate need for sites between 10-30 acres, MIP sees the importance for these options to be included as part of the overall land inventory to accommodate and attract various future developments. After reviewing the State of Oregon Industrial Development Competitive Matrix, it is clear that to be competitive in all fields of manufacturing (including high tech), light industrial uses, warehousing and distribution, and other specialized uses, the most common requested site size is between 5-25 acres. As such, in order to stay competitive with the rest of the state, McMinnville will need to have a variety of industrial sites that are readily and economically developable.

McMinnville needs a sufficient industrial land inventory with a larger variety of different-sized parcels to continue to cultivate business growth and infrastructure development. This can only be done by steadfastly preserving the current zoning of industrial properties, and by the City expanding its Urban Growth Boundary to increase industrial acreage.

Further, if the City considers rezoning the Three Mile Lane parcels for a use that could justify the significant costs of infrastructure, the City must first increase the number of readily buildable industrial lands in its Urban Growth Boundary to accommodate industrial needs over the next 40 years, ensuring there is no net loss of lands available for industrial uses.

Thank you for your consideration.

Respectfully Submitted,

Doug Hurl, President

Appendix E. Public and Institutional Land Need

Public and Institutional Land Needs were developed by a special work group (Public Lands Work Group) in 2019 that then presented their recommendations to the Project Advisory Committee for approval. The Public Lands Work Group solicited data and concurrence from the City of McMinnville, McMinnville Water and Light, Chemeketa Community College, Linfield College, McMinnville School District and Yamhill County.

Below is the content of a memorandum dated November 13, 2019, that was presented to the Project Advisory Committee. Where identified, this memorandum was updated to reflect the 2023 update.

Summary

Public and institutional land needs calculated separately from the employment forecast are summarized in ***Figure 1*** below, and more detailed information follows.

Figure 1. Estimated Public and Institutional Land Needs

Organization/Sector	Add'l Land Need By 2021	Add'l Land Need 2021-2041 (ac)	Add'l Land Need 2041-2067 (ac)	SUM Through 2067 (ac)	Method/Notes
City of McMinnville (non-parks), 1	0	7	4	11	4.5 ac for fire stations plus 0.26 ac/1,000 pop
City of McMinnville (parks), 2	27	365	214	606	Parks Master Plan LOS
McMinnville Water & Light	0	21	0	21	Interview, See Narrative
Chemeketa Community College	0	0	0	0	Interview, See Narrative
Linfield College	0	0	0	0	Interview, See Narrative
McMinnville School District	0	10	30	40	Interview/Memo, See Narrative
Yamhill County	0	6	8	13	Interview, 0.5 ac/1,000 pop
State of Oregon	0	1	1	2	0.08 ac/1,000 pop
Federal Government	0	2	2	4	0.14 ac/1,000 pop
Churches	6	32	44	83	2.88 ac/1,000 pop
Other	0	0	0	0	
SUM	**33**	**444**	**303**	**780**	

Note 1: Site needs for fire stations are inlcuded in 2021-2041 calculation

Note 2: Needs for 2021-2041 include current deficit

General: Figures above don't reflect additional needs if direction of growth absorbs additional sites outside UGB needed/required for services

The City expanded its UGB in 2020, including land for public and semi-public uses. ***Figure 2*** shows the need for housing and public and semi-public land needs from City of McMinnville based on the report *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*.

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase 2 after land-use efficiencies are applied.

Source: City of McMinnville, *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*

Note: Park land includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222.0
Parks	315.4
Schools	54.0
Private Schools	1.5
Religious	47.6
Government	0.9
Semi-public Services	22.5
Infrastructure	2.6
Total	**666.5**

Figure 3 compares the land need for Public and Institutional land needs through 2041 in Figure 1 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Figure 3 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Figure 3. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

Background

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. At a previous meeting, information was presented about public and institutional organizations and lands. Preliminary data was presented about calculations using a ratio of acreage per 1,000 population that can be used to

forecast site needs. However, this method isn't always applicable to each of these entities. Following the September 5, 2019 PAC Meeting #2, staff held meetings with representatives of public and institutional organizations to discuss land needs and methods. This memo summarizes the results of the meetings and summarizes some information discussed at the last PAC meeting.

<u>**City of McMinnville**</u>

- **General, Misc. City Departments: (Administration, Office, Police, Public Works, Fleet, Library, Recreation Buildings, etc.).**

    - Planning staff met with representatives from respective City departments to discuss land needed by the City of McMinnville. Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

    - The City Manager indicated that a ratio of current acreage per 1,000 population would likely over-estimate the City's future land needs. Given existing facilities and site arrangements, there are opportunities to consolidate facilities, redevelop/expand onto existing city sites, use land more efficiently, grow into more recent expansions that retain capacity, etc.

    - With a forecast population of about 48,000 in 2014 and 63,000 in 2067, it is not expected that the City would grow to a size that would necessitate substantial branch facilities or satellite locations during the planning period (such as a library branch etc.).

    - The City Manager and Engineering Staff suggested that base year acres/1,000 population data from cities of approximately 48,000 population and 63,000 population corresponding to the future panning horizon year population for McMinnville might help inform ratios associated with McMinnville's future land needs.

    - Data for cities of approximately 48,000 and 63,000 population was analyzed for comparison. ***Figure 4*** shows a summary of data for comparison cities – including cities for which data was not available. As noted above, the City Manager and Engineering Staff suggested that a straight-line ratio of acres per 1,000 population might overestimate needs. Therefore, staff used only the portion of City lands with facilities exclusive of the airport, floodplain, and utility sites for estimating additional City land needs. (Parks were calculated separately). Approximately 18 acres of the 83.1 City acres is non-utility facilities. Only that portion was used for calculating future needs. That portion had a 0.51 ac/1000 population ratio. Since it was assumed a straight-line extension would

overestimate needs, staff used half of that ratio (0.25 ac/1000 population), and the specific information for fire station sites noted below was added to that estimate.

Figure 4. Ratio Information Available from Other Cities

▪ City	▪ Ratio ▪ (acres per 1,000 pop)
Redmond 2005 (total)	▪ 110 ac/1000 (calculated) 10 ac/1000 (assumed need)
McMinnville 2019 (less parks, airport, floodplain)	▪ 2.38/1000
McMinnville, 2019 (less parks, airport, floodplain, utility sites)	▪ 0.51/1000
Corvallis	No additional land need identified, didn't list ratio
Albany	▪ Not readily available
Springfield	▪ Not readily available
Medford (less parks)	▪ 1.5/1000

- **Fire:**
  - The Fire Department anticipates transition from a single downtown station to three satellite stations at approximately 1.5 acres each: (1) Baker Creek/Hill Road area, (2) Airport area, (3) Northeast area. The estimated need would be about **4.5 acres for three substations.** There could be opportunities to co-locate police substations at sites. There is potential that they could be co-located on sites with other uses. The NE station may be within the current UGB or may be further to the northeast. There is potential for the current station to be re-used for other municipal or other uses.

- **Police:**
  - **No specific plans for new facilities.** Their needs can be accounted for as part of the overall City need using the same methods.

- **Airport:**
  - **No additional land needs identified.**

- **Sewer:**
  - **Treatment: No additional land needs anticipated.** The City owns 5 tax lots with approximately 70 acres east of the UGB where the sewer treatment plant is sited. No additional land need is anticipated. There is capacity to expand the treatment plan on the existing site. If there is a UGB expansion to east which includes this area, these properties won't be available for buildable land for other uses.

- **Collection System: No significant additional land demand is assumed outside of the public right-of-way, so no calculation has been added or assumed for this de minimus need.** Minimal needs for future pump stations may be needed for new development. Site needs for small pump stations are similar to or smaller than a residential lot. The land needs for these facilities are relatively small and no additional acres are proposed. Depending on direction of growth, there could be needs for larger pumping facilities.

- **Parks:**
  - The Comprehensive Plan includes the following policies:
    - **159.00.** The City of McMinnville's Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects
    - **163.05.** The City of McMinnville shall locate future community and neighborhood parks above the boundary of the 100-year floodplain
    - **170.05**. For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used
  - The Master Plan level of service (LOS) standard is 14 acres/1,000 persons.
  - The 2017 UGB population was 34,293.
  - The City has approximately 273 acres of developed park land and 76 acres of undeveloped park land, totaling about 349 acres.
  - The 2017 need was approximately 480 acres; there's a deficit of approximately 207 acres of developed park land.
  - Need for 665 total acres by 2041 (an additional need of 185 ac, or total of 392 ac with the current deficit
  - Need for 879 total acres by 2067 (an additional need of 399 ac, or total of 606 ac with the current deficit.
  - Absent joint use agreements with other entities for public use of facilities consistent with the needs identified in the Park Master Plan, park sites and recreational facilities that aren't city-owned aren't assumed to meet the LOS for developed park needs. If there are separate standards for open space, that may be evaluated.

Note: Mark Davis, a member of the Project Advisory Committee wrote a memo for the committee to consider on park land need, which is attached at the end of this appendix.

- **Other (stormwater):** While no specific need was identified, there was a sense that stormwater detention and water quality standards would likely increase the amount of land that will need to be dedicated for on-site stormwater management (detention and treatment) as best practices seek to manage stormwater close to "where the rain hits the ground" to reduce peaking of down stream flows and conveyance of sediment and/or contaminants in runoff. These sites may be privately or publicly owned and maintained, but should be accounted for.

- **Other (transit related):** There was a sense that, as the community grows and the transit system expands and matures, it expected that there will be a more robust transit system with some additional land needs.

Planning Staff met with representatives of the following organizations regarding their future land needs.

<u>McMinnville Water & Light (MWL):</u>
Estimated need of 21-24 acres for the 20- and 46-year periods, plus additional location/development specific needs

- General: It is estimated that in addition to sites already owned by MWL, they will need approximately 21 additional acres for power and water, and may have additional needs that are dependent on specific growth characteristics and developments. Some users require an on-site substation that requires a site and land. If growth occurs to the west further upslope into the west hills, that might include the 3-acre reservoir site needed to serve water pressure Zone 2, and could necessitate an additional reservoir/site if growth continues far enough upslope to result in a Zone 3 service area.

- The additional 21-acre need includes 16 acres for a treatment plant and pumping facilities which could co-locate with a power substation in the easterly portion of the UGB; an additional 2 acres in the easterly UGB area for power, and an additional 3 acres in the westerly UGB for additional storage for fire flow.

<u>Yamhill County</u>

- Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

- The acreage per 1,000 population estimate is a reasonable method, first deducting the fairgrounds property before calculating the ratios. The Fairgrounds is approximately 36 acres of a 44-acre site.

- Current county-owned sites don't allow for much incremental on-site expansion, so additional capacity would likely require redevelopment or expansion onto additional land.

- Transit may have a need for expanded bus parking/storage area that doesn't require new structures

- Locational analysis: The County Parks Master Plan identifies potential lands for parks at key locations in proximity to McMinnville near confluence areas shown on vision map in the Master Plan)

- The County owns approximately 44 acres in the UGB, including the Fairgrounds. The 36-acre Fairgrounds site includes other uses including County Public Works, which occupies about 7 acres. Therefore, approximately 29 acres of County-owned land was deducted for the Fairgrounds before calculating the ratio of acres per 1,000 population, leaving 16 acres remaining, which is approximately 0.5 acre/1000 population.

Chemeketa Community College

No new land needs. Chemeketa Community College sold the property they previously owned, the former campus site, on Hill Road. Their McMinnville campus on Norton Lane houses their facilities as well as commercial and office tenants. For planning purposes, Chemeketa doesn't anticipate new land needs beyond their current ownership, and doesn't anticipate displacement of tenants.

Linfield College

No new land needs. Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.

McMinnville School District

In addition to existing schools, the School District owns three reserve sites for future schools. Below is a summary of needs in addition to existing schools and reserve sites. In addition to these sites, the School District estimates it will need 40 additional acres for future school sites, with 10 of those additional acres needed between 2021 and 2041, and 30 of those acres needed between 2041 and 2067. ***See Attachment 1***.

2021-2041

- The need is for one additional 10-acre early learning center site.

2041-2067

- The need includes one additional 12-acre elementary school site.

- The need includes an additional 18 acres for a new high school, in addition to the 42-acre site on Hill Road, whether that site could be added to for a total of 60 acres or whether that site would be sold and a new 60-acre site acquired.

Other Land Needs

Other public and semi-public land needs presented in ***Figure 1*** which aren't part of the employment forecast were calculated using the ratios in ***Figure 5.***

Figure 5. Other Existing Ratios for McMinnville, 2019

Public/Semi-Public Use	Tax Lots	Acres	Acres/1000 persons	Percent of Acres
State	**4**	**2.92**	**0.08**	**0%**
State	4	2.92	0.08	0%
Federal	**5**	**4.96**	**0.14**	**0%**
Federal	5	4.96	0.14	0%
Religous/Cemetary	**76**	**104.23**	**2.98**	**6%**
Church	64	100.53	2.88	6%

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed $50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over $100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, $9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

ATTACHMENT 1

McMinnville
School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: (503) 565-4000 Fax: (503) 565-4030

MEMO

DATE: November 14, 2019
TO: City of McMinnville Public Lands Work Group
From: Susan Escure, McMinnville School District Finance Director
Subject: Land Needs Assessment - Public Schools

Introduction
Currently the District does not have an adopted plan for school facility needs for the periods going out the 50 years needed by the urbanization study. The District is in the process of updating our Long-Range Facilities Plan which will not be formally adopted until next year. In 2017, The District contracted with Flo Analytics to prepare a 5 year and 10 year enrollment forecast with a more in depth study of enrollment within our elementary boundaries. This study provided information for our most recent boundary changes adopted for the 2019-20 school year. The following land needs assessment is based upon a combination of the demographer report, our internal enrollment projections and decisions made as part of our 2016 capital bond project.

Flo Analytics Enrollment Forecast
Our demographer's forecast was limited to 10 years. However, it did take into account planned developments within the District. The District is projected to capture 84.4% of the District population of all school-age children. Overall average student yield factors applied to new housing development are 0.45 students/Single Family Unit and 0.20 students per Multi-family Unit. The following is a summary of their 5-year and 10-year forecast:

October 1	**2017**	**2022**	**2027**
Elementary	3,047	2,969	3,103
Middle School	1,541	1,587	1,550
High School	2,176	2,347	2,159
Total	**6,764**	**6,902**	**6,813**
% increase over 2017		2.0%	.7%

Internal Projections
The District uses a 3 year or 8 year average cohort survival rate to forecast increases in enrollment for grades 1-12. The increase in these grades are due to in-migration and enrollment of students from private schools and home school as they age. This cohort survival rate across all grades = 2% increase in enrollment annually. Kindergarten enrollment is based on a historic average capture rate of 40% of the county births five years prior. For 2025 and after, the kindergarten enrollment increase is projected at 1%. Student enrollment counts are attendance-based not residence-based. Enrollment includes intra-district transfers from neighboring districts. Additionally, the enrollment projection includes attendance of all District students, not just those located within the City of McMinnville.

Land Needs Assessment - Public Schools (continued)

October 1 Enrollment Projection	2017	2019	2021	2041	2067
Elementary	3,047	2,885	2,883	3,281	4,252
Middle School	1,541	1,686	1,596	1,650	2,138
High School	2,176	2,130	2,251	2,263	2,934
Total	**6,764**	**6,701**	**6,730**	**7,194**	**9,324**
(Decrease) Increase over 2017		(63)	(34)	430	2,560
% (decrease) increase over 2017		(0.9%)	(0.5%)	6.4%	37.8%
Average Annual Growth Rate		(0.5%)	(0.1%)	0.3%	0.8%

Capacity
The following capacity estimates are based on current class size and programs. If future funding allows the District to substantially decrease class size or increase programs, these capacities would be less. Additionally, classroom modulars are used at some school sites and they are included in the calculation of our current capacity. The District foresees the need to add on to the current school sites to increase classroom space for additional programs and replacement of classroom modular before adding schools for enrollment growth, especially at the elementary level.

Property held for future school sites:

Hill Road & Cottonwood Drive	11 acres	Future Elementary Site
McDonald Lane, next to Grandhaven	26 acres	Future Middle School Site
Hill Road property	42 acres	Future High School Site

Elementary School Capacity
Elementary schools are configured for grades K through 5 with a capacity of 600 each. Currently there are six elementary schools which totals a maximum capacity of 3,600. For purposes of this land needs assessment, we are assuming a per school capacity ranging from 550 to 600 to account for pre-school and/or additional program needs.

Elementary school sites are on average 10 to 12 acres. The District currently holds property at Cottonwood and Hill Road for a future elementary site. The District would need to purchase one more 8-10 acre site by end of 2067 according to this projection.

Middle School Capacity
We currently have two middles schools with a maximum capacity of 900 each configured for grades 6-8 for a total capacity of 1,800. There is a wave of larger cohort classes in middle school currently, however, future cohorts entering middle school are expected to decrease and remain lower until 2041 – 2067.

The desired middle school is approximately 20 acres. The District currently holds 26 acres on McDonald Lane adjacent to Grandhaven Elementary for a future middle school site. No additional acreage is needed for a middle school site before 2067.

Land Needs Assessment - Public Schools (continued)

High School Capacity
Our current high school configuration after the 2019 Addition has a maximum capacity of 2,800 students. Approximately 160 students are served off site at the alternative program at Cook School and the online program at Adams Campus   Based on this projection, the high school would not reach maximum capacity until 2060-65.

In 2015, the Long Range Facilities Task Force recommended to the School Board to continue the High School Master Plan proposed in 2006 to the voters which included a plan to rebuild the high school at the current site over three phases. The first phase was completed in 2010, the second phase was just completed in 2019 with the addition of a Career Technical Center. Although many constituents desire two small high school versus one large high school, current school funding does not cover the cost of operating two high schools. (Operating costs include costs such as: utilities, maintenance, administration and support staff). The high school enrollment would need to grow to almost 3,000 in order for the District to afford the operation costs of two comprehensive high schools (1,500 each).

During this planning period, the committee also looked at building a new high school at the Hill Road location and repurposing the current high school property. The committee decided against this for several reasons: 1) the District would need to ask voters for a significant increase over the current school capital bond rate, 2) the Hill Road site is only large enough for a high school of 2,300-2,500, which could be outgrown before the District could afford a second high school, and 3) the Committee felt that the District should continue with the plan that the voters had already approved in 2006.

The District currently holds 42 acres on Hill Road as a future high school site. A larger site of closer to 60 acres may be more desirable in order to include additional space for career technical programs. In addition, satellite sites may be needed for increased professional technical classes such as home construction or HVAC certification.

Summary
Based on our enrollment projections as described, the District projects the need for the following additional school buildings during the periods 2021-41 and 2041-2067.

Number of Schools	Current	2021-2041	2041-2067
Elementary & Early Learning Center	6	+1	+ 2
Middle School	2	0	+ 1
High School	1	0	+ 1
Total	**9**	**+1**	**+ 4**

After taking into account current property held for future use, the District projects the following land needs:

- **An additional site of 10 – 12 acres for an Elementary School.**
- **A larger 60 acre high school site for a second high school.**
- **An additional 8-10 acre site for an Early Learning Center.**

Linfield College

Vice President for Finance & Administration
900 SE Baker Street
McMinnville, OR 97128-6894
t 503.883.2458 f 503.883.2630

January 16, 2020

To: Tom Schauer

Subject: Land Needs Summary Memorandum Dated November 13, 2019

As requested per your email January 16, 2020, this memo confirms the information below which summarizes Linfield College's response per the Land Needs Summary Memorandum dated November 13, 2019.

No new land needs. *Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.*

MARodriguez

Mary Ann Rodriguez
Vice President of Finance & Administration/CFO

City of McMinnville
PLANNING

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DECISION, CONDITIONS OF APPROVAL, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF LEGISLATIVE AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "McMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 23 "McMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS".

DOCKETS: G 1-20 and G 3-20

REQUEST: The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, adopting the analysis and conclusion of a housing, economic development, public and institutional land needs analysis to serve a planning horizon of 2021-2041, and a future population of 47,498 people.

LOCATION: N/A

ZONING: N/A

APPLICANT: City of McMinnville

STAFF: Heather Richards, Community Development Director

HEARINGS BODY: McMinnville Planning Commission

DATE & TIME: May 20, 2021, 6:30 PM.
May 18, 2023, 6:30 PM
September 7, 2023 PM
September 21, 2023 PM

DECISION-MAKING BODY: McMinnville City Council

DATE & TIME: October 10, 2023, 7:00 PM
November 28, 2023, 7:00 PM
February 27, 2024, 7:00 PM

PROCEDURE: The application is subject to the legislative land use procedures specified in Sections 17.72.120 - 17.72.160 of the McMinnville Municipal Code.

CRITERIA: Amendments to the McMinnville Comprehensive Plan to fulfill statutory requirements for growth planning, such as ORS 197.626, OAR 660 Division 8, OAR 660, Division 9 must be consistent with the applicable portions of OAR 660-046-0000 through 660-046-0235, Oregon State Land-Use Goals, the Goals and Policies in Volume II of the Comprehensive Plan and the Purpose of the Zoning Ordinance.

APPEAL: The City Council's decision on a legislative amendment will be submitted to the Director of the Department of Land Conservation and Development for consideration. Comments objecting to the acknowledgement of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis can be submitted to the Director of the Department of Land Conservation and Development within 21 days of the date written notice of the City Council's decision is mailed to parties who participated in the local proceedings and entitled to notice and as provided in ORS 197.620 and ORS 197.830, and Section 17.72.190 of the McMinnville Municipal Code. The Department of Land Conservation and Development Director's decision can be appealed to the Land Conservation and Development Commission.

DECISION

Based on the findings and conclusions, the McMinnville City Council **APPROVES** the adoption of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I, per Docket G 1-20 and Docket G 3-20.

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DECISION: APPROVAL

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City Council: ______________________ Date: 2/27/24
Adam Garvin, City Council President

Planning Commission: ______________________ Date: 3/4/24
Sidonie Winfield, Chair of the McMinnville Planning Commission

Planning Department: ______________________ Date: 3/1/24
Heather Richards, Community Development Director

I. Application Summary:

The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, by adopting the November 2023 Housing Needs Analysis and Economic Opportunities Analysis.

Oregon Administrative Rule 660-008-0045 requires the City of McMinnville to submit a new Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023. The City is choosing to submit both a Housing Needs Analysis and an Economic Opportunities Analysis

The planning horizon for this analysis is 2021-2041, for a projected population of 47,498 people.

The analysis identifies a land deficit of 422 gross buildable acres in the city's urban growth boundary to meet the residential (202 acres), employment (188 acres) and public (32 acres) land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

II. GENERAL FINDINGS

The City Council finds, that based on the findings of fact and the conclusory findings contained in this findings report, that the November 2023 Housing Needs Analysis and Economic Opportunities Analysis are consistent with all of the applicable state and local regulations.

Generally, these findings summarize the more detailed analysis found in the Housing Needs Analysis and the Economic Opportunities Analysis and their appendices in order to address the relevant legal standards.

This findings document provides conclusory findings regarding consistency with applicable provisions of state and local law. Supporting these is a factual basis upon which the conclusory findings rest.

III. FINDINGS OF FACT

The fact base includes the data referenced in the Housing Needs Analysis, the Economic Opportunity Analysis and their appendices, as well as the information provided in the record.

1. The City of McMinnville must comply with Oregon Administrative Rule 660-008-0045, submitting a Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023.

2. The City established a Housing Project Advisory Committee that met 7 times in 2018 and 2019 with city staff and consultants to draft the McMinnville Housing Needs Analysis for a planning horizon of 2021-2041, population of 47,498 people.

3. The City established an Economic Opportunities Analysis and a Public Lands Subcommittee that met 8 times in 2019 and 2020 with city staff and consultants to draft the McMinnville Economic Opportunities Analysis for a planning horizon of 2021-2041, population of 47,498 people.

4. On May 14, 2020, the City notified the Department of Land Conservation and Development of their intent to adopt the draft Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume 1, with a first evidentiary public hearing scheduled for May 20, 2021. (File #: 001-20, and 003-20).

5. On May 20, 2021, the McMinnville Planning Commission opened the public hearing and continued it to May 18, 2023.

6. In 2023, the City appointed a Project Advisory Committee to update the Housing Needs Analysis and the Economic Opportunities Analysis incorporating the April 9, 2021 UGB expansion and the effects of HB 2001 (2019 Legislative Session). This committee met twice to consider the amendments.

7. On May 18, 2023, the City of McMinnville noticed that the public hearing was continued to September 7, 2023.

8. On July 11, 2023, the City Council held a work session on the proposed analysis.

9. On August 3, 2023, the Planning Commission held a work session on the proposed analysis.

10. On August 8, 2023, File # 001-20 and 003-20 at the Department of Land Conservation and Development were updated with the revised draft Housing Needs Analysis and Economic Opportunities Analysis.

11. On September 7, 2023, the McMinnville Planning Commission continued the public hearing and heard public testimony.

12. On September 21, 2023, the McMinnville Planning Commission continued the public hearing, heard public testimony, closed the public hearing and voted to recommend the Housing Needs Analysis and the Economic Opportunities Analysis to the McMinnville City Council.

13. On October 10, 2023, staff presented the Planning Commission's recommendation to the McMinnville City Council.

14. On November 28, 2023, the McMinnville City Council considered the public record and voted to approve the McMinnville Housing Needs Analysis and Economic Opportunities Analysis, dated November 2023, by approving Ordinance No. 5141 and conducting the first reading of the ordinance.

15. On February 27, 2024, the McMinnville City Council approved Ordinance No. 5141.

IV. COMMENTS RECEIVED

The following comments were received by the Planning Commission and provided at the Planning Commission public hearing and are on file with the City of McMinnville Planning Department.

- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated August 30. 2023
- Letter from Mark Davis, dated September 5, 2023 with attachments
- Letter from Mark Davis, dated September 7, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 7, 2023, Planning Commission public hearing
- Memorandum from City of McMinnville staff, Bateman Seidel, and ECONorthwest, dated September 18, 2023
- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated September 20, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 21, 2023 Planning Commission public hearing

V. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application.

These findings explain how the City finds that the adoption of the proposed Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I satisfy applicable state and local land use regulations.

Alignment with Oregon's Statewide Planning Goals and Administrative Rules:

The applicable state land use laws are those identified in either the Oregon Revised Statutes (ORS) or the Oregon Administrative Rules (OARs),

Oregon Land Use Goal #1 (Citizen Involvement)

Goal 1 calls for the opportunity for citizens to be involved in all phases of the planning process. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

- Project Advisory Committee Meetings
  - July 16, 2019
  - September 5, 2019
  - October 10, 2019
  - November 13, 2019
  - January 21, 2020
  - February 27, 2020
  - March 19, 2020
  - May 11, 2020
  - May 8, 2023
  - June 22, 2023

- Work Sessions:
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

FINDING - SATISFIED: The City finds the opportunities for involvement above satisfies Goal 1.

Oregon Land Use Goal #2 (Land Use Planning)

Goal 2 outlines the basic procedures of Oregon's statewide planning program, stating that land use decisions must be made in accordance with comprehensive plans and that effective implementation ordinances must be adopted. The following describes the factual basis for the legislative decisions of the City.

Housing Need Analysis

In the process of developing the housing needs analysis, the City inventoried existing residential land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the HNA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This HNA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address unmet residential land need.

The findings for Goal 10 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Housing Needs Analysis, which provides information about the factors that could affect housing development, including demographics, affordability trends, workforce housing availability, market health, and regulatory structure (see findings for Goal 10).

Economic Opportunities Analysis

In the process of developing the economic opportunities analysis, the City inventoried existing commercial and industrial land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the EOA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This EOA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address commercial and industrial land needs.

The findings for Goal 9 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, site characteristics (such as site size, site location, or existing improvements), and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Economic Opportunities Analysis, which provides information about the factors that could affect commercial and industrial development (see findings for Goal 9).

Public and Institutional Land Needs

The public and institutional land needs are documented in Appendix E of the EOA report. Public and institutional land needs document need for:

- Government, based on plans for land needed for additional facilities for the City of McMinnville and Yamhill County, based on discussions with municipal staff. Land needed for state and federal facilities is based on existing acres per 1000 people of land for state and federal facilities in McMinnville.

- Parks, based on the City of McMinnville's Parks, Recreation, and Open Space Master Plan. See findings about Goal 8.
- Schools, based on discussions with the McMinnville School District, Chemeketa Community College, and Linfield College.
- Religious organizations, based on existing acres per 1000 people of land for religious organizations in McMinnville.
- Semi-public services, based on estimate of land need from McMinnville Water & Light.

FINDING - SATISFIED: All pertinent documentation has been made available to all interested parties. Goal 2 has been properly addressed. The HNA, EOA, and Public Land Needs, as referenced, are consistent with Statewide Planning Goal 2

Oregon Land Use Goal #3 (Agricultural Lands)

As stated in 660-024-0020(1)(b), Goal 3 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #4 (Forest Lands)

As stated in 660-024-0020(1)(b), Goal 4 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #5 (Natural Resources, Scenic and Historic Areas, and Open Spaces)

OAR 660-008-005 requires cities to exclude land subject to Goal 5 measures. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #6 (Air, Water and Land Resources Quality)

Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water and land resource quality policies in the McMinnville Comprehensive Plan, Goal 6 will be properly addressed. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #7 (Areas Subject to Natural Disasters and Hazards)

Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in McMinnville are flooding, steep slopes, wildfire, liquefaction and landslide soils. Per McMinnville's Comprehensive Plan and Zoning Ordinance, no building improvements are allowed in the FEMA acknowledged floodway. The HNA and EOA considered lands within the FEMA flood hazards to be unbuildable and attempted to avoid expanding into areas with identified flood hazards. The HNA also considers land within areas with steep slopes, high landslide, liquefaction and wildfire susceptibility as unbuildable as well. (Data provided by the Department of Geology and Minerals).

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #8 (Recreational Needs)

Goal 8 requires governmental organizations with responsibility for providing recreational facilities to plan for recreational facilities.

The City of McMinnville's Comprehensive Plan Policy #170.05 states that, "For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation and Open Space Master Plan shall be used." (Ordinance No. 4796, October 14, 2003) The current McMinnville Parks, Recreation and Open Space Plan identifies a level of service of 14 acres per 1000 people, per the following:

- Neighborhood Park = 2.00 Acres / 1000 People
- Community Park = 6.00 Acres / 1000 People
- Greenways and Open Spaces = 6.00 Acres / 1000 People

The Portland State University Population Research Center forecast for growth (June 30, 2017) shows the McMinnville UGB population growing from 36,238 people in 2021 to 47,498 people in 2041, a change of 11,260 people.

The analysis of Public Land Need (in Appendix E of the EOA) uses the 14 acres/1,000 people level of service to determine park land need for the forecast of 11,260 person growth in McMinnville over the 2021-2041 period.

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #9 (Economy of the State)

The purpose of Goal 9 is to provide adequate opportunities for economic growth and development opportunities for commercial and industrial development. Commercial and industrial development takes a variety of shapes and leads to economic activities that are vital to the health, welfare and prosperity of Oregon's citizens. To be ready for these opportunities, local governments perform Economic Opportunity Analyses (EOA) based on a 20-year forecast of population and job growth in accordance with the directives in statute and administrative rule.

Economic Opportunities Analysis

The Economic Opportunities Analysis (EOA) accounts for commercial and industrial needs for the 2021-2041 planning period. The EOA provides an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the *Strategic Plan*, as well as updating information about the inventory of commercial and industrial lands and providing an updated employment forecast.

The EOA forecasts that McMinnville will add 6,885 jobs over the 2021-2041 period, requiring 697 gross acres of land, of which 384 gross acres will be for industrial uses and 313 gross acres for commercial uses. The EOA shows that McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. The EOA concludes that McMinnville has a 29 acre deficit of industrial land and a 159 acre deficit of commercial land.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

Buildable Lands Inventory

OAR 660-024-0050 outlines the steps cities must follow when evaluating or amending a UGB. The following provisions apply to a UGB amendment that addresses needs for employment lands.

> **OAR 660-024-0050**
> *(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute. For employment land, the inventory must include suitable vacant and developed land designated for industrial or other employment use, and must be conducted in accordance with OAR 660-009-0015.*
>
> OAR 660-009-0015(3) outlines the requirements for the BLI for employment lands:
>
> *(3) Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.*
>
> > *(a) For sites inventoried under this section, plans must provide the following information:*
> >
> > > *(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;*
> > > *(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and*
>
> OAR 660-009-0005 includes the following definitions relevant to the buildable lands inventory:
>
> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental*

contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(14) "Vacant Land" means a lot or parcel:
(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or
(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The EOA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where commercial and industrial development is allowed, including land in the following zones: Commercial zones C-1, C-2, C-3, O-R; Industrial zones M-1, M-2, and M-L; and land within the UGB in County zoning Commercial Plan Designation and Industrial Plan Designation.

The EOA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All employment land in tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).

- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[1]

- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.

- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.

- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The EOA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-009-0005(2): regulated wetlands, floodways, 100 Year Floodplain, steep slopes (over 15%), and in conservation easements.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands. Exhibit 1 shows buildable acres (i.e., acres in tax lots that

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[1] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

Exhibit 1. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 2 summarizes the land buildable employment land within current zoning from Exhibit 1 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for “Planned Developments” which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 2. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

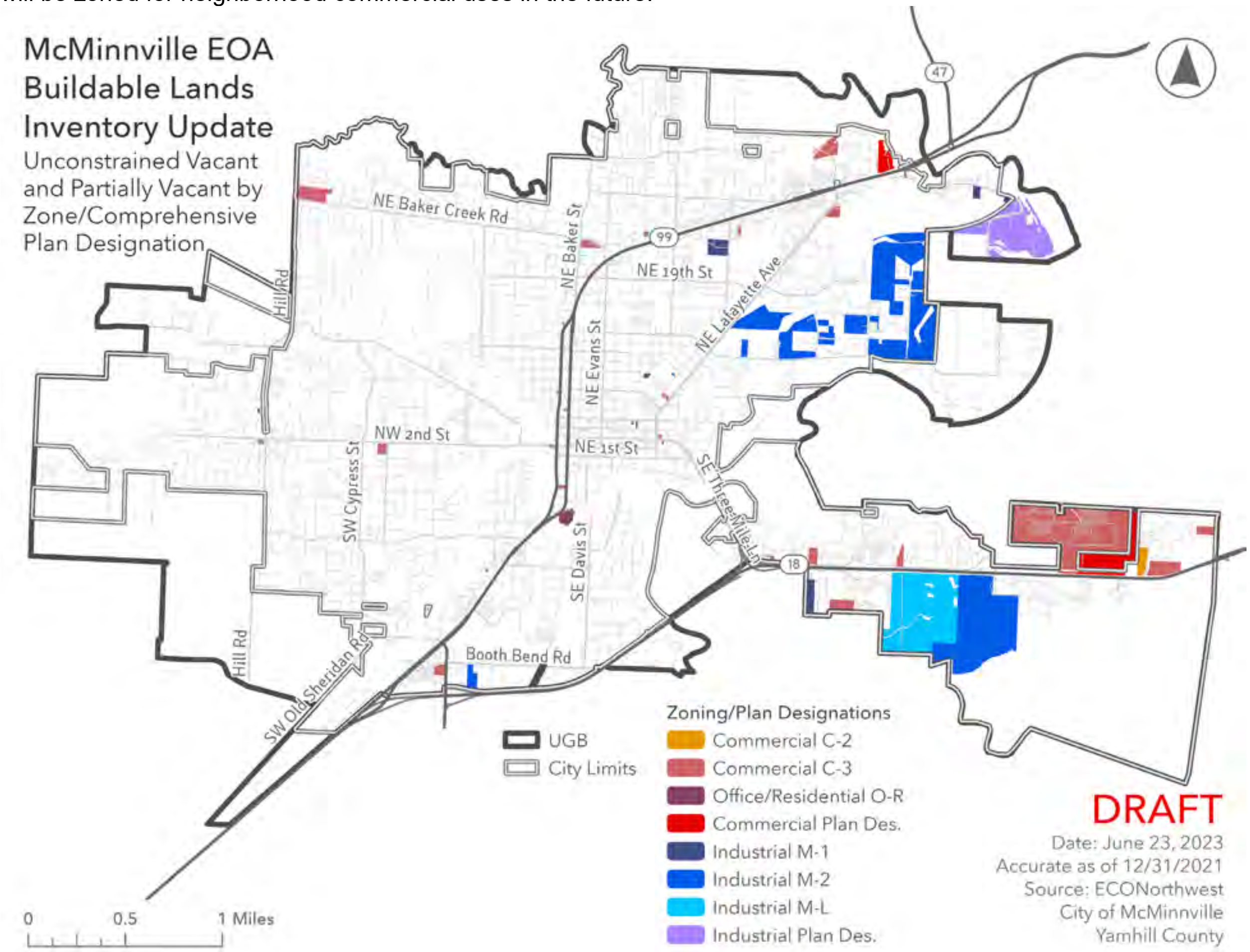
Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 1 or Exhibit 2 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 3 shows buildable employment land by zone with development constraints in the McMinnville UGB.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



FINDING – SATISIFIED: The buildable lands inventory in the EOA meets the requirements of OAR 660-009 and OAR 660-024. The inclusion of vacant small lots in the McMinnville EOA BLI exceeds the definitions of vacant land in OAR 660-009 by including vacant land on tax lots smaller than one-half an acre.

Population Forecast

OAR 660-024-0040 requires that the 20-year population forecast is the basis of the UGB land determination. be based on the appropriate 20-year forecast in OAR 660-032.

> ***660-024-0040 Land Need***
> *(1) The UGB must be based on the appropriate 20-year population forecast for the urban area as determined under rules in OAR chapter 660, division 32, and must provide for needed housing, employment and other urban uses such as public facilities, streets and roads, schools, parks and open space over the 20-year planning period consistent with the land need requirements of Goal 14 and this rule. The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision. Local governments in Crook, Deschutes or Jefferson Counties may determine the need for Regional Large-Lot Industrial Land by following the provisions of OAR 660-024-0045 for areas subject to that rule.*

OAR 660-032-0020 requires that, when a city uses population as a basis for forecasting employment, the city must use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

> ***660-032-0020 Population Forecasts for Land Use Planning***
> *(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.*

McMinnville started the process for developing the HNA and EOA in 2018, completing a draft of the HNA in 2019 and the EOA in 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA and EOA in 2021. McMinnville noticed the intention to adopt the HNA and EOA to the Department of Land Conservation and Development on May 14, 2020 and held its first evidentiary hearing on May 20, 2021. These actions are consistent with ORS 197.296(2).

Exhibit 4 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after the HNA and EOA had been drafted and McMinnville's notice to the Department of Land Conservation and Development was provided.

Exhibit 4 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 4. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development of its intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021.

Employment Trends

OAR 660-009-015(1) requires that the EOA review national, state, regional, county and local trends that may affect economic development. And OAR 660-009-015(4) assess the community's economic development potential.

> **OAR 660-009-0015**
> *(1) Review of National, State, Regional, County and Local Trends. The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses as described in section (4) of this rule. A use or category of use could reasonably be expected to expand or locate in the planning*

area if the area possesses the appropriate locational factors for the use or category of use. Cities and counties are strongly encouraged to analyze trends and establish employment projections in a geographic area larger than the planning area and to determine the percentage of employment growth reasonably expected to be captured for the planning area based on the assessment of community economic development potential pursuant to section (4) of this rule.

(4) Assessment of Community Economic Development Potential. The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages. Relevant economic advantages and disadvantages to be considered may include but are not limited to:

(a) Location, size and buying power of markets;
(b) Availability of transportation facilities for access and freight mobility;
(c) Public facilities and public services;
(d) Labor market factors;
(e) Access to suppliers and utilities;
(f) Necessary support services;
(g) Limits on development due to federal and state environmental protection laws; and
(h) Educational and technical training programs.

Chapter 3 of the EOA provides an extensive review of national, state, regional, and local trends that may affect economic development in McMinnville. Key among these trends are national and state economic growth, long-term and large-scale changes in the broader economy, such as increases in labor productivity, growth of entrepreneurship and small businesses, increases in automation, rising energy prices). The EOA documents changes more directly impacting economic growth in McMinnville, such as growing population, aging of the baby boomers, entry of Millennials and younger generations into the job market, changes in income, educational attainment, labor forecast participation, commuting patterns, and tourism.

Chapter 4 of the EOA provides information about McMinnville's community economic development potential. Chief among McMinnville's advantages for economic growth are its location in the Willamette Valley, access to Highway 99W, relatively young and diverse workforce, workforce availability across the region, existing diverse mix of businesses and industries, existing local business entrepreneurship, buying power of markets, comparatively low public utility rates and property tax rates, access to clean water, access to internet services, educational opportunities at Linfield College and Chemeketa Community College, and high quality of life.

McMinnville's disadvantage for economic development including: poor connections to I-5, on-going retail leakage (people traveling out of McMinnville to make retail purchases), comparatively smaller share of college graduates, tentative integration of Latino population into community & business leadership, inadequacy of commercial and industrial buildable lands, environmental constraints on land (such as steep slopes, floodplains, and wetlands), need for additional value-added opportunities for visitors, and relatively slow population growth resulting from a constrained land supply.

FINDING - SATISFIED. The City's EOA meets the requirements of OAR 660-009-015(1) and OAR 660-009-015(4).

Employment Forecast

OAR 660-024-0040(5) provides:

660-024-0040 Land Need

(5) Except for a metropolitan service district described in ORS 197.015(13), the determination of 20-year employment land need for an urban area must comply with applicable requirements of Goal 9 and OAR chapter 660, division 9, and must include a determination of the need for a short-term supply of land for employment uses consistent with OAR 660-009-0025. Employment land need may be based on an estimate of job growth over the planning period; local government must provide a reasonable justification for the job growth estimate but Goal 14 does not require that job growth estimates necessarily be proportional to population growth.

OAR 660-0024-0040(9) provides safe harbors for forecasting employment growth, as follows:

OAR 660-0024-0040(9)
(9) The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

The EOA describes the steps used to develop the employment in Exhibit 48 of the EOA. Those steps include:

- **Set Forecast Time Period and Employment Base.** The time period for the forecast was the 2021-2041 period.

  The base estimated employment was estimated using estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

  Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[2] The EOA estimates that McMinnville had an estimated 20,990 *total* employees within its UGB in 2017 based on Yamhill County's ratios of covered to total employment. (See Exhibit 49 in the EOA).

- **Evaluate UGB Employment Trends.** The prior section of this document describes the employment trends and the site needs.

- **Develop a forecast of employment growth.** The forecast of employment starts with the base of 20,990 total employees in the McMinnville UGB in 2017. The EOA considered a range of employment growth assumptions and settled on the "medium-growth option," using the safe

[2] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

harbor assumption from 660-024-0040(9)(a)(B) that employment in McMinnville will grow at the same rate as population (1.36% an average annual growth rate of 1.36% between 2021 to 2041). This projects that McMinnville will add 6,885 new employees between 2021 and 2041. (See Exhibit 50 in the EOA)

- **Allocate Job Growth by Land Use Type Scenarios.** This step allocated the forecast of 6,885 new employees to five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government. These land-use categories helped align the forecast of employment with the City's economic development direction in the *MAC-Town 2032 Economic Development Strategic Plan.* The allocation of job growth by land use types started with the existing percentage of each land use type in McMinnville in 2017 and adjusted the percentages slightly to better align with the Oregon Employment Department's forecast of employment growth for the Mid-Willamette Valley region, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan. (See Exhibit 51 in the EOA)

- **Allocate Job Growth by Land Development Status.** This step made deductions for employment that will not require vacant land. The City excluded employment growth for government employment, as land needs for government are addressed in the Public and Institutional Land Needs analysis.

  The EOA assumes that 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that do not require new employment land. This assumption is based on analysis of redevelopment information presented to the Project Advisory Committee at their October 10, 2019 meeting, which concluded that little redevelopment occurred in McMinnville between 2000 and 2019.[3] Based on discussion among the Project Advisory Committee about this information, the EOA assumes that 5% of new employment growth (332 new jobs) will be accommodated through infill and redevelopment. This leaves growth of 6,333 jobs over the 20-year period requiring vacant employment land. (See Exhibit 53 in the EOA)

- **Apply Job Density Factors.** The assumptions about employment density, expressed as employees per acre (EPA), were based on empirical analysis of employment density in McMinnville in 2017 and assumptions in the *2013 McMinnville EOA,* as discussed in detail in Appendix B of the EOA. Based on discussion among the Project Advisory Committee about this information, the EOA assumed that future industrial employment growth would occur at an average density of 11 EPA and commercial employment growth would occur at an average of 23 EPA.

  These densities are consistent with the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook,* which states: "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

- **Estimate 20-Year Employment Land Demand.** This step combines the assumptions about employment growth to estimate land demand over the 2021-2041 period. The EOA shows that the 6,333 new jobs will require 351 net acres of land at the density assumptions describe in the prior step, shown in Exhibit 5 (Exhibit 55 in the EOA).

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3 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/us_eoa_pac_3_10-10-2019_agenda_and_packet.pdf

The EOA uses assumptions about land needs for rights-of-way. Empirical analysis of development in McMinnville show that 6% of industrial land is used for rights-of-way and 18% of commercial land is used for rights of way. This results in a land demand for 405 gross acres of land for commercial and industrial land, shown in Exhibit 5 (Exhibit 55 in the EOA).

Exhibit 5. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

FINDING - SATISFIED. The City met the requirements of 660-024-0040(5) in estimating land need. The City used the safe harbor in 660-024-0040(9)(a)(B) to forecast employment growth, using the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development is intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20)

Special Land Needs

OAR 660-009-0020 requires that the City articulate the community's economic development objectives and identify employment uses desired by the community.

OAR 660-009-0020

(1) Comprehensive plans subject to this division must include policies stating the economic development objectives for the planning area. These policies must be based on the community economic opportunities analysis prepared pursuant to OAR 660-009-0015 and must provide the following:

(a) Community Economic Development Objectives. The plan must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Policy objectives may identify the level of short-term supply of land the planning area needs. Cities and counties are strongly encouraged to select a competitive short-term supply of land as a policy objective.

The EOA includes a forecast for additional land needed to address retail leakage and other site needs not accounted for in the forecast of employment growth and land needs. The land needs in this section are beyond those identified in the employment forecast described in the prior section of this report. They are consistent with the *MAC-Town 2032 Economic Development Strategic Plan (*adopted by Resolution No. 2019-16, March 12, 2019)*.* This plan, developed with the aide of data, evaluation, public engagement and adopted city policies, identifies the city's economic development vision, goals, strategies and implementable actions to achieve that vision, 2018 – 2032.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP) (adopted by Ordinance No. 5126, November 8, 2022), which included a retail leakage analysis for the McMinnville area (see Exhibit 7 in the EOA). The purpose of the retail leakage analysis was to quantify the amount of retail sales for households within the McMinnville area that occur outside of McMinnville, in areas such as Salem, Portland, and I-5 corridor markets.

The 2018 analysis characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[4]

The 3MLAP report shows overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by this analysis shows that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

The EOA builds from the 3MLAP report and estimates that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage. This estimate of land need is not accounted for in the EOA report. (See Exhibit 57 of the EOA)

Other Site Needs

The City's *MAC Town 2032 Economic Development Strategic Plan* provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends. Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable.

The land needs described in this section of the EOA are all identified in existing city plans, but are not considered in the employment forecast. For example, when McMinnville's UGB was established in the early 1980s, it was not anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.

The EOA includes an estimate for land need of 49 acres for the following special site needs that are not accounted for in the employment forecast. (See Exhibit 58 in the EOA)

1. Community Center/Recreation Facility
2. Outdoor Stage/ Amphitheater
3. Arts and culture focused event center
4. Evergreen Aviation and Space Museum

[4] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

5. Wings and Waves
6. Conference Center:
7. Food hub and public market
8. Makerspace/innovation hub/ fabrication center

Site Needs, Required Site Types, and Site Characteristics for Required Sites

OAR 660-009-0005 includes the following definition of site characterisics:

> **OAR 660-009-0005**
> *(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.*

OAR 660-009-0015 requires that cities identify required site types:

> **OAR 660-009-0015**
> *(2) Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.*

OAR 660-009-0015 requires that cities identify the number, acreage, and characteristics of sites needed to accommodate employment uses:

> **OAR 660-009-0025**
> *(1) Identification of Needed Sites. The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. Plans do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas. Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.*

Understanding needs for specific types and characteristics of sites requires an understanding of the types of businesses expected to locate in McMinnville over the planning period. The EOA and *MAC-Town 2032 Economic Development Strategic Plan.* The types of industries expected to growth in McMinnville are: advanced manufacturing (such as metals manufacturing, aerospace manufacturing, or agricultural product manufacturing), healthcare services, traded-sector services (such as higher education or insurance), high-tech companies, entrepreneurs, food and beverage processors (such as wineries, agri-tourism, or food processors), and tourism industries (such as hotels, restaurants, locally produced goods).

The employment forecast and employment density factors identified a need for 153 industrial acres. This forecast does not adequately account for the site needs for industrial growth in McMinnville. The EOA identifies needed sites based for the industries above and other employment growth in McMinnville based on existing distribution of employment in McMinnville (Exhibit 60 in the EOA) and site characteristics identified as necessary and typical by Business Oregon (Exhibit 62 in the EOA).

The results of this analysis are identification of needed sites, shown in Exhibit 6. If these sites are appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 6. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac 5@ 1ac	2.5 5.0
1.00-1.99	12	12-24	6@1 ac 6@2 ac	6.0 12.0
2.00-4.99	4	8-20	2@2 ac 2@4 ac	4.0 8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac 5@15 ac	50.0 75.0
20.00-25.00	7	140-175	4@20 ac 3@25 ac	80.0 75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	70 sites	305-521 ac	70 sites	384 ac

FINDING - SATISIFIED. The City met the requirements of 660-0009 in identifying site needs as described above.

Land Sufficiency

Exhibit 7 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 7 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 2).

- **Demand for commercial and industrial land** from Exhibit 5, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.

- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)

- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.

- **Needed site sizes** from Exhibit 6 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Based on all of the above, the EOA, Exhibit 7 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041

Exhibit 7. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Oregon Land Use Goal #10 (Housing)

Goal 10 requires local jurisdictions to provide for the housing needs of its citizens and provide for the appropriate type, location and phasing of public facilities and services sufficient to support housing development in areas developed or undergoing development or redevelopment.

This Housing Needs Analysis (HNA) was initially drafted in 2019/2020, at which time the City of McMinnville notified the Department of Land Conservation and Development of its intent to amend the comprehensive plan to adopt the HNA on May 14, 2020, with a first evidentiary hearing planned for May 20, 2021. The city elected to wait until May 20, 2021, for its first evidentiary public hearing as the state was in the midst of adopting a missing middle housing law and rulemaking to support that initiative which could potentially impact the HNA. At the same time, the McMinnville City Council directed city staff to respond to the court of appeals remand from the 2003 HNA, EOA and UGB expansion effort, which was adopted by the City on December 8, 2020 and approved by the Department of Land Conservation and Development on April 9, 2021. The 2003 analysis was for a planning horizon of 2003 – 2023.

At the same time, the Land Conservation and Development Commission adopted OAR 660-008-0045 on November 12, 2020 (Updated November 23, 2020), directing cities to adopt updated Housing Capacity Analysis (HNA) by December 31st of designated years. McMinnville was directed to adopt an updated HNA by December 31, 2023. Due to the fact that the City already had a draft HNA that had been noticed to the Department of Land Conservation and Development for adoption, the City chose to update that document with the recent UGB amendment and the missing middle housing laws that the state had passed, resulting in this November 2023 McMinnville Housing Needs Analysis.

This proposed Housing Needs Analysis (HNA) accounts for housing needs for the 2021-2041 planning period. The HNA forecasts that McMinnville is planning for 4,657 dwelling units to accommodate an increase of 11,260 people over the 20-year period. McMinnville's housing needs are

for more diverse housing types, with more attached and multifamily dwellings than in the City's current housing stock. In addition, McMinnville needs more housing that is affordable to households with income below 120% of median family income, accounting for 59% of future housing needs.

McMinnville assumes that 8% of the 4,657 dwelling units will be accommodated through infill and redevelopment (8% of new housing). That leaves need for 4,284 new units that require buildable land. McMinnville's vacant and partially vacant buildable residential land has capacity for 3,183 dwelling units. The result is a deficit of land for 1,101 dwelling units.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds that Goal 10 has been addressed, based on the discussion above as well as the findings below.

Buildable Lands Inventory

ORS 197.296(2) requires the City to "demonstrate that its comprehensive plan . . . provides sufficient buildable lands within the urban growth boundary . . . to accommodate estimated housing needs for 20 years." The statutory requirement for a buildable lands inventory, along with direction concerning what lands are to be inventoried as "buildable," is contained in ORS 197.296(3), ORS 197.296(4) and in OAR Division 660-008:

ORS 197.296
(3) In performing the duties under subsection (2) of this section, a local government shall:
(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands;

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:
(A) Vacant lands planned or zoned for residential use;
(B) Partially vacant lands planned or zoned for residential use;
(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and
(D) Lands that may be used for residential infill or redevelopment.

OAR 660-008-0005
(2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:
(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;
(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;
(c) Has slopes of 25 percent or greater;
(d) Is within the 100-year flood plain; or
(e) Cannot be provided with public facilities.

(12) "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the

strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

OAR 660-024-0050
(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute.

The HNA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where housing is allowed outright, including land in the following zones: Residential zones R-1, R-2, R-3, and R-4; Commercial zones O-R and C-3; and land within the UGB in County zoning EF-80, VLDR-1, Residential Plan Designation, and Urban Holding Plan Designation.
The HNA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.

- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more than a half-acre of buildable land after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

The HNA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-008-0005(2), shown in Exhibit 8:

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.

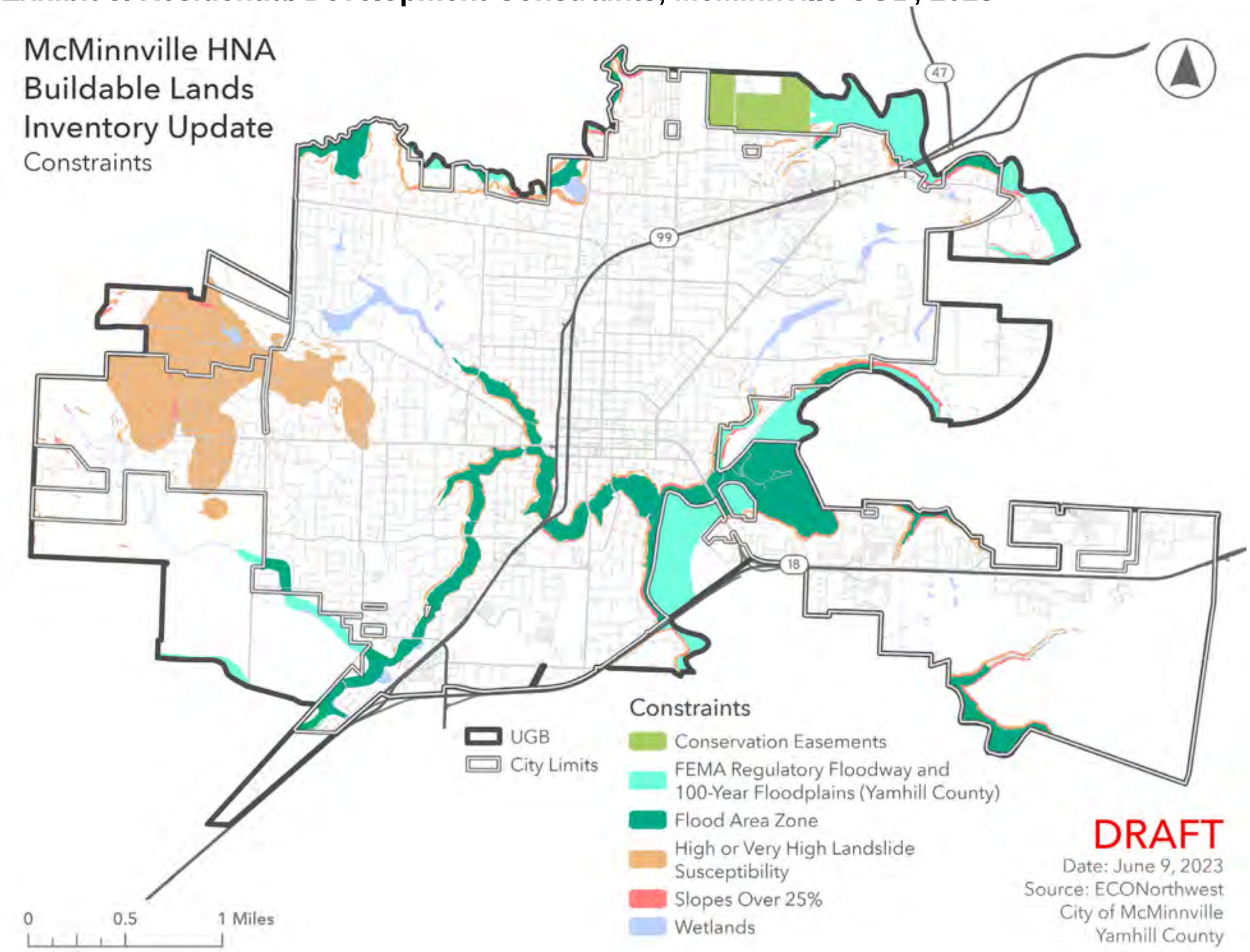
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.

- *Land within landslide hazards*. The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands

with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.

- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.
- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

Exhibit 8. Residential Development Constraints, McMinnville UGB, 2023



After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 9 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

Exhibit 9. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 10 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 10 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 11 shows vacant and partially vacant lots with constraints overlaid Exhibit 12 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 11. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

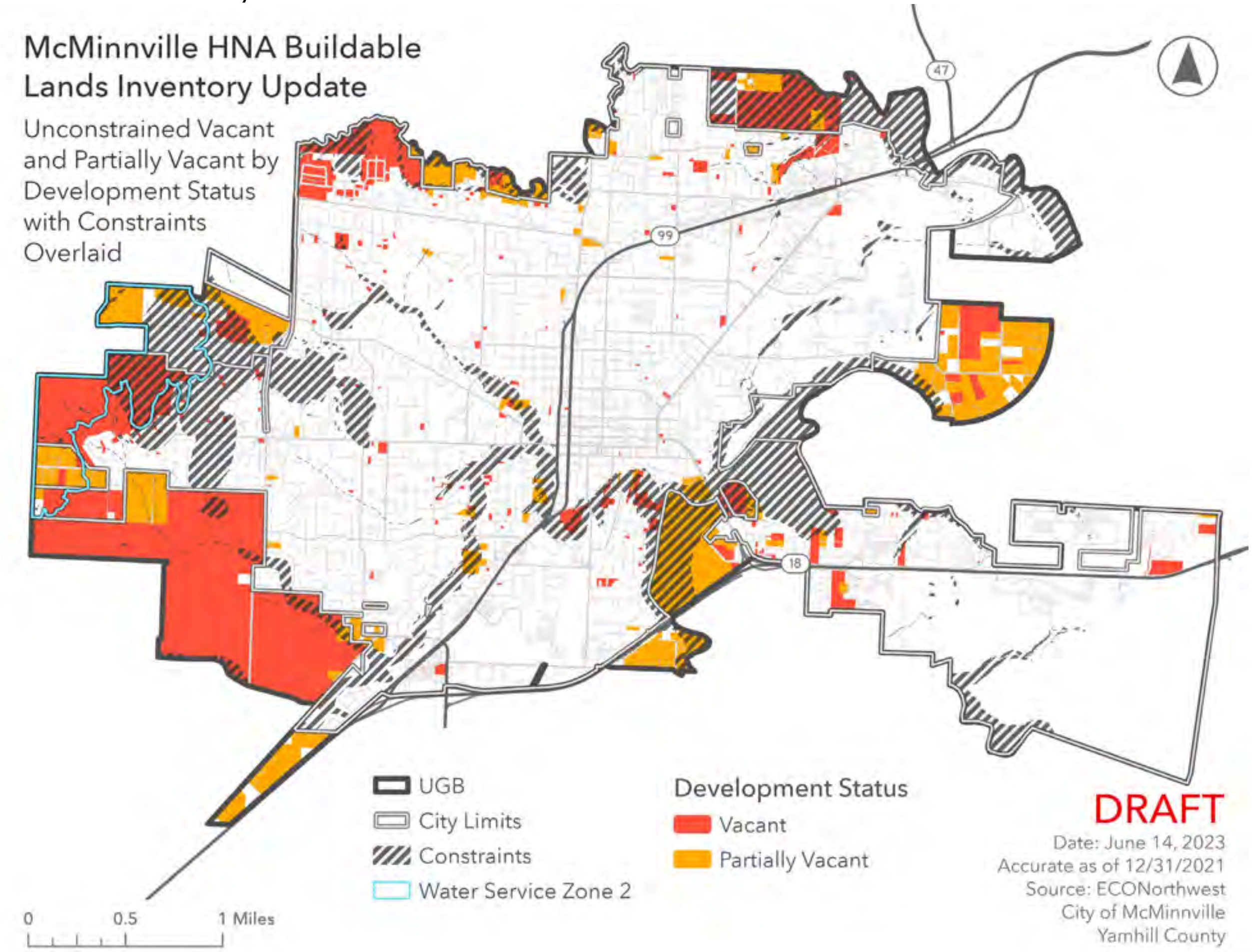
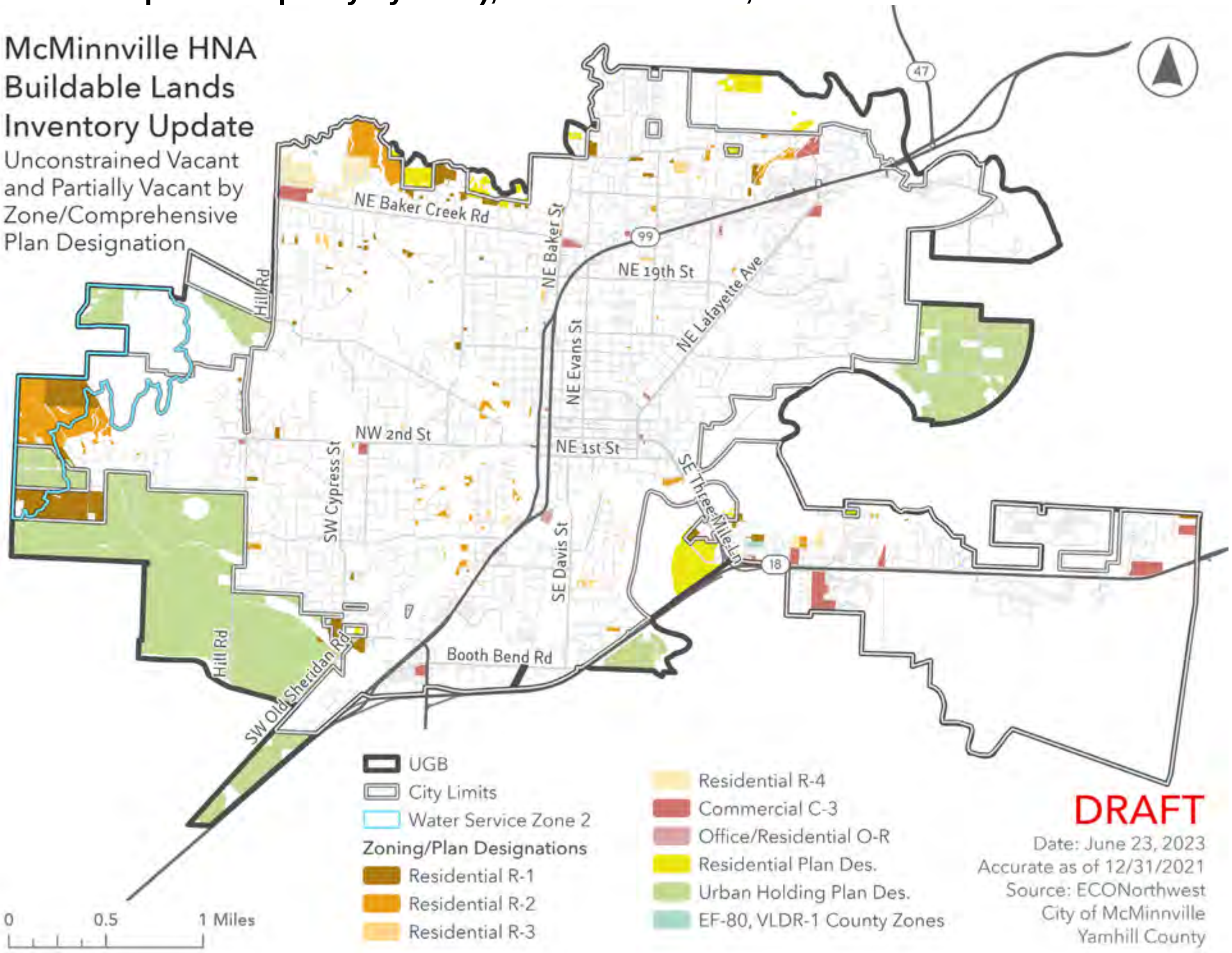


Exhibit 12. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



To account for redevelopment, the HNA assumes that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. This assumption is discussed in more depth later in this analysis.

FINDING – SATISFIED: The buildable lands inventory in the HNA meets the requirements of ORS 197.296, OAR 660-008, and OAR 660-024.

Planning Horizon and Population Forecast

ORS 197.296 establishes the context for planning to provide sufficient buildable lands within the UGB to accommodate estimated housing needs for 20 years. ORS 197.296(2) provides:

> *(2)(a) A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:*
>
> *(A) At periodic review under ORS 197.628 to 197.651;*
>
> *(B) As scheduled by the commission:*
>
> *(i) At least once each eight years for local governments that are not within a metropolitan service district; or*
>
> *(ii) At least once each six years for a metropolitan service district; or*

> *(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.*
>
> *(b) The 20-year period shall commence on the date initially scheduled for completion of the review under paragraph (a) of this subsection.*

In addition, OAR 660-024-0040 requires that the 20-year population forecast be based on the appropriate 20-year forecast in OAR 660-032.

> ***660-024-0040 Land Need***
> *(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.*

OAR 660-032-0020 requires that a city use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

> ***660-032-0020 Population Forecasts for Land Use Planning***
> *(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.*

McMinnville started the process for developing the HNA in 2018, completing a draft of the HNA in early 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA in 2021. McMinnville notified the Department of Land Conservation and Development the intention to amend the comprehensive plan by adopting the HNA on May 14, 2020 with the first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20). These actions are consistent with ORS 197.296(2).

Exhibit 13 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after McMinnville had completed its draft HNA and after it had noticed the Department of Land Conservation and Development. Exhibit 13 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 13. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the HNA.

Residential Land Need

The McMinnville Housing Needs Analysis (HNA), updated in June 2023, presents McMinnville's land need for housing. The HNA is the factual basis for the information presented in this section.

The City of McMinnville has one Residential Land Comprehensive Plan Map Designation and four residential zone classifications (R1, R2, R3 and R4). This is deliberate as the City of McMinnville has a Comprehensive Plan policy and long tradition of encouraging the integration of different housing types throughout its neighborhoods through a planned development land-use process. McMinnville added a fifth residential zone classification (R-5) as an exclusive high-density residential zone to help achieve the city's affordable housing need. McMinnville has no land zoned R-5, as shown in the June 2023 HNA.

Housing Unit Projection

OAR 660-024-0040 provides the following guidance on housing unit projection:

> ***660-024-0040 Land Need***
> *(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.*
>
> *(8) The following safe harbors may be applied by a local government to determine housing need under this division:*
>
> > *(a) A local government may estimate persons per household for the 20-year planning period using the persons per household for the urban area indicated in the most current data for the urban area published by the U.S. Census Bureau.*
> > *(e) A local government outside of the Metro boundary may estimate its housing vacancy rate for the 20-year planning period using the vacancy rate in the most current data published by the U.S. Census Bureau for that urban area that includes the local government.*

Exhibit 14 presents for the forecast for new housing for McMinnville for the 2021-2041 period, based on:

- **Population growth.** The first step in the HNA process is to forecast the number of housing units that will be needed to house the projected population growth over the planning period. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.

- **Household size.** OAR 660-024-0040(8)(a) established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people.[5]

- **Vacancy rate.** OAR 660-0240040(8)(e) established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%.[6]

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[5] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.
[6] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.

Exhibit 14. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

FINDING - SATISFIED. The City used the most recent population forecast from the PRC as the basis for the forecast of housing demand and the most recently available data from the American Community Survey for the household size and vacancy rate.

Needed Housing Types

ORS 197.303 defines "needed housing" as follows:

> *197.303 "Needed housing" defined. (1) As used in ORS 197.286 to 197.314, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:*
>
> > *(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;*
> > *(b) Government assisted housing;*
> > *(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;*
> > *(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and*
> > *(e) Housing for farmworkers.*

OAR 660-024-0040(8) provides the following safe harbors for determination of some needed housing types:

> *(b) If a local government does not regulate government-assisted housing differently than other housing types, it is not required to estimate the need for government-assisted housing as a separate housing type.*
> *(c) If a local government allows manufactured homes on individual lots as a permitted use in all residential zones that allow 10 or fewer dwelling units per net buildable acre, it is not necessary to provide an estimate of the need for manufactured dwellings on individual lots.*
> *(d) If a local government allows manufactured dwelling parks required by ORS 197.475 to 197.490 in all areas planned and zoned for a residential density of six to 12 units per acre, a separate estimate of the need for manufactured dwelling parks is not required.*

The City uses the following housing types in its forecast of future housing need:

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.

- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. Manufactured home park development is an allowed use in the R-3 and R-4 zone, which are the zones that allow six to 12 dwelling units per acre.

The HNA forecasts housing types for single-family detached, single-family attached, and multifamily housing, as defined above (see Exhibits 85 and 91).

FINDING - SATISFIED. The City's forecast addresses the requirements of ORS 197.303 and OAR 660-024-0040(8).

Needed Housing Mix

ORS 197.303 requires the City to consider the following factors when projecting future housing needs:

> *(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last review under ORS 197.296 (2)(a)(B) and the projected future changes in these factors over a 20-year planning period:*
>
> *(a) Household sizes;*
> *(b) Household demographics;*
> *(c) Household incomes;*
> *(d) Vacancy rates; and*
> *(e) Housing costs.*

The HNA presents information on these factors, based on the best available sources of data at the time of development of the HNA, making comparisons to data from 2000 when possible.

- McMinnville's average household size was 2.55 in 2013-2017. average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000. (See Exhibits 48 to 53 in the HNA)

- McMinnville's city limits had 33,665 people in 2017, up from 26,499 people in 2000. (See Exhibits 34 to 47 in the HNA)

  - Population in McMinnville is growing faster than the State and national average since 1990.

  - Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.

  - o The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.

- McMinnville's median household income was $50,299 in in 2013-2017. (See Exhibits 54 to 56 in the HNA)

  - o Median household income and median family income is below County and State median incomes.

  - o While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.

- McMinnville's median household income was $50,299 in 2013-2017. (See Exhibits 54 to 56 in the HNA)

- About 5.4% of housing units were vacant in McMinnville in 2013-2017, compared with 4.7% vacancy in 2000. (See Exhibit 27 in the HNA)

- The median housing sales price in McMinnville in February 2019 was $315,000, an increase of $196,000 since February 2012. The median gross rent in McMinnville was $941 in 2012-2016. (See Exhibits 63 to 67 in the HNA)

In addition, ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

The HNA presents information about historical housing development mix:

- McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period. McMinnville added 3,257 new dwelling units during this 17-year period.

- McMinnville's housing stock is majority single-family detached housing units. According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses). McMinnville's housing mix has not changed substantially since 2000, when 67% of housing was single-family detached, 24% was multifamily, and 8% was single-family attached. (See Exhibits 16 and 17 in the HNA)

- According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017. Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing, 8% single-family housing, and 31% multifamily housing. (See Exhibit 20 in the HNA)

Taken together, these trends suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment

buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

Exhibit 15. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

FINDING – SATISFIED: The City's forecast addresses the requirements of ORS 197.303(2) and ORS 197.296(3)(b).

Housing Accommodated through Infill and Redevelopment

The HNA estimates housing that will be accommodated through infill and redevelopment, then subtracts that housing from the forecast of new housing. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The HNA forecasts that 373 units of new housing (mostly multifamily housing) will be accommodated through infill and redevelopment. Of these units, 37 are forecast to be single-family detached and 335 multifamily. The result is a forecast for need for 4,284 dwelling units on vacant or partially vacant unconstrained land, of which 2,524 will be single-family detached, 559 single-family attached, and 1,202 multifamily. (See Exhibit 91 in the HNA)

Needed Housing Density

ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

ORS 197.296(7) also requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years."

> *(7) Using the housing need analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.*

The preceding section presents the results of the analysis that satisfies the requirements of ORS 197.296(3)(b). In response to ORS 197.296(7), the HNA presents information about historical housing development density:

- Exhibit 16 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

- The HNA shows that density of housing development varied annually since 2000, with years that had larger numbers of multifamily permitted having higher densities (such as 2001 and 2015). (See Exhibit 84 in the HNA)

Exhibit 16. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

The HNA converts the historical net densities into gross densities, to account for need for land for future rights-of-ways. The assumptions about land in rights-of-ways is based on empirical analysis development in McMinnville, where an average of 25% of land is used for rights-of-way. The overall average density for McMinnville's future development is 6.6 dwelling units per net acre or 4.9 dwelling units per gross acre.

The HNA adjusted the forecast of needed densities to add 3% to the Historical Densities in Exhibit 16, consistent with the density changes allowed for complying with HB 2001 (2019).[7] This change in needed densities is shown in Exhibit 17.

[7] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Exhibit 17. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

The starting point for the discussion of needed future densities is the historical development densities (Exhibit 16), with the additional 3% increase in density as a result of complying with HB 2001 (2019) (Exhibit 17). The HNA concludes that increases in housing density will be achieved predominantly through the change in needed housing mix, with 55% of new housing to be single-family detached (compared to the average of 68% of McMinnville's housing stock), 12% single-family attached (9% of existing housing stock), and 33% multifamily (23% of existing stock). Taken together, this shift of future housing need will result in overall higher average development densities. This assessment is based on the analysis of factors in ORS 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7). If housing develops at densities consistent with those in Exhibit 17 (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

After adoption of the HNA, the City expects to evaluate land use efficiency measures to further increase residential densities, consistent with ORS 197.296(6). After applying land use efficiency measures, if the City still has an identified deficit of land and must expand its UGB, it is highly probable that the density assumed for the UGB expansion will be higher than 5.46 dwelling units per gross acre.

FINDING – SATISFIED: The City's forecast of needed densities addresses the requirements of S 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7).

Capacity Analysis

Prior sections of the findings document the City's compliance with ORS 197.296 and OAR 660-008 in developing the buildable lands inventory and future needed density. This section applies those densities to vacant and partially vacant unconstrained buildable land to forecast capacity of that land, per the requirements of ORS 197.296(5):

ORS 197.296(5)
(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity pursuant to subsection (3)(a) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last review under subsection (2)(a)(B) of this section. The data shall include:
(A) The number, density and average mix of housing types of urban residential development that have actually occurred;
(B) Trends in density and average mix of housing types of urban residential development;
(C) Market factors that may substantially impact future urban residential development; and

(D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

The capacity analysis in the HNA estimates the development potential of vacant and partially vacant residential land to accommodate new housing based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 10. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.

- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.

- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.

- **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 19 provides more detail about these small lots.

  Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.

- **Needed densities.** The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 17 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

Exhibit 18. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 18 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 19), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 17 by zoning district.

Exhibit 19 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 19 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 19 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 19. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total Capacity (DU)
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

FINDING – SATISFIED: The City's capacity analysis addresses the requirements of ORS 197.296(3) and ORS 197.296(5).

Residential Land Need
The HNA concludes that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

Exhibit 20. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Oregon Land Use Goal #11 (Public Facilities and Services)

Goal 11 requires cities to plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

Housing and employment growth are reliant on utilities and infrastructure to adequately serve residents within the community.

- **Wastewater.** The City's current Wastewater Facilities Master Plan was completed in 2009. The City started updating its Wastewater Facilities Master Plan in September 2022 and expects to complete the update by the end of 2024. The update of the Wastewater Facilities Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Stormwater.** The City's Stormwater Drainage Master Plan was completed in 2009 as a draft plan but never adopted. The City started updating the draft Stormwater Drainage Master Plan May 2023 and expects to adopt the plan by the end of 2025. The adopted Stormwater Drainage Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Water.** McMinnville Water and Light provides municipal water service (including water treatment) to the community of McMinnville. McMinnville Water and Light has water rights in the Yamhill and Nestucca River basins, with sufficient water rights to accommodate expected

growth through 2075. The Scott Water Treatment Plan was upgraded and expanded in 2010 and provides enough treatment capacity to accommodate growth through 2045. McMinnville Water and Light is updating the Water Master Plan to account for service needs to accommodate land brought into the UGB in 2020.

The HNA and EOA do not propose new Goal 11 programs. The development of additional housing and employment uses within McMinnville relies on adequate infrastructure. The City is working on updating and studying its existing and needed infrastructure to accommodate growth.

FINDING – SATISFIED. The City finds that Goal #11 is satisfied.

Oregon Land Use Goal #12 (Transportation)

Goal 12 encourages the provision of a safe, convenient and economic transportation system. This goal also implements provisions of other statewide planning goals related to transportation planning in order to plan and develop transportation facilities and services in coordination with urban and rural development (OAR 660-012-0000(1)).

McMinnville updated its Transportation System Plan in 2010. The plan assumes need to serve 46,220 people and 19,600 employees. As part of its ongoing public facility master planning updates, the City of McMinnville will initiate an update to the Transportation System Plan in 2024, with a goal to adopte an updated plan by the end of 2026 to account for service needs to accommodate land brought into the UGB in 2020.

FINDING – SATISFIED. The City finds that since the adoption of the HNA and EOA are not comprehensive plan map or zoning map updates, Goal #12 is satisfied.

Oregon Land Use Goal #13 (Energy Conservation)

Goal 13 requires land and uses developed on the land to be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principles. Energy consequences will be further evaluated after the City has adopted land use efficiency measures to accommodate unmet residential, commercial, and industrial land needs, if the City requires a UGB expansion. For the HNA and EOA, Goal 13 does not apply.

FINDING – NOT APPLICABLE.

Oregon Land Use Goal #14 (Urbanization)

Goal 14 requires the orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.

Housing and employment growth are directly related to land need in the McMinnville UGB and coincides with the transition of rural lands to urban lands. The City's 2020 expansion of its UGB, which added lands for residential, commercial, industrial, and public land to the UGB, is accounted for in the HNA and EOA. The buildable lands inventories of both studies include land newly added to the UGB.

The HNA identified a deficit of 202 acres to accommodate housing growth over the 2021-2041 period.

The EOA identified a deficit of 29 acres of industrial land and 159 acres of commercial land to accommodate housing growth over the 2021-2041 period. The Public and Institutional Land analysis identified a deficit of 94 acres of land for public or institutional land over the 2021-2041 period.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds the requirements of Goal 14 satisfied.

McMinnville Comprehensive Plan

As described in the Comprehensive Plan, the Goals and Policies of the Comprehensive Plan serve as criteria for land use decisions. The following Goals and Policies from Volume II of the McMinnville Comprehensive Plan are applicable to this request:

CHAPTER II. NATURAL RESOURCES

GOAL II 1 TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

2.00. The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.

9.00 The City of McMinnville shall continue to designate appropriate lands within its corporate limits as "floodplain" to prevent flood induced property damages and to retain and protect natural drainage ways from encroachment by inappropriate uses.

FINDING: SATISFIED. Goal II 1 and policies 2.00 and 9.00 are satisfied by this proposal because the buildable lands inventory removed those lands in the floodplain and with excessive slopes, limiting soil characteristics and natural hazards.

CHAPTER III. CULTURAL, HISTORICAL AND EDUCATIONAL RESOURCES

GOAL III 7 TO PROVIDE FOR THE EDUCATIONAL NEEDS OF MCMINNVILLE THROUGH THE PROPER PLANNING, LOCATION, AND ACQUISITION OF SCHOOL SITES AND FACILITIES.

18.00 The City of McMinnville shall cooperate with the McMinnville School District in the planning for future schools.

FINDING: SATISFIED. Goal III 7 and policy 18.00 is satisfied by this proposal since the future land needs of the school district was incorporated into the EOA as part of Appendix E, Public and Instituional Land.

CHAPTER IV. ECONOMY OF MCMINNVILLE

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMINNVILLE'S ECONOMY IN ORDER TO ENHANCE THE GENERAL WELL-BEING OF THE COMMUNITY AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS.

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMINNVILLE AS THE COMMERCIAL CENTER OF YAMHILL COUNTY IN ORDER TO PROVIDE EMPLOYMENT OPPORTUNITIES, GOODS, AND SERVICES FOR THE CITY AND COUNTY RESIDENTS.*:*

21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.

21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.

1. *The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.*

2. *Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries.* (Ord.4796, October 14, 2003)

21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV, 1 and 2, and policies 21.00, 21.01, 21.02, and 21.05 are satisfied by the adoption of the EOA to ensure adequate land supply and sites to support the community's economic development efforts. Policy 21.05 is satisfied through the retail leakage analysis and incorporation of the acreage needed to reduce the retail leakage in the commercial land need analysis.

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALLY DESIGNATED LANDS, THROUGH APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.

24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV 3, and policies 23.00 and 24.50 are satisfied by the policy decision to not assign housing to the commercially zones sites in the buildable lands inventory in order to protect commercial sites from encroachment by incompatible uses, and that the location, type and amount of commercial activity within the UGB shall be based on the Economic Opportunity Analysis.

GOAL IV 5: TO CONTINUE THE GROWTH AND DIVERSIFICATION OF McMINNVILLE'S INDUSTRIAL BASE THROUGH THE PROVISION OF AN ADEQUATE AMOUNT OF PROPERLY DESIGNATED LANDS.

GOAL IV 6: TO INSURE INDUSTRIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USES, THAT IS APPROPRIATELY LOCATED IN RELATION TO SURROUNDING LAND USES, AND THAT MEETS NECESSARY ENVIRONMENTAL STANDARDS.

49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)

49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

FINDING: SATISFIED. Goal IV 4 and 5, and policies 49.01 and 49.02 are satisfied by the adoption of the EOA.

CHAPTER V. HOUSING AND RESIDENTIAL DEVELOPMENT

GOAL V 1 TO PROMOTE DEVELOPMENT OF AFFORDABLE, QUALITY HOUSING FOR ALL CITY RESIDENTS.

General Housing Policies:

58.00 City land development ordinances shall provide opportunities for development of a variety of housing types and densities.

59.00 Opportunities for multiple-family and mobile home developments shall be provided in McMinnville to encourage lower-cost renter and owner-occupied housing. Such housing shall be located and developed according to the residential policies in this plan and the land development regulations of the City.

60.00 Attached single-family dwellings and common property ownership arrangements (condominiums) shall be allowed in McMinnville to encourage land-intensive, cost-effective, owner-occupied dwellings.

FINDING: SATISFIED. Goal V 1 and the policies 58.00, 59.00 and 60.00 are satisfied with the intention identified in the Housing Needs Analysis to increase the proportional amount of single-family attached housing in the HNA, as well as the proportional increase of multi-family housing in the HNA.

CHAPTER VII. COMMUNITY FACILITIES AND SERVICES

GOAL VII 3: TO PROVIDE PARKS AND RECREATION FACILITIES, OPEN SPACES, AND SCENIC AREAS FOR THE USE AND ENJOYMENT OF ALL CITIZENS OF THE COMMUNITY.

170.05 For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used. (Ord. 4796, October 14, 2003)

FINDING: SATISFIED. Goal VII 3 and policy 170.05 is satisfied since the City of McMinnville's Parks, Recreation and Open Space Master Plan was utilized to project future park and open space needs.

CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT

GOAL X 1 TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

FINDING: SATISFIED. The following activities were provided for citizen involvement. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- ❖ City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 16, 2019
  - September 5, 2019
  - October 10, 2019
  - November 13, 2019
  - January 21, 2020
  - February 27, 2020
  - March 19, 2020
  - May 11, 2020
  - May 8, 2023
  - June 22, 2023

- ❖ Work Sessions:
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- ❖ City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

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

March 4, 2024

RE: Notice of Decision for Ordinance No. 5141, Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume 1, by adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis" (Docket G 1-20, and Docket G 3-20)

To whom it may concern:

On Tuesday, February 27, 2024, the McMinnville City Council voted to approve Ordinance No. 5141, adopting the November 2023 McMinnville Housing Needs Analysis and Economic Opportunities Analysis. The Ordinance is available in the February 27, 2024 meeting packet materials on the City website here:

https://www.mcminnvilleoregon.gov/citycouncil/page/city-council-regular-meeting-700-pm-15

The signed Ordinance will also be posted to the City website here:

https://www.mcminnvilleoregon.gov/ordinances

You can also request copies of the documents from the Planning Division at the Community Development Center, 231 NE Fifth Street, McMinnville, OR 97128, 503-434-7311, planning@mcminnvilleoregon.gov, or stop by the Community Development Center at the above address to view the documents Monday – Friday, 12:00 – 5:00 PM.

You are receiving this notice as you participated in the public hearing process, and provided the city with your name and address for the record.

The notice of the City Council's decision was sent to the Director of the Department of Land Conservation and Development on the same date as this letter (March 5, 2024).

Parties that wish to object to the City Council's decision must submit their objections in writing to DLCD at their Salem office within 21 days from the date of this notice of the decision (by March 26, 2024). For objection(s) to be valid, the objector must clearly identify the alleged deficiency(ies) sufficiently to identify the relevant section of the final decision and the statute, goal, or administrative rule the submittal is alleged to have violated, suggest specific revisions that would resolve the objection(s), and demonstrate that the objecting party participated at the local level orally or in writing during the local process leading to the final decision. Objections that do not meet these requirements will not be considered by DLCD or LCDC. Objectors must also provide a copy of the objection to the City of McMinnville

Submit the objection in hard copy or via email to:

Attention: Periodic Review Specialist
Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, OR 97301
Email: DLCD.PR-UGB@state.or.us

An objection must contain three elements. Address each of these in your objection:

1. Show how you participated in the UGB amendment either by speaking at a public meeting or by sending written comments about the proposal;
2. Explain your objection to the adopted amendment. Be as specific as possible, including what goal, rule, or statute has been violated and why; and
3. Recommend a specific change that would resolve your objection.

If you should have any questions regarding the submittal, please contact me at Heather.Richards@mcminnvilleoregon.gov, or 503-474-5107.

Sincerely,

Heather Richards, PCED
Community Development Director

Enc: Ordinance No. 5141 with Attachments:

Cc: *Sent via email*

Mark Davis, (mark@startlivingthetruth.com)
Sid Friedman, Friends of Yamhill County (sidf@viclink.com)
Rob Hallyburton, Friends of Yamhill County (rob.a.hallyburton@gmail.com)
Mary Kyle McCurdy, 1000 Friends of Oregon (mkm@friends.org)

City of McMinnville

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

City Council Meeting Agenda
Tuesday, February 27, 2024
7:00 p.m. – City Council Regular Meeting

Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.

The public is strongly encouraged to relay concerns and comments to the Council in one of three ways:
*• Email at any time up to **12 p.m. on Monday, February 26th** to CityRecorderTeam@mcminnvilleoregon.gov*
*• If appearing via telephone only please sign up prior by **12 p.m. on Monday, February 26th** by emailing the City Recorder at CityRecorderTeam@mcminnvilleoregon.gov as the chat function is not available when calling in zoom;*
*• Join the zoom meeting use the raise hand feature in zoom to request to speak, once your turn is up we will announce your name and unmute your mic. **You will need to provide your First and Last name, Address, and contact information (email or phone) to the City.***

You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331, Frontier 29 or webstream here:
mcm11.org/live
Download the "Cablecast" app on iOS, Android, Roku, Apple TV or Amazon Firestick and watch McMinnville City Council on all your devices.

CITY COUNCIL REGULAR MEETING:
You may join online via Zoom Meeting:
https://mcminnvilleoregon.zoom.us/j/81914779196?pwd=xu6smNj6PXedWFoHlywXqemLPoXN0C.1

Zoom ID: 819 1477 9196
Zoom Password: 689609
Or you can call in and listen via Zoom: 1-253- 215- 8782
ID: 819 1477 9196

7:00 PM – REGULAR COUNCIL MEETING – VIA ZOOM AND SEATING AT CIVIC HALL

1. CALL TO ORDER & ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PROCLAMATION
   a. Women's History Month Proclamation

4. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT –
   The Mayor will announce that interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. The Mayor will read comments emailed to City Recorded and then any citizen participating via Zoom.

5. ADVICE/ INFORMATION ITEMS
   a. Reports from Councilors on Committee & Board Assignments
   b. Department Head Reports
   c. December 2023 Cash and Investment Report (in packet)

6. CONSENT AGENDA
    a. Consider **Resolution No. 2024-09:** A Resolution of the City of McMinnville appointing Tyler Reid Judge Pro Tempore of the McMinnville Municipal Court.
    b. Consider the Minutes of the January 12, 2021, City Council Work Session & Regular Meeting.
    c. Consider the Minutes of the January 20, 2021, City Council Work Session Meeting.
    d. Consider the Minutes of the January 26, 2021, City Council Regular Meeting.
    e. Consider the Minutes of the February 13, 2024, City Council Work Session & Regular Meeting.
    f. Consider the request from Hawaii Five-0-Three Cafe for Commercial OLCC Liquor License located at 619 NE 3rd Street.

7. RESOLUTION
    a. Consider **Resolution No. 2024-07:** A Resolution approving code compliance liens on properties to recover unpaid civil penalty citations.
    b. Consider **Resolution No. 2024-10:** A Resolution adopting a fiscal year 2023-24 supplemental budget for the Fire District Transition Fund.

8. ORDINANCES
    a. Consider the second reading of **Ordinance No. 5141:** An Ordinance Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing Ordinances No. 4746 and 4976.
    b. Consider the first reading with a possible second reading of **Ordinance No. 5142:** An Ordinance Adopting the Fox Ridge Road Area Plan and its Appendices as Supplemental Document to the McMinnville Comprehensive Plan.

9. ADJOURNMENT OF REGULAR MEETING

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

CITY OF McMINNVILLE
MINUTES OF CITY COUNCIL MEETING
Held via Zoom Video Conference and at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, February 27, 2024 at 7:00 p.m.

Presiding: Adam Garvin, Council President

Recording Secretary: Claudia Cisneros

Councilors:

Present	Absent
Kellie Menke	Remy Drabkin, Mayor
Zack Geary	Jessica Payne
Chris Chenoweth	
Sal Peralta	

Also present were City Manager Jeff Towery, City Attorney David Ligtenberg, City Recorder Claudia Cisneros, Deputy City Recorder/Executive Assistant Daniel Ruiz, Public Works Director Geoff Hunsaker, Senior Planner Tom Schauer, Special Legal Counsel Bill Kabeiseman, and Community Development Director Heather Richards, Finance Director Jennifer Cuellar (via Zoom), Lead Code Compliance Officer Nic Miles (via Zoom), and *members of the News Media – Kyle Dauterman, McMinnville Community Media and Scott Unger, News-Register (via Zoom).*

1. CALL TO ORDER: Council President Garvin called the meeting to order at 7:00 p.m. and welcomed all in attendance.

2. PLEDGE OF ALLEGIANCE

Deputy City Recorder/Executive Assistant Daniel Ruiz led the pledge of allegiance.

3. PROCLAMATION

3.a. Women's History Month Proclamation

Council President Garvin read the proclamation declaring the month of March as Women's History Month.

3. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT: Council President Garvin invited the public to comment.

Linda and David Hatfield community members of McMinnville discussed adding stop signs by Northeast Evans. Mentioned the noise and cars racing in front of their home.

Natalie Utrup community member of McMinnville mentioned the huge uptick in speeding in her neighborhood and has asked for officers to enforce this area.

William Sykes community member of McMinnville expressed concern regarding loud vehicles racing around town.

6. ADVICE/ INFORMATION ITEMS

6.a. Reports from Councilors on Committee & Board Assignments

Councilor Peralta stated the Mid-Willamette Valley Council of Governments (MWVCOG) annual meeting and dinner will be tomorrow night hosted by The Confederated Tribe of Grand Ronde.

Councilor Menke said there will be an Affordable Housing Committee meeting on Wednesday to review the plan for this coming year. Highlights looking at are tiny homes and making rules around them for use in the City.

Councilor Geary mentioned the Affordable Housing Committee meeting tomorrow.

Councilor Chenoweth stated the McMinnville Economic Vitality Leadership Council (MEVLC) and talked about business assistance resiliency grants and updated on Workforce Development. The Parkway Committee met and going to bid in the middle of next month for the next phase of the bypass.

Council President Garvin mentioned Visit McMinnville has their annual retreat tomorrow. The Airport Commission meets on March 5th.

6.b. Department Head Reports

City Manager Jeff Towery formally introduced the new public works director Geoff Hunsaker.

Public Works Director Geoff Hunsaker stated excited to join the city and know the community more. Stated the Public Works team is a great team that is dedicated and does great work. Thanked James Lofton for stepping in as Interim Public Works Director.

Community Development Director Richards shared exciting news regarding Representative Elmer's Bill, House Bill 4134 was passed through the subcommittee which will move forward to the House floor and Senate floor. Thankful for Elmer's efforts on the City's behalf.

7. CONSENT AGENDA

a. Consider **Resolution No. 2024-09**: A Resolution of the City of McMinnville appointing Tyler Reid Judge Pro Tempore of the McMinnville Municipal Cour.

b. Consider the Minutes of the January 12, 2021, City Council Work Session & Regular Meeting.

c. Consider the Minutes of the January 20, 2021, City Council Work Session Meeting.

d. Consider the Minutes of the January 26, 2021, City Council Regular Meeting.

e. Consider the Minutes of the February 13, 2024, City Council Work Session & Regular Meeting.

f. Consider the request from Hawaii Five-0-Three Cafe for Commercial OLCC Liquor License located at 619 NE 3rd Street.

Councilor Menke MOVED to adopt the consent agenda as presented; SECONDED by Councilor Peralta. Motion PASSED unanimously.

7. RESOLUTIONS

7.a. Consider **Resolution No. 2024-07**: A Resolution approving code compliance liens on properties to recover unpaid civil penalty citations.

Lead Code Compliance Officer Nic Miles mentioned this was the quarterly check-in for outstanding unpaid citations for leans. There were no abatements this time. Stated there was an amendment to the resolution as a property owner contacted them yesterday to pay off their unpaid citations, property listed on Arthur Street.

Councilor Peralta MOVED to approve Resolution No. 2024-07 as amended, approving code compliance liens on properties to recover unpaid civil penalty citations; SECONDED by Councilor Menke. Motion PASSED 5-0.

7.b. Consider **Resolution No. 2024-10**: A Resolution adopting a fiscal year 2023-24 supplemental budget for the Fire District Transition Fund.

Council President Garvin stated Resolution No. 2024-10 was pulled from the agenda and will be heard at the March 12th City Council Meeting.

8. ORDINANCE

8.a. Consider the second of **Ordinance No. __5141__**: An Ordinance Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing Ordinances No. 4746 and 4976.

Ms. Richards reminded the Council this is the adoption of the Housing Needs Analysis and Economic Opportunities Analysis and stated there is a summary of the two in the packet. The first reading was heard on November 28, 2023. Listed the four documents that would be adopted, amending the comprehensive plan, volume I, and repeals Ordinances No. 4746 and 4976. She stated the analysis describes a housing land need of 202 acres serving the City from 2021 to 2041 to meet the population forecast. Also shows an employment land need of 188 acres, (29 industrial acres, 159 commercial acres) and 32 acres of public/institutional land need for a total of 422 acres.

Ms. Richards stated per ORS 197.296, the city needs to submit a Housing Capacity Analysis and Buildable Lands Inventory by December 31, 2023. The work plan was submitted to the Yamhill County Board of Commissioners and then submitted to the Department of Land Conservation and Development (DLCD) for review. They approved the work plan in early February and extended the deadline for submitting the needs analysis to February 29, 2024. Talked about the population forecast and planning horizon. Shared the next steps and the things to look at for land and rezoning opportunities. Stated this work meets two of the City Council's goals one being Housing and the other being Growth and Development Character adopted in the MacTown 2032 strategic plan.

There was discussion about the timeline of the next Urban Growth Boundary (UGB) expansion and regarding the involvement of sequential UGB processes. Ms. Richards talked about a new program in the Governor's Housing Bill is the development of a housing production accountability office.

Council President Garvin stated the Ordinance did not have a unanimous vote at the November 28, 2023 Council Meeting requiring a second reading to be conducted.

No Councilor present requested the Ordinance be read in full.

City Attorney David Ligtenberg read by title only Ordinance No. 5141.

Councilor Chenoweth MOVED to adopt Ordinance No. 5141, Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing

Ordinances No. 4746 and 4976.; SECONDED by Councilor Menke. Motion PASSED 4-1 by the following vote:

Aye – Councilors Chenoweth, Garvin, Menke, and Peralta,
Nay – Councilors Geary

8.b. Consider first reading with possible second reading of **Ordinance No. 5142**: An Ordinance Adopting the Fox Ridge Road Area Plan and its Appendices as Supplemental Document to the McMinnville Comprehensive Plan.

Council President Garvin asked if any Councilor needed to declare any conflict of interest or recuse themselves. There was none.

Senior Planner Tom Schauer and introduced consultant Thuy Cao from Harper Houf Peterson Righellis Inc. (HHPR). Ms. Cao shared a PowerPoint presentation and Mr. Schauer provided background of the Ordinance. Ms. Cao covered the framework of the area plan. Mr. Schauer covered the planning process for this area plan including the five major parts of the project. Talked about the plan narrative, the visions, goals, and policies, and the area plan map. Mr. Schauer shared the written testimony received and the five people testified all indicating testifying in support of the plan during the public hearing at the Planning Commission. Mr. Schauer shared the planning commission's recommendation for the Council and provided the four options for the Council to consider.

There was discussion about the framework plan acreage and there was clarification on differences in lot sizes between low-density residential vs. medium-density residential.

There was consensus about moving forward with Ordinance No.5142 as presented.

No Councilor present requested that the Ordinance be read in full.

City Attorney David Ligtenberg read by title only Ordinance No. 5142.

Councilor Menke MOVED to pass Ordinance 5142 to a second reading; SECONDED by Councilor Geary. Motion PASSED unanimously 5-0.

City Attorney David Ligtenberg read by title only for a second time Ordinance No. 5142.

Councilor Chenoweth MOVED to adopt Ordinance No. 5142, Ordinance Adopting the Fox Ridge Road Area Plan and its Appendices as Supplemental Document to the McMinnville Comprehensive Plan; SECONDED by Councilor Menke. Motion PASSED unanimously 5-0.

9. ADJOURNMENT: Council President Garvin adjourned the meeting at 8:34 p.m.

Claudia Cisneros, City Recorder

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

STAFF REPORT

DATE: February 27, 2024
TO: Mayor and City Councilors
FROM: Heather Richards, Community Development Director
SUBJECT: Ordinance No. 5141 – Adopting a Housing Needs Analysis and Economic Opportunity Analysis as Addendums to the McMinnville Comprehensive Plan (Dockets G 1-20, and G 3-20)

STRATEGIC PRIORITY & GOAL:

GROWTH & DEVELOPMENT CHARACTER Guide growth & development strategically, responsively & responsibly to enhance our unique character.	HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM) Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

OBJECTIVE/S: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks for land supply align with market-driven housing needs

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Report in Brief:

This is the consideration of a second reading of Ordinance No. 5141 adopting the McMinnville Urbanization Report (November 23), and the 2023 Housing Needs Analysis (November 23) and Economic Opportunity Analysis (November 23) as addendums to the McMinnville Comprehensive Plan, Volume 1. (The McMinnville Comprehensive Plan has three volumes: 1) Data; 2) Goals and Policies; and 3) Implementing Zoning Ordinance, Chapter 17 of the McMinnville Municipal Code).

Ordinance No. 5141 adopts the documents and findings with the acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" retained in the land need for a total residential, employment and public land deficit of 422 acres.

At the November 28 City Council meeting, the City Council voted 4 – 2 on the first reading of the Ordinance.

2021 – 2041, 47,498 Population.
Land Deficiency Identified (gross buildable acres):

Ordinance	*Housing Land Need*	*Employment Land Need*	*Public / Institutional Land Need*	*Total*
5141	*202 Acres*	*29 Industrial* *159 Commercial* *188 Acres*	*32 Acres*	*422 Acres*

Background:

Per ORS 197.296, the City of McMinnville needs to submit a Housing Needs Analysis to Department of Land Conservation and Development (DLCD) by December 31, 2023. Working with a Project Advisory Committee, the City also updated its Economic Opportunity Analysis.

This proceeding is a legislative land-use item for the City Council. The City Council is the final decision maker for this land-use action since it is an amendment to the McMinnville Comprehensive Plan.

The Planning Commission hosted a public hearing and heard public testimony on September 7 and September 21, 2023, and voted to recommend adoption of the two documents with the following amendments:

- Reduce park land need by 62 acres in Appendix E of the Economic Opportunity Analysis.

- Consider removal of 49 acres of commercial land need associated with the site specific needs identified in the MAC Town 2032 Economic Development Strategic Plan, and consider removal of the 12 acres of commercial land need associated with the retail leakage analysis in the Economic Opportunity Analysis.

Three people provided testimony at the Planning Commission public hearing: 1) Mark Davis representing himself; and 2) Sid Friedman and Rob Hallyburton representing Friends of Yamhill County. Mark Davis also provided two written letters of testimony as did Friends of Yamhill County and Thousand Friends of Oregon. All testimony provided by Mark Davis, Friends of Yamhill County and Thousand Friends of Oregon expressed concerns with elements of the two documents, either in terms of legal compliance or the assumptions and data used by the Project Advisory Committee to make their recommendation to the Planning Commission.

The Planning Commission considered the testimony provided, advice from the City's legal counsel, Bill Kabeiseman from Bateman Seidel, advise from the City's consultant, Beth Goodman of ECONorthwest and city staff to make their recommendation to the City Council. The reduction in park land need was based on a mathematical error pointed out by Mark Davis in his public testimony. The consideration of the other two elements of the Economic Opportunity Analysis was based on a risk analysis of successful litigation if challenged by Friends of Yamhill County and Thousand Friends of Oregon. (A further analysis of the public testimony received is provided in the "Discussion" section of this staff report).

The project website with the public record can be found at: G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCD April 2021) urban growth boundary (UGB) amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years per OAR 660-038-0170(6)(b).

There are three steps in planning for growth relative to land supply:

1) **Needs Analysis** – Identification of how much land is needed for housing, industrial, commercial and public land to support population growth for twenty years.

2) **Land-Use Efficiencies Analysis** – is there a way to reduce the additional land need by densifying the development within the existing urban growth boundary.

3) **Urban Growth Boundary Alternatives Analysis** – an evaluation of land within 1-mile radius of the existing urban growth boundary to identify the best land for the City's urban growth boundary expansion that is the least impactful to prime farm and forest land.

This is the consideration of the first step in the process – the needs analysis. Step 2 will follow in 2024, and Step 3 will follow in 2025 if warranted.

The planning horizon is 2021-2041, planning for a population of 47,498.

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

The documents discuss the different applicable statutory requirements and local policies that framed the discussion and recommendations of the project advisory committee as well as the decisions made by the project advisory committee that best reflected community values in terms of housing density, employment land needs and public land needs. The committee evaluated local data and planning scenarios with the assistance of the consultant team and evaluated those scenarios within the regulatory framework of state laws, administrative rules and local comprehensive plan policies.

If a needs analysis shows a need for additional land, typically the City would be required to submit with the needs analysis how it was addressing that additional land need – either through land-use efficiencies that created higher density development within the existing urban growth boundary or an expansion of the urban growth boundary or both. However, the state recently passed statutory provisions that allow for a sequential UGB analysis providing cities with additional time to evaluate land-use efficiencies and a potential UGB expansion after submitting a needs analysis (OAR 660-025-0040).

In this case, the needs analysis showed the additional land need for approximately 422 or 361 additional acres for housing, industrial, commercial, and public development needs to meet the projected population growth in the 2021 – 2041 planning horizon, dependent upon the policy choices made by the City Council.

Discussion:

Two ordinances were provided for the City Council to consider.

- **Ordinance No. 5139** adopts the documents and findings with a reduced commercial land need removing acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" for a total residential, employment and public land deficit of 361 acres.

- **Ordinance No. 5141** adopts the documents and findings with the acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" retained in the land need for a total residential, employment and public land deficit of 422 acres.

The difference between the two ordinances was 61 acres of commercial land need associated with the Retail Leakage analysis (12 acres) and the site-specific analysis associated with implementing the MAC Town 2032 Economic Development Strategic Plan - for those economic development projects that have been identified as unique to McMinnville but with very low job density (41 acres) and are discussed in the Economic Opportunities Analysis (Attachment C of both ordinances).

The Planning Commission discussed these two items at length with legal counsel and the consultant – Retail Leakage (Exhibit 57 of the Economic Opportunity Analysis) and Site Specific Needs Identified in the MAC Town 2032 Economic Development Strategic Plan (Exhibit 58 of the Economic Opportunity Analysis). FRIENDS argued that the City used a safe harbor to calculate the employment forecast based on population growth and then added to it these two additional elements. Although Goal 9 of the Oregon land use system very clearly states that cities must plan for enough land to meet their economic development needs based, including site specific needs based on their local economic development strategy, staff recommended removing these two items as there is not adequate case law to determine the legal risk if challenged. The Planning Commission elected to defer this decision to the City Council. The removal of these two items reduces the commercial land need by 61 acres

Both items were challenged for their legal veracity by 1000 Friends of Oregon and Friends of Yamhill County in public testimony. Bill Kabeiseman, contracted legal counsel from Bateman Seidel and Beth Goodman from ECONorthwest feel that the analysis meets the requirements of state and local regulations, but warn that there is no legal precedent in the Oregon land use system as to how the analysis would fare within an appeal.

1000 Friends of Oregon and Friends of Yamhill County raised 13 issues that they had with the Housing Needs Analysis, Economic Opportunity Analysis and Buildable Lands Inventory.

Product	Friends # of Issues Raised
Housing Needs Analysis	**7 Issues**
Economic Opportunity Analysis	**3 Issues**
Buildable Lands Inventory	**3 Issues**

All of the issues raised were evaluated by city staff, the consultant and legal counsel and it was concluded that the argument was mostly persuasive argument to change the outcome of the analysis in terms of assumptions and decisions made by the project advisory committee during the development of the plans, and none had significant legal noncompliance issues except for the two issues identified by the Planning Commission that do not have legal precedence. (Please see response memorandum dated September 18 in the public record on the project website at G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon).

Many of the Friends of Yamhill County / Thousand Friends of Oregon (FRIENDS) persuasive arguments centered around encouraging the City to use the "safe harbors" in the laws. Safe Harbors are presumably not appealable in a challenge to the analysis. However, the laws also allow cities to make assumptions based on the best available data relative to the local conditions in their communities to ensure that future land needs are meeting community values and needs. Both the safe harbors and local data scenarios were provided to the Project Advisory Committee for consideration. In most cases, the PACs chose to use local data for their recommendations.

FRIENDS had concerns about the data used by the PAC to make their recommendations. However, as is noted in both a Bateman Seidel memorandum and a ECONorthwest memorandum, the data used by the PAC is legally legitimate, and the best data available to them at the time.

Per OAR 660-024-0040(1), *The 20-year need determinations are estimates which, although based on the best available information and methodologies, **should not be held to an unreasonably high level of precision**. (Emphasis added)*

At the November 28, 2023 City Council meeting, the City Council voted 4 – 2 to approve the first reading of Ordinance No.5141.

On December 21, the Yamhill County Board of Commissioners approved the City of McMinnville's Written Notice of Election to use the sequential review process under ORS 197.626(3) and OAR 660-025-0185.

On December 22, the City made a request to the Department of Land Conservation and Development to use the sequential review process and approve the proposed work plan adopted by the City Council via Resolution No. 2023-63.

On February 7, 2024, the City received approval from the Department of Land Conservation and Development (DLCD) to initiate the sequential UGB process. In doing so, DLCD revised the work plan in terms of tasks and timeframes, extending the deadline for submitting the needs analysis to February 29, 2024.

This approval letter allows the City to conclude its adoption of the Housing Needs Analysis, Economic Opportunities Analysis, Urbanization Report and Buildable Lands Inventory.

Attachments:

Approval Letter from Department of Land Conservation and Development to Use the Sequential UGB Process, dated February 7, 2024

Ordinance No. 5141
- Exhibit A: *McMinnville Urbanization Study*, November 2023
- Exhibit B: *McMinnville Housing Needs Analysis*, November 2023
- Exhibit C: *McMinnville Economic Opportunities Analysis*, November 2023
- Exhibit D: Decision Document and Findings

Additional Documents Located on the Project Website: G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon

Fiscal Impact:

The initial drafts of the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $165,000 in consultant fees plus staff support at $75,000.

Thus far, the estimate for the City's public hearing support, findings development and public testimony rebuttal is approximately $15,000 for consultant and legal fees plus staff support of $5,000.

The anticipated costs for the housing planning in 2024 – 2025 necessitated by state mandates is $500,000, $335,000 in consultant support and $165,000 in staff support. Please see table below. The City is requesting $200,000 in grant funds for consultant support, matching the grant funds with $135,000 for consultant support and $165,000 in-kind staff support, for a match of 60%. $90,000 is currently budgeted in the FY 23/24 long-range planning fund.

The City recently received $185,000 in grant funds from the Department of Land Conservation and Development to offset the costs.

Product	Consultant Expenses	In-Kind Staff Support	Total (Consultant + In-Kind Staff)
Housing Production Strategy (Required by HB 2003 (2019)) Deadline: December 31, 2024	$35,000	$15,000 (.15 FTE)	$50,000
Land-Use Efficiencies (Required by HB 2003 (2019)) Deadline: December 31, 2024	$50,000	$50,000 (.50 FTE)	$100, 000
UGB Amendment (Required by HB 2003 (2019)) Deadline: December 31, 2025	$250,000	$100,000 (.75 fte)	$350,000
TOTAL	$335,000	$165,000	$500,000

City Council Options:

Per Section 17.72.130 of the McMinnville Municipal Code, the City Council has the following options:

1) Adopt Ordinance No. 5141 adopting the *McMinnville Urbanization Study (November 2023)*, and amending the *McMinnville Comprehensive Plan, Volume 1* by adopting the *McMinnville Housing Needs Analysis (November 2023)*, and the *McMinnville Economic Opportunities Analysis (November 2023)*.

2) Adopt Ordinance No. 5141 with amendments to the *McMinnville Urbanization Study (November 2023)*, and the *McMinnville Housing Needs Analysis (November 2023)*, and the *McMinnville Economic Opportunities Analysis (November 2023),* providing findings for the amendments.

3) Do not adopt Ordinance No. 5141, electing not to adopt the *McMinnville Urbanization Study (November 2023)*, and amend the *McMinnville Comprehensive Plan, Volume 1* by adopting the *McMinnville Housing Needs Analysis (November 2023)*, and the *McMinnville Economic Opportunities Analysis (November 2023)*.

Oregon
Tina Kotek, Governor

Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, Oregon 97301-2540
Phone: 503-373-0050
Fax: 503-378-5518
www.oregon.gov/LCD

February 7, 2024

Heather Richards
Community Development Director
City of McMinnville
231 NE Fifth Street
McMinnville, OR 97128

By email: Heather.Richards@mcminnvilleoregon.gov

RE: Approval of Request to Initiate Sequential UGB Process

Dear Community Development Director Richards,

I am pleased to inform you that the Department of Land Conservation and Development has received and approved your notice of election to use the sequential UGB process. As cited in your memorandum, OAR 660-025-0185 is applicable. It states:

> A city and a county or counties may elect to submit a component of an urban growth boundary amendment…when the city and county determine that the final urban growth boundary amendment is likely to exceed 50 acres. The local governments must submit written notice of election to use the sequential review process contained in this rule to the department prior to submittal of a component for review. The notice of election shall propose the planning period for the amendment and include a draft work program. Upon joint written notice pursuant to section (2), the department will prepare a work program consisting of tasks to complete one or more of: land need analyses, land inventories, and responses to deficiency.

The City's notice indicates that a future urban growth boundary amendment to accommodate needed housing is likely to exceed 50 acres, and proposes a planning period of 2021 to 2041. DLCD has reviewed your submittal and finds that it contains the statement of local circumstances and identification of a draft work program as required by this rule. It has also been agreed to by Yamhill County, as required in OAR 660-025-0185.

Since receiving your notice, DLCD staff have worked with city staff to finalize a work program for the city (Attachment A). The department hereby authorizes the City of McMinnville to utilize the sequential UGB work program as provided in Attachment A of this letter. We look forward to working with you over the coming years to provide land for McMinnville's growing population in keeping with the statewide planning goals.

Please contact your regional representative, Melissa Ahrens, at (503) 779-9821 melissa.ahrens@dlcd.oregon.gov if you have any questions.

Sincerely,

Brenda D Bateman

Brenda Bateman, Ph.D.
Director

Attachments:
A. City of McMinnville Sequential UGB Work Program

cc: Ken Friday, Yamhill County Planning Director
Melissa Ahrens, DLCD Regional Representative

Attachment A

City of McMinnville Work Program

Sequential UGB Amendment

Proposed Planning Period

The City is proposing 2021-2041 as the 20-year planning period for UGB assessment and amendment. This period is appropriate as the City has (1) completed a draft HNA and EOA and this was the planning period used for that analysis and (2) because the City's most recent UGB amendment occurred in December 2020. So, using the proposed period would reduce costs and administrative burdens associated with re-analyzing years from a different period.

Pre-Task: Complete and Disseminate Election to Use Sequential UGB Process. OAR 660-025-0185.

A. *City – Develop notice of election to use sequential UGB and Draft Work Program.*
B. *County – Concur with notice of election to use sequential UGB.*
C. *DLCD – Receive joint notice of election to use sequential UGB.*
   i. *Assist city in development of final work plan.*
   ii. *Issue approval of election to use sequential UGB and work plan.*

Proposed Work Program

1. **Complete Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA) and Buildable Lands Inventory[1]. OAR 660-024-0040 & OAR 660-024-0050.**

   Begin by 12/31/2019, Complete by 2/29/24

   A. **City** – Complete appropriate studies and data mining to ascertain 20-year residential land need, 20-year employment land need and inventory buildable lands.

      i. Post Acknowledgement Plan Amendment to Comprehensive Plan, adoption by McMinnville City Council via ordinance

      ii. Notice to DLCD pursuant to OAR 660-025-0140

   B. **DLCD** – Receive Adopted Housing Needs Analysis, Economic Opportunities Analysis and Buildable Lands Inventory.

      i. Serve on Technical Advisory Committee.

      ii. Review and provide feedback on HNA/EOA/BLI prior to Adoption.

      iii. For HNA and EOA, DLCD Director review within 90 days pursuant to OAR-660-025-0150 (appealable to LCDC)

[1] Adoption of the HNA by 12/31/23 will require development and adoption of a housing production strategy report by 12/31/24, per ORS 197.290. However, the HPS report does not require review as a component of this sequential UGB process.

Attachment A

2. **Evaluate Land Use Efficiency Measures and Urban Growth Boundary Expansion.**
   Using results from the HNA, EOA, and accounting for efficiency measures, the city will determine the total amount of housing and employment land that needs to be added to the UGB. The final UGB expansion must be adopted by both the City and the County. Subtasks consist of:

   Begin by 12/31/23 and Complete Task 2 by 3/1/26

   A. **City** – Perform land evaluation.

      i. Land-Use Efficiency Measures. Identify and evaluate land use efficiency measures that will help meet residential and employment land need within the existing urban growth boundary. Prepare adoption-ready efficiency measures and adjust identified land needs accordingly.

      ii. Establish Preliminary Study Area. Use combined land need analysis from Task 1, as modified by Task 2(b)(i), to determine the scope of UGB Amendment.
         a. Identify the initial study area pursuant to OAR 660-024-0065.
         b. Identify exclusions from the preliminary Study Area.
         c. Identify the final study area.

      iii. Evaluate Land in the Study Area for Inclusion in the UGB. Perform land evaluation pursuant to OAR 660-024-0067

      iv. UGB Comprehensive Plan Amendment, OAR 660-025-0175.
         a. Complies with Statewide Goals, Statutes, and Rules
         b. Develop Framework Plan for UGB lands with Comprehensive Plan Map designations and proposed land uses.

      v. Post Acknowledgement Plan Amendment to Comprehensive Plan and development code adoption by McMinnville City Council via ordinance.

   B. **County** – Review and Consider Adoption of City UGB Amendment

      i. Review and consideration City UGB amendment into County Comprehensive Plan

      ii. Adoption of City UGB amendment into County Comprehensive Plan pursuant to ORS 197.628 to ORS 197.650 and OAR 660-025-0175

   C. **DLCD** –
      i. Serve on Technical Advisory Committee.
      ii. Review and provide feedback on study area, land evaluation and comprehensive UGB plan amendment..
      iii. DLCD Director review within 90 days pursuant to OAR-660-025-0150 (appealable to LCDC)

<u>Please note:</u> None of the proposed completion dates in this program are binding; they are preliminary estimates. However, For the purposes of an urban growth boundary amendment, a task approval is valid for four years. This means that if the UGB expansion is not completed within that time period, the expired work task would need to be updated, readopted, then acknowledged. This period may be extended for up to one year by the director if the local governments show good cause for the extension. The four-year period begins on the later date of:
(a) Director approval order;
(b) Commission final approval order; or
(c) Completion of judicial review of the final approval order.

ORDINANCE NO. 5141

AN ORDINANCE ADOPTING THE NOVEMBER 2023 "MCMINNVILLE URBANIZATION REPORT", AND UPDATING THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "MCMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 2023 "MCMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS", AND REPEALING ORDINANCES NO. 4746 AND 4976.

RECITALS:

WHEREAS, the McMinnville City Council adopted McMinnville's first Housing Needs Analysis on May 22, 2001 (Ordinance No. 4746) as part of the City's work to determine future housing land needs for the planning horizon of 2000 - 2020; and

WHEREAS, the City Council amended McMinnville's Housing Needs Analysis on October 14, 2003 (Ordinance No. 4796) as part of the City's McMinnville Growth Management and Urbanization Plan work to determine future housing land needs for the planning horizon of 2003 - 2023; and

WHEREAS, per ORS 197.296, the City of McMinnville needs to submit an updated Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023; and

WHEREAS, the City of McMinnville developed an updated Housing Needs Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the McMinnville Housing Needs Analysis to the McMinnville City Council on September 21, 2023, by an unanimous vote of 8 - 0; and.

WHEREAS, the McMinnville City Council adopted McMinnville's first Economic Opportunities Analysis on October 14, 2003, (Ordinance No. 4795) as part of the City's McMinnville Growth Management and Urbanization Plan to determine future commercial and industrial land needs for the planning horizon of 2003 - 2023; and;

WHEREAS, the McMinnville City Council approved Ordinance No. 4976 updating the McMinnville Economic Opportunity Analysis on February 25, 2014; and

WHEREAS, in conjunction with its work to update the Housing Needs Analysis in 2020, the City of McMinnville developed an updated Economic

Opportunities Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the 2023 McMinnville Economic Opportunity Analysis with amendments to the McMinnville City Council on September 21, 2023, by a unanimous vote of 8 - 0; and

WHEREAS, on October 10, 2023, the McMinnville City Council considered the McMinnville Planning Commission's recommendation and directed city staff to draft documents that adopted the 2023 McMinnville Housing Needs Analysis as recommended by the McMinnville Planning Commission, and to amend the 2023 McMinnville Economic Opportunities Analysis by increasing the amount of acreage associated with the parkland brought into McMinnville's urban growth boundary by Ordinance No. 5098 (adopted December 8, 2020) by 62 acres due to a calculation error and to remove 62 acres of parkland need from the deficit in Appendix E; and

WHEREAS, the amendments result in the identification of land deficits for the planning horizon of 2021-2041 in the manner of 202 gross buildable acres of residential land, 29 gross buildable acres of industrial land, 159 gross buildable acres of commercial land, and 32 gross buildable acres of public or institutional land for a total land deficit of 422 gross buildable acres within the city's existing urban growth boundary; and

WHEREAS, per ORS 197.626(3) and OAR 660-025-0185(1) and (2), the City will elect to use the Sequential Urban Growth Boundary Amendment Process to evaluate land use efficiency measures by December 31, 2024, and propose an urban growth boundary amendment, if deemed necessary, by March 1, 2026; and

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. The City adopts Exhibit A to this ordinance, the *McMinnville Urbanization Report, dated November 2023*.

2. The City adopts Exhibit B to this ordinance, the *McMinnville Housing Needs Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

3. The City adopts Exhibit C to this ordinance, the *McMinnville Economic Opportunity Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

4. The City adopts Exhibit D to this ordinance, which includes findings of fact that support the development and conclusions reached for preparing and adopting the *McMinnville Urbanization Report*, *dated November 2023*, the *McMinnville Housing Needs Analysis*, *dated November 2023*, and *the McMinnville Economic Opportunities Analysis, dated November 2023,* demonstrating a land deficit of 422 gross buildable acres in the city's urban growth boundary to meet the residential, employment and public land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

5. That Ordinances Nos. 4746 and 4976 are hereby repealed in their entirety.

6. This Ordinance will take effect 30 days after passage by the City Council.

Passed by the McMinnville City Council this 27th day of February 2024 by the following votes:

Ayes: ____

Nays: ____

____
MAYOR

Approved as to form: Attest:

_________________________ _____________________________
City Attorney City Recorder

EXHIBITS:
A. McMinnville Urbanization Report, November 2023
B. McMinnville Housing Needs Analysis, November 2023
C. McMinnville Economic Opportunities Analysis, November 2023
D. Findings of Fact and Conclusionary Findings

EXHIBIT A TO
ORDINANCE NO. 5141







Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

NOVEMBER 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The official population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population
11,260

New Employment
6,885

New Housing Units
4,657

MCMINNVILLE NEEDS 422 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth, McMinnville will need 188 gross acres for employment for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need an additional 32 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(32)	(335)
Industrial	(29)	Not forecast for 2041-2067*
Commercial	(159)	(416)
Total	**(422)**	**(2,048)**

Source: ECONorthwest
*Note: This analysis does not estimate demand for industrial land for the 2041-2067 period.

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 by 2041— a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

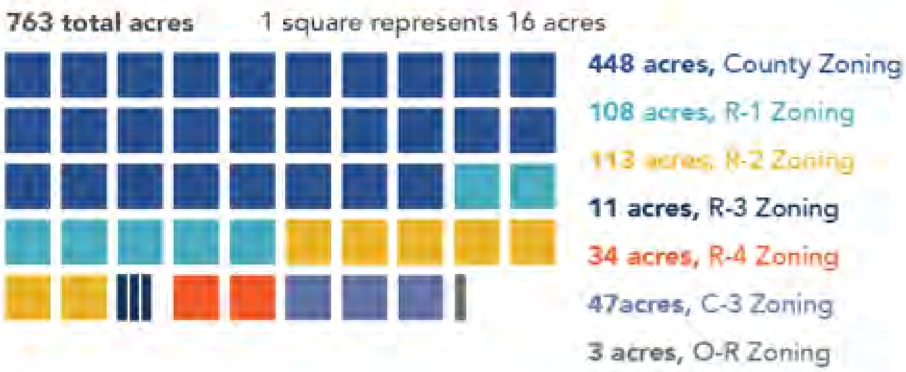
Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legistlature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

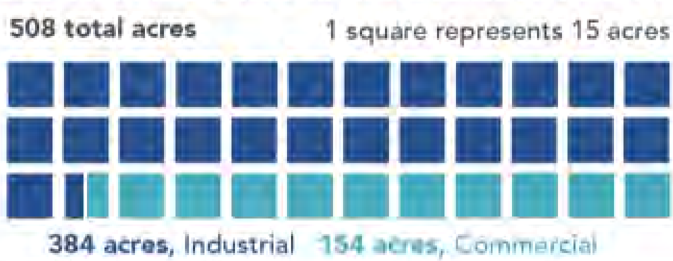
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land are in industrial designations and about 154 vacant acres are in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

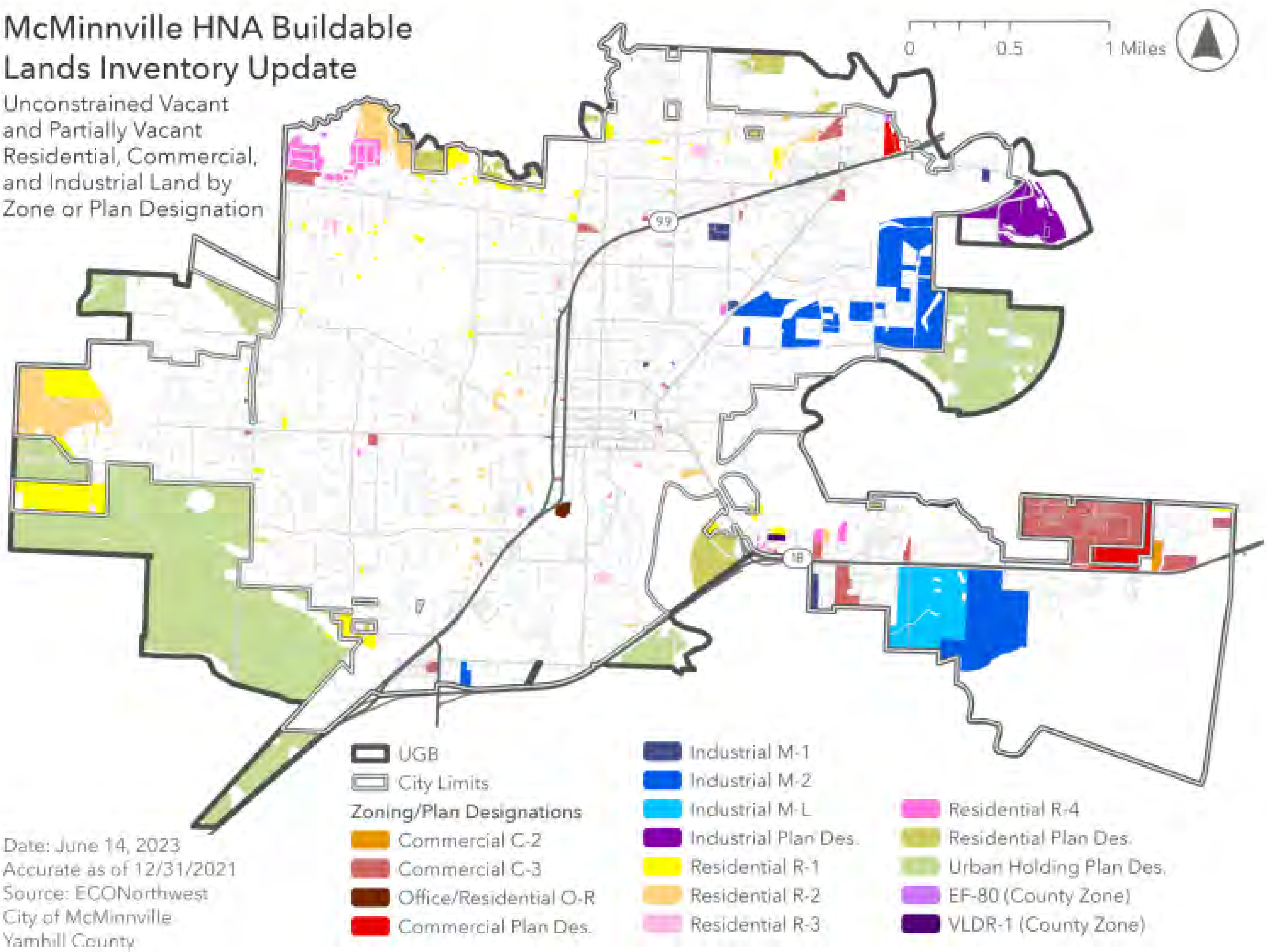
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up a about one-third of Yamhill County's total population, McMinnville has grown at a much faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

McMinnville's population has historically grown faster than both the county and state.

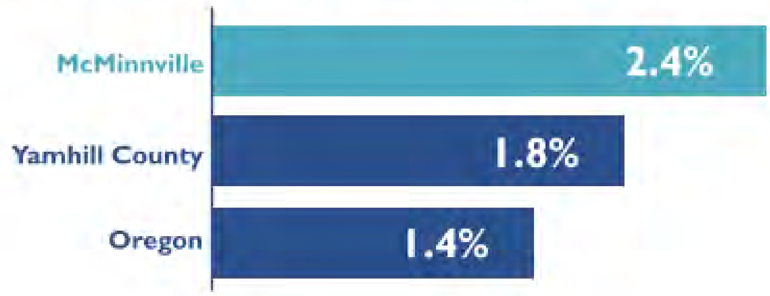
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

Source: Portland State University, Population Research Center

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

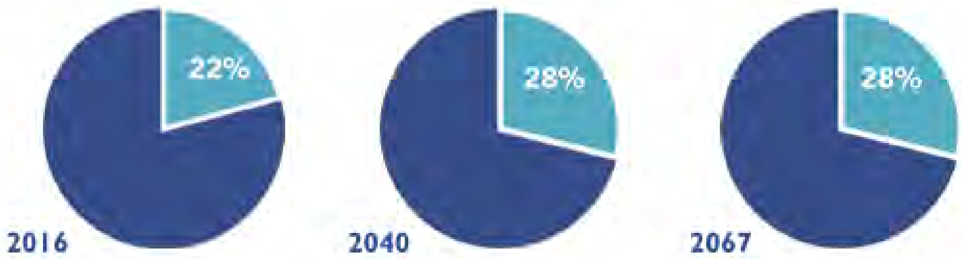
MEDIAN AGE, 2016

Source: Portland State University, Population Research Center

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

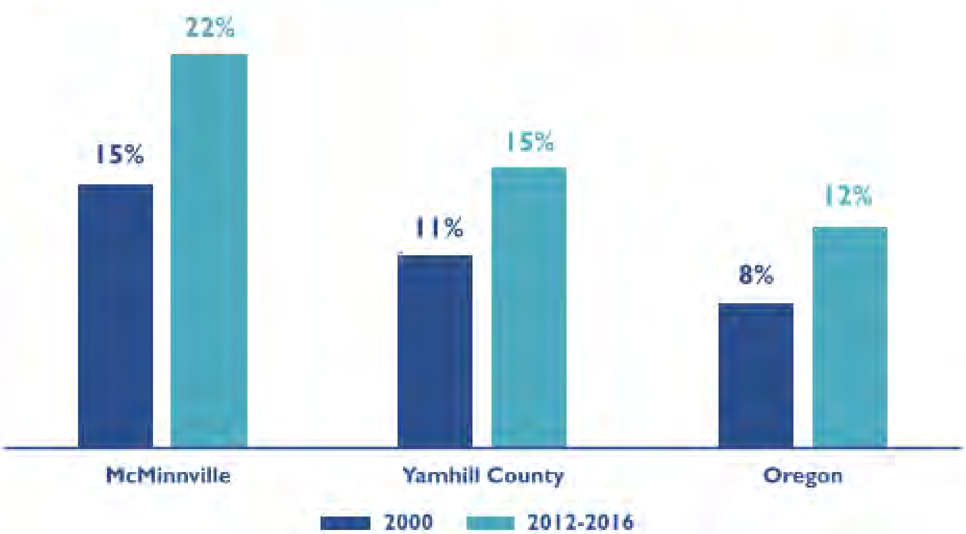


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

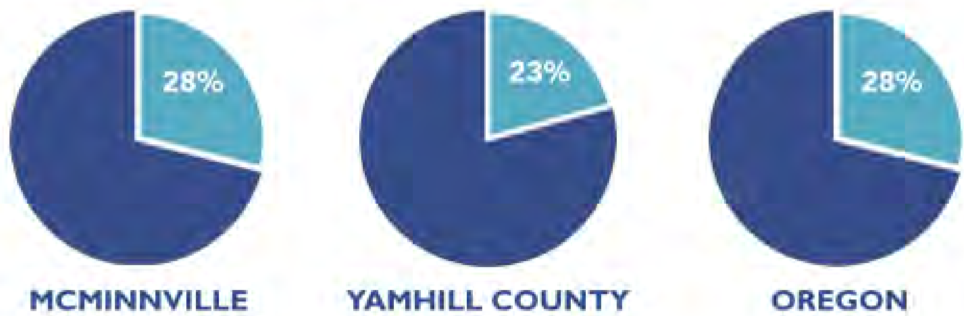
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

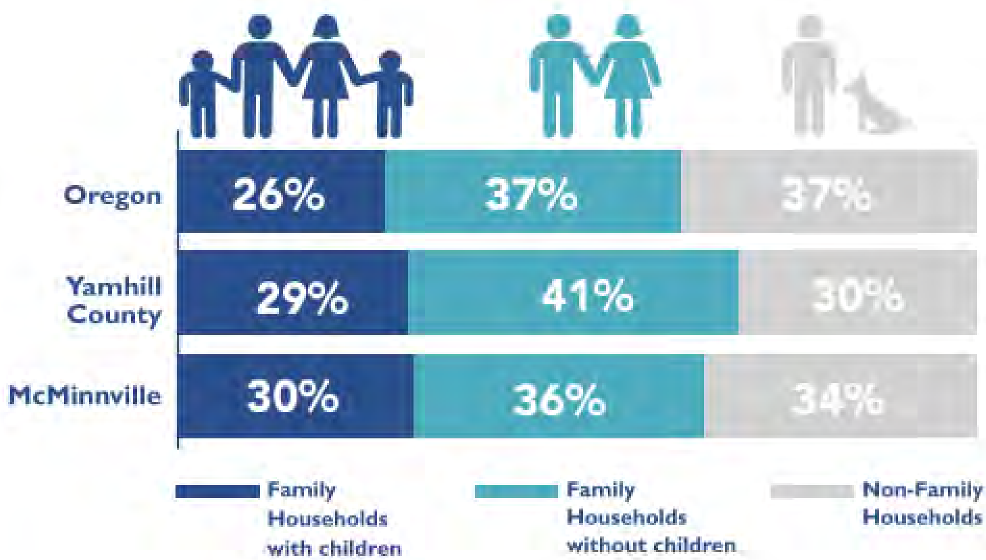


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

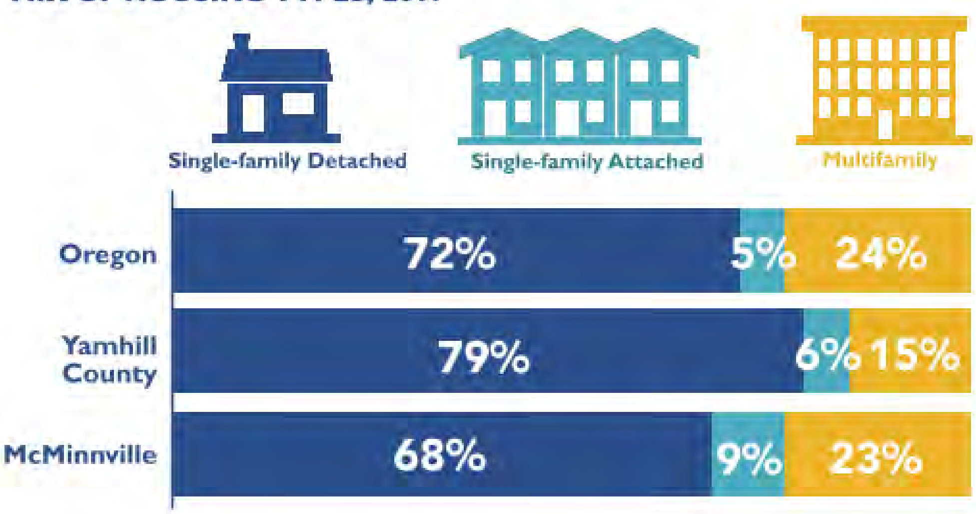
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

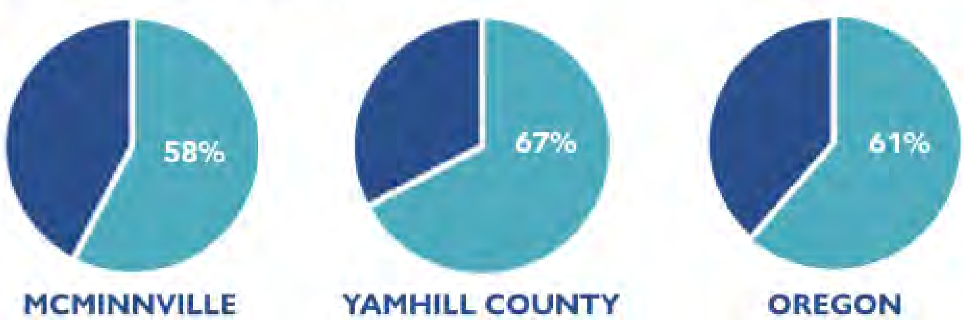
Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

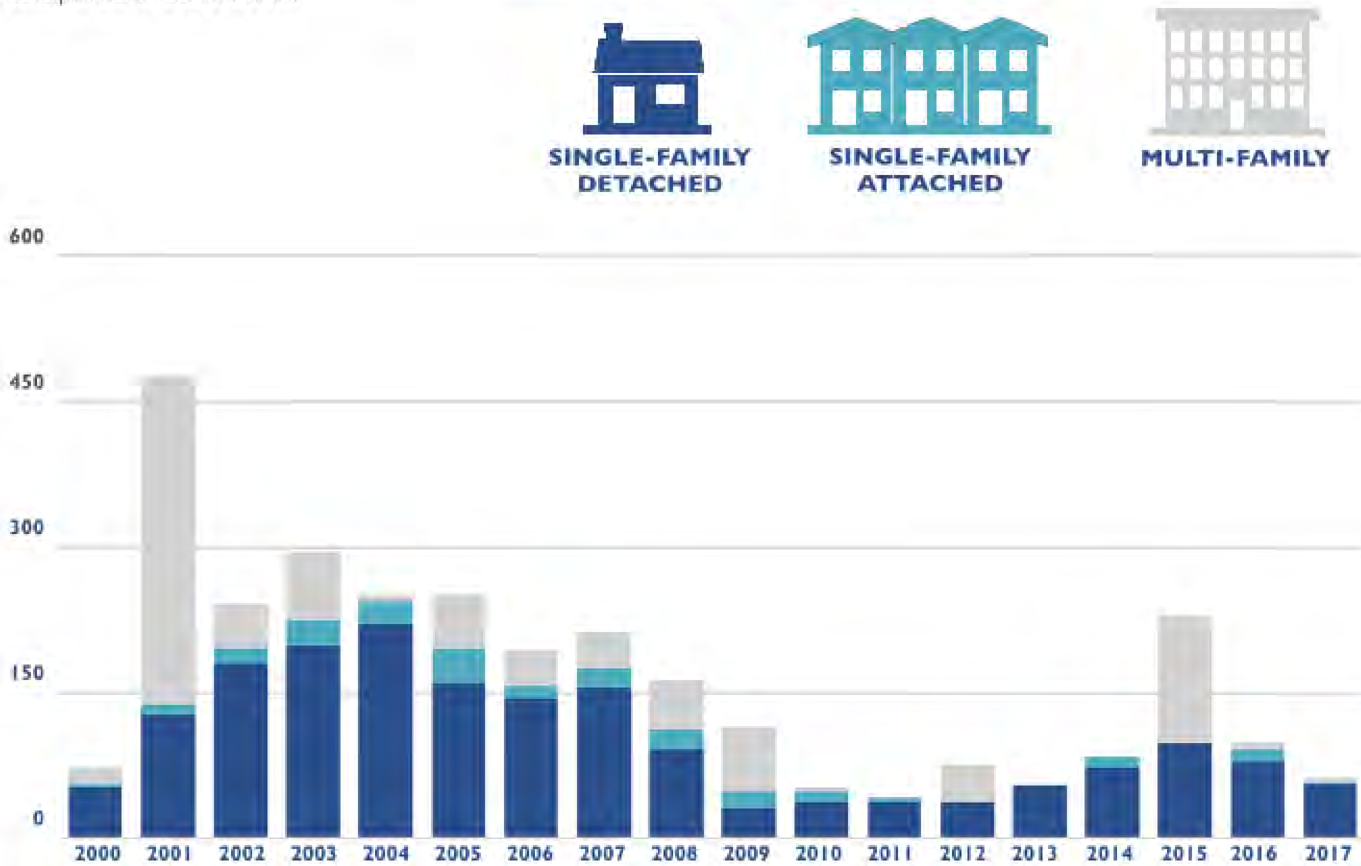
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

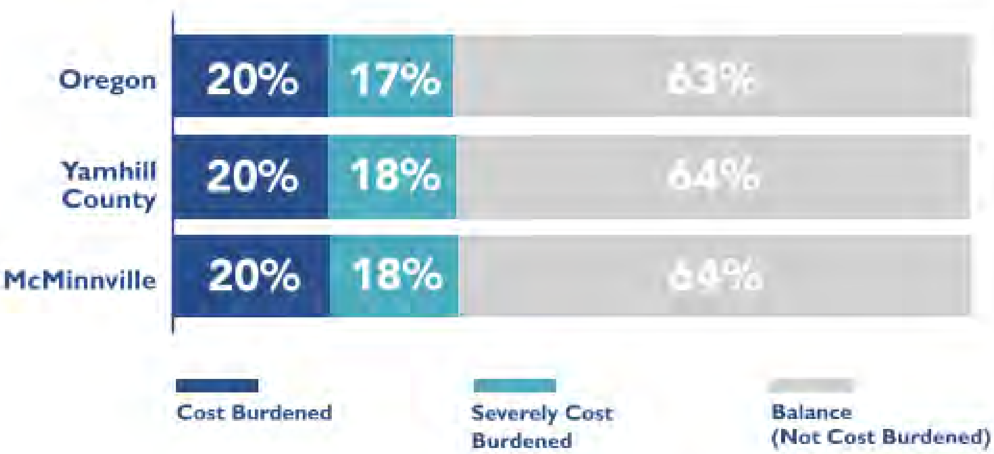


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



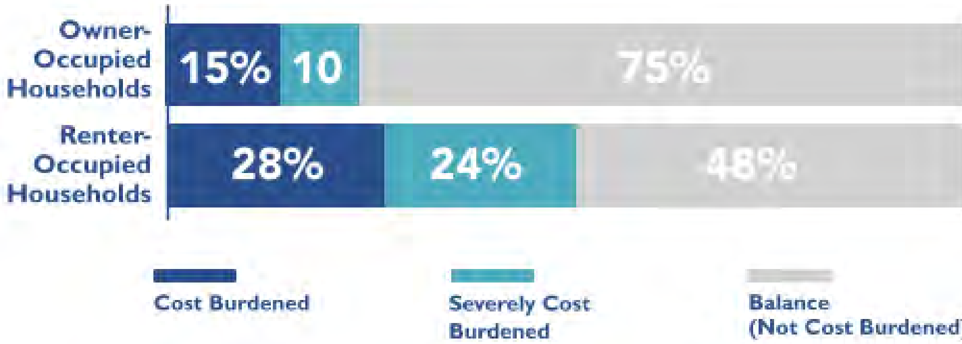
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

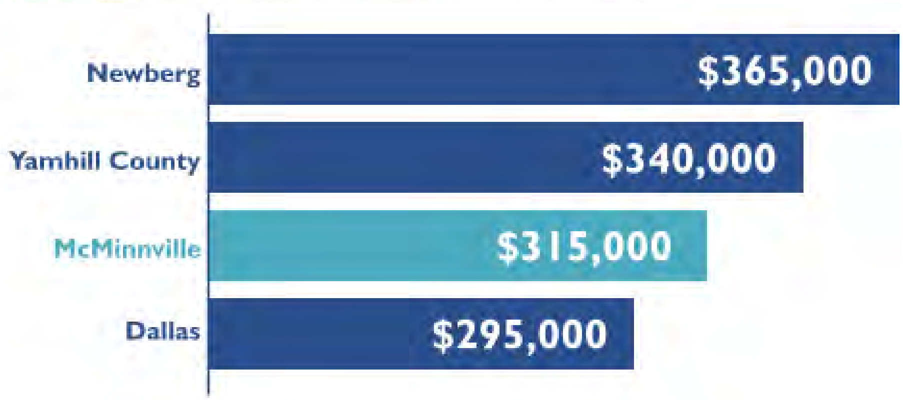
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



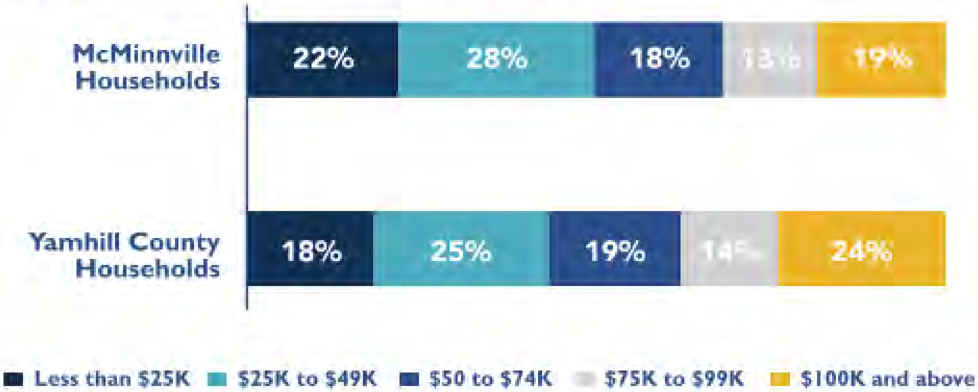
MEDIAN MONTHLY RENTS, 2016

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

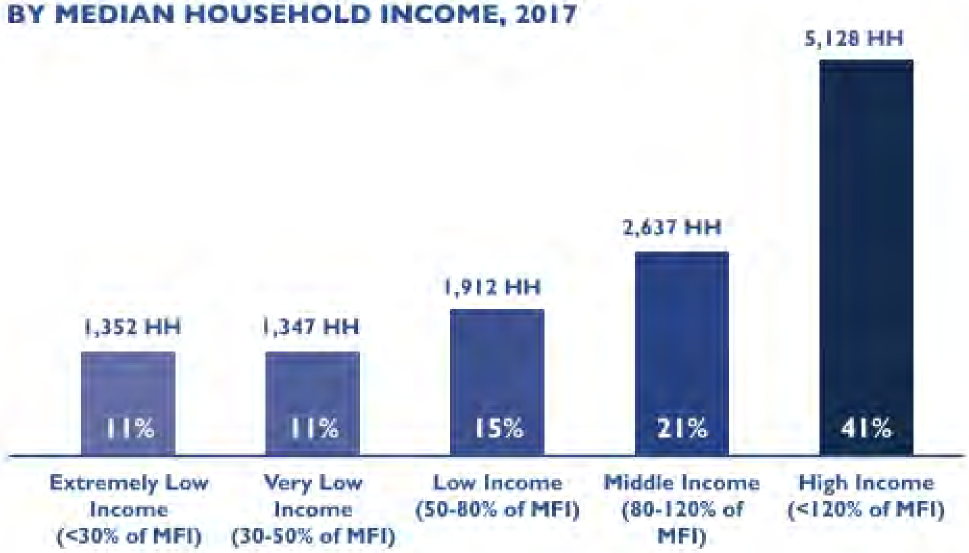
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

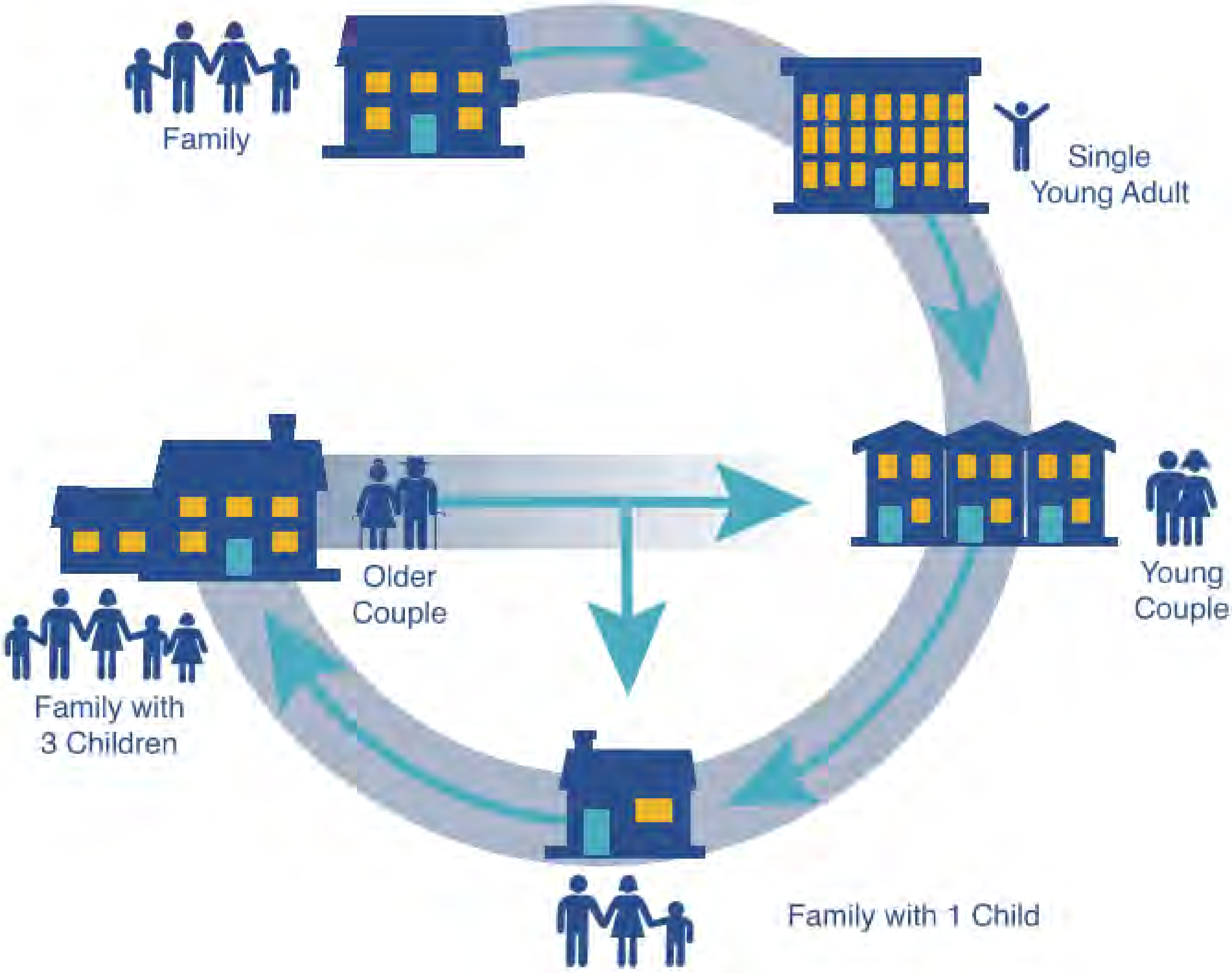
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

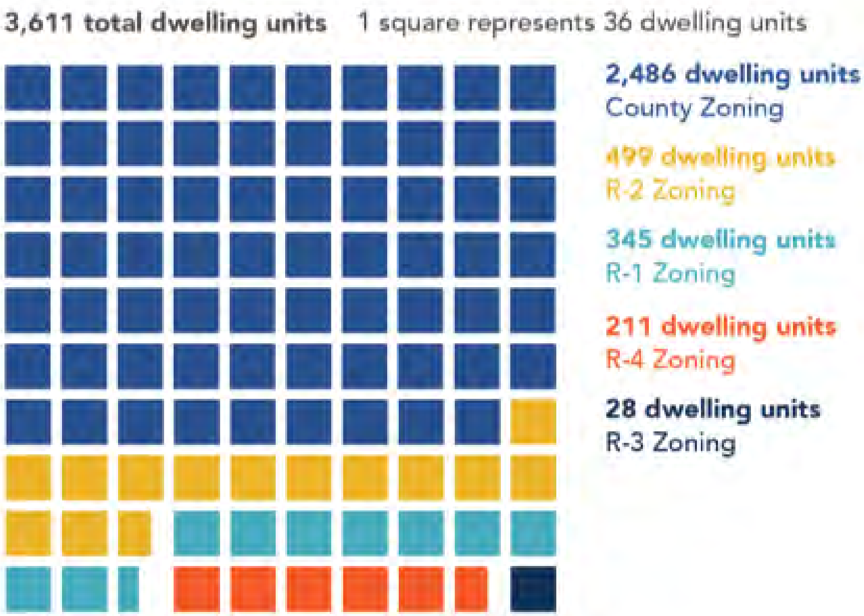
CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT



DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISTLATURE)

3.19	R-1 Single-Family
4.43	R-2 Single-Family
4.94	R-3 Two-Family
6.28	R-4 Multiple-Family
6.49	O-R Office / Residential
22.56	C-3 General Commercial
5.05	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

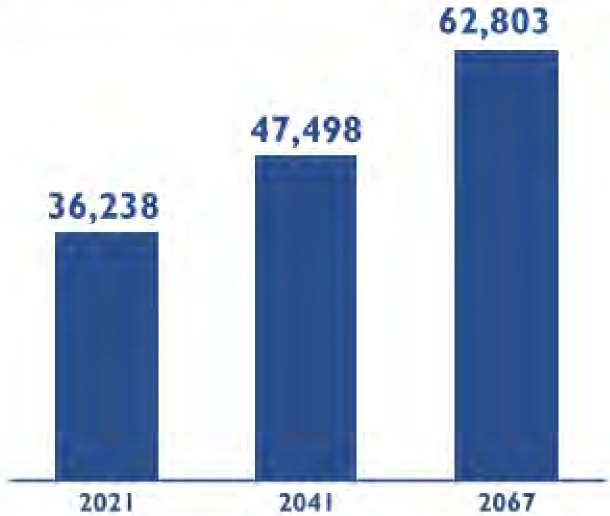
Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

Demand For Residential Land, By Housing Type

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

— OR —

-1,101

202 GROSS ACRES
at needed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

— OR —

-6,924

1,268 GROSS ACRES
at needed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill – these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) – an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem – possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area
1.2 Establish a Framework Plan for the URA
1.3 Identify an Expanded UGB per the URA
1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities
1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)
1.6 Update Goal 5 Natural Resource Planning & Policies, Incl. Wetlands and Riparian Areas
1.7 Update Goal 7 Hazards Planning & Policies, Incl. Landslide Susceptibility
1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.
1.9 Implement Great Neighborhood Principles
1.10 Create a Diverse Housing Zone
1.11 Develop a High-Density Residential Zone
1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone
2.2 Develop a High-Density Residential Zone
2.3 Provide Density Bonuses to Developers
2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards
2.5 Update Infrastructure Plans for Infill Development
2.6 Implement Great Neighborhood Principles
2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill
3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements
3.4 Develop Infrastructure Allocation Policies
3.5 Identify Areas with Underutilized Infrastructure Capacity
3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy
4.2 Evaluate Three Mile Lane for Residential Development
4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards
5.2 Implement Other Code Amendments Prioritized by the PAC.
5.3 Streamline Zoning Code and Other Ordinances
5.4 Implement the Great Neighborhood Principles
5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
5.6 Evaluate Code for Fair Housing Act Best Practices
5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence)
6.2 Financial Incentives Supporting Inclusionary Zoning
6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing
6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)
6.5 SDC Financing and Credits
6.6 Parcel assembly
6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)
6.8 Sole Source SDCs
6.9 Grants or Loans
6.10 Vacant Property Tax.
6.11 Fee for Demolition of Affordable Home for Expensive Home.

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds
7.2 Community Land Trust (CLT)
7.3 Affordable Housing Property Tax Abatement
7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

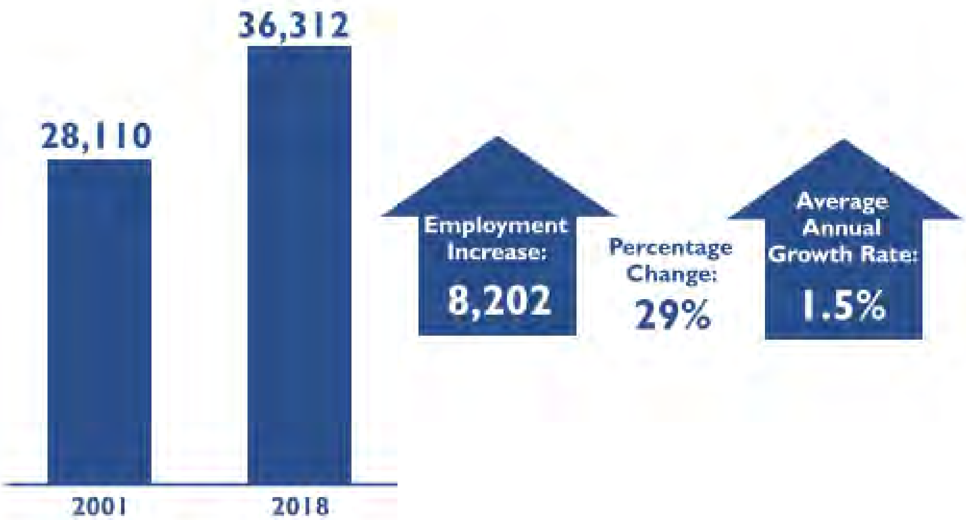
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

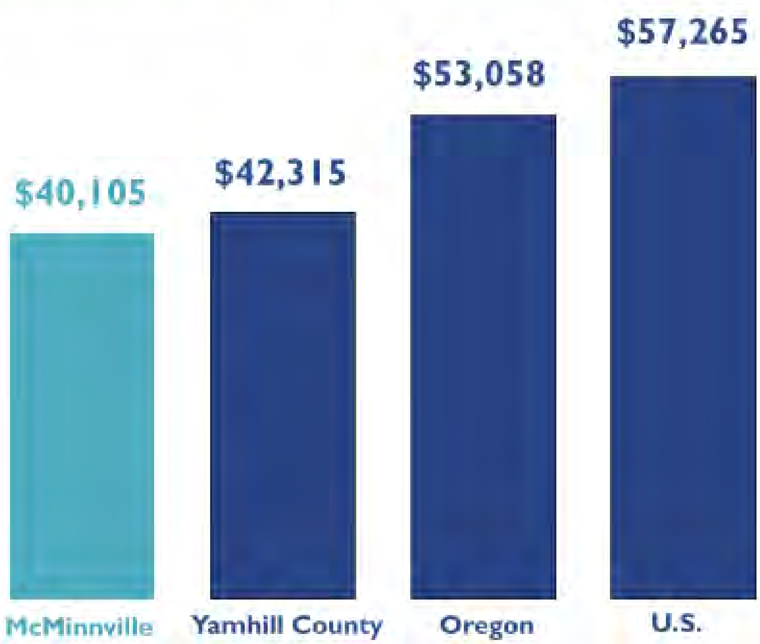


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

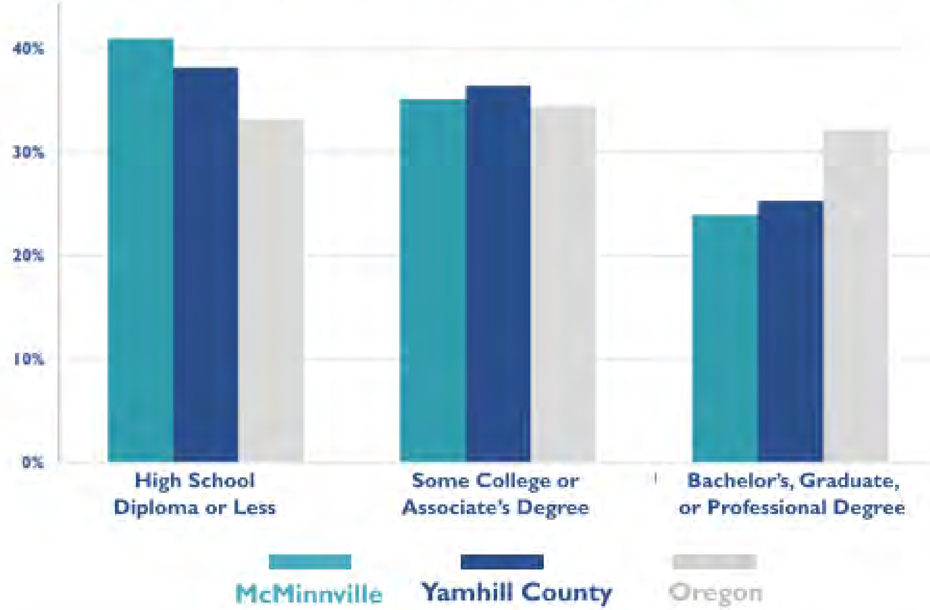


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

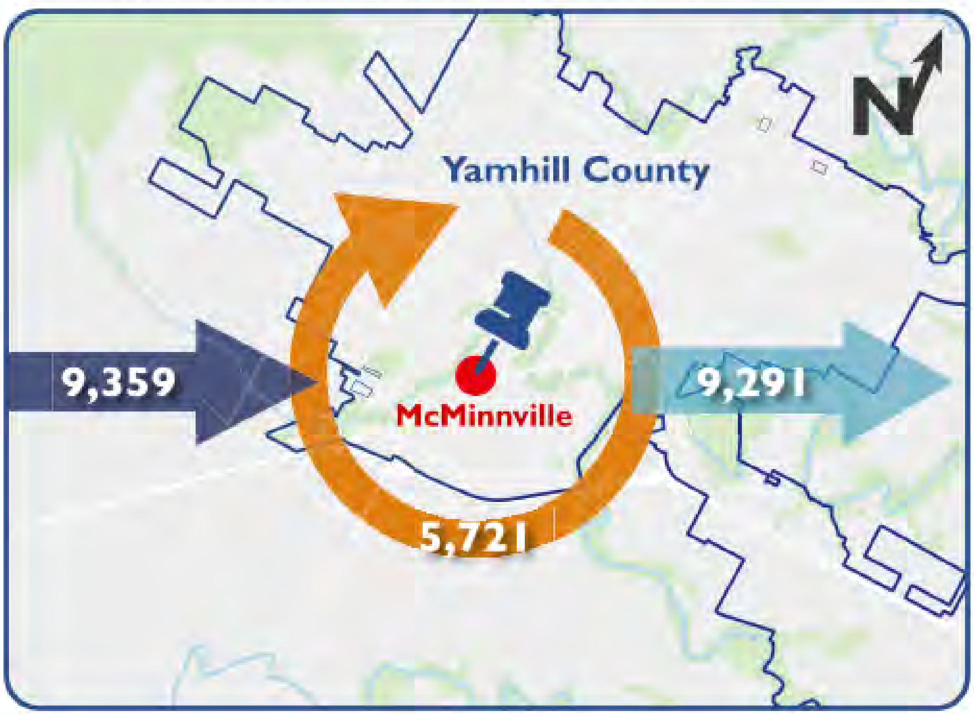
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721	9,359	9,291
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1square represents 500 jobs

Government: 2,082 employees / **14%**

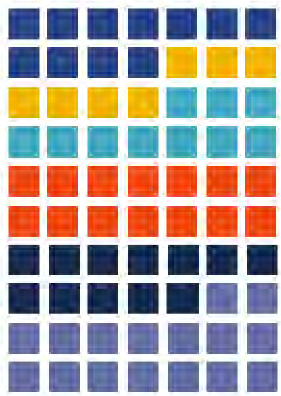
Accommodation & Food Services: 1,503 employees / **10%**

Retail Trade: 2,170 employees / **15%**

Health Care & Social Assist.; Private Education Services: 3,159 employees / **21%**

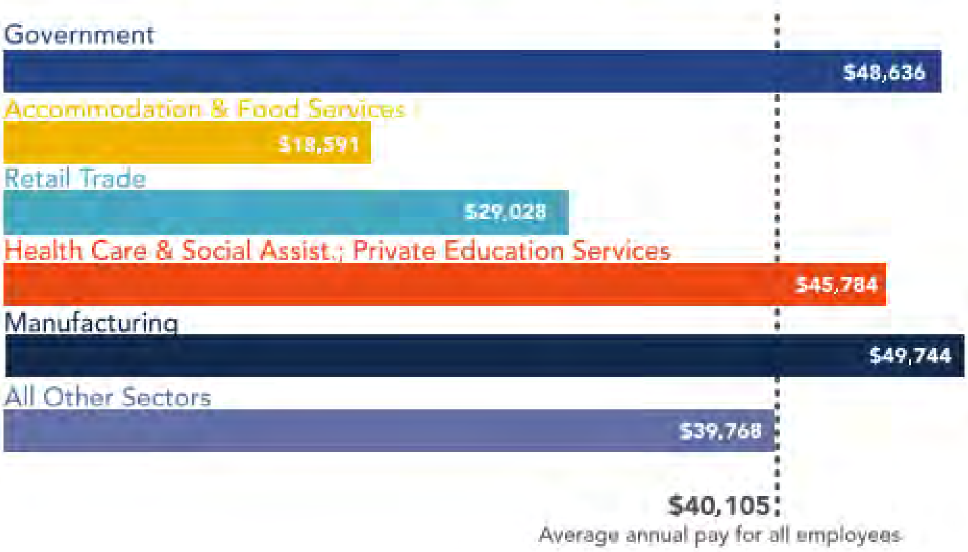
Manufacturing: 2,277 employees / **15%**

All Other Sectors: 3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

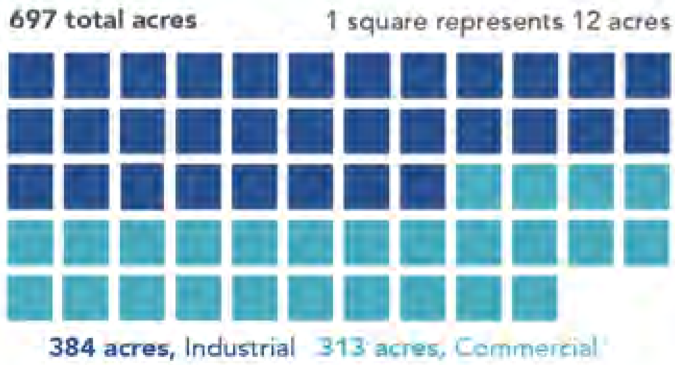
- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 697 acres of land between 2021 and 2041. For commercial land, demand will continue to grow through 2067, resulting in total commercial land demand of 570 acres between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041



FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial employment growth over the next 46 years. The City has a deficit of about 416 acres of commercial land. This analysis does not estimate demand for industrial land for the 2041-2067 period.

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories…". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 444 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	315	392	(77)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**444**	**477**	**(32)**

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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EXHIBIT B TO
ORDINANCE NO. 5141

City of McMinnville
Housing Needs Analysis

November 2023

Prepared for:

City of McMinnville

FINAL REPORT

ECONorthwest
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Acknowledgments

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

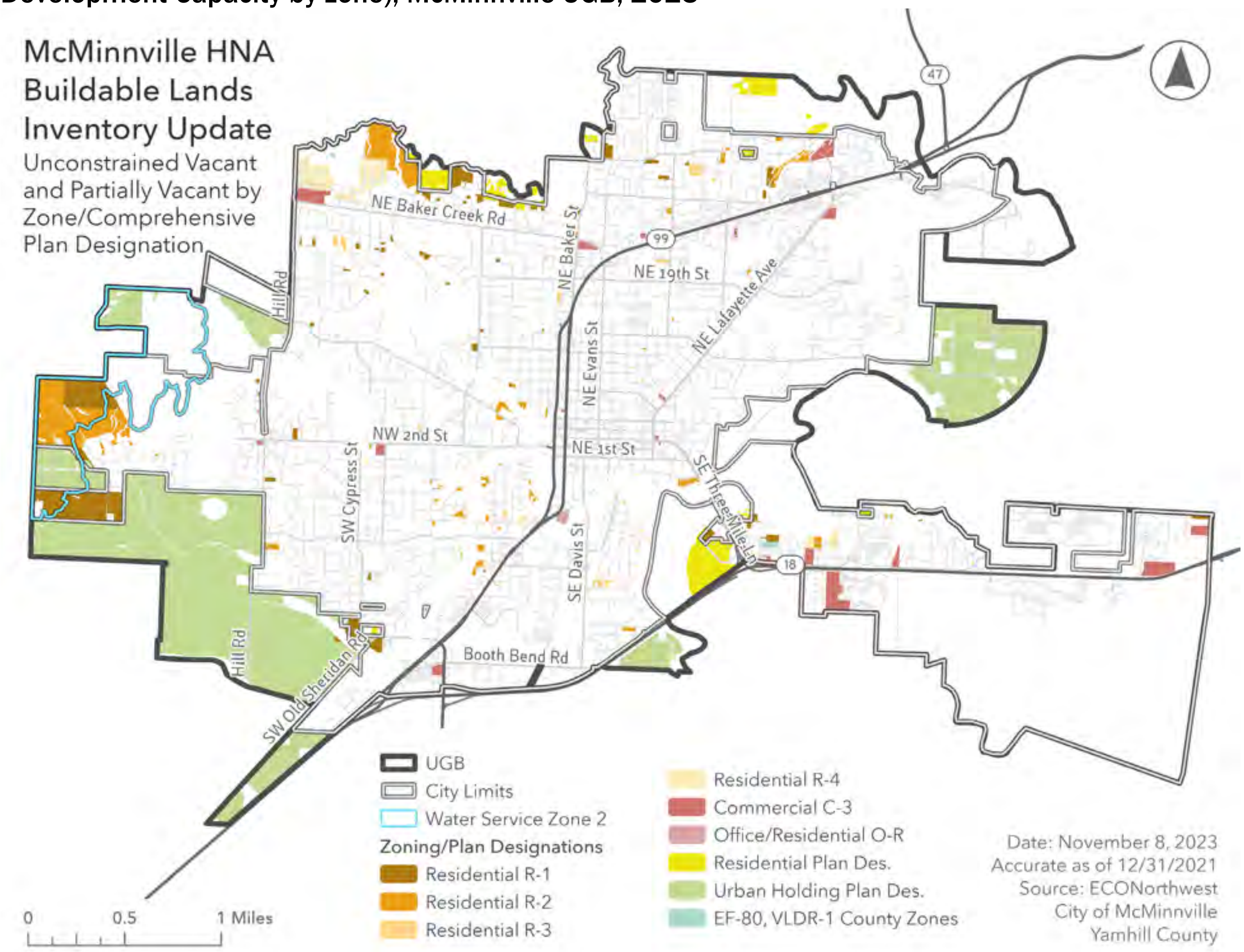
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2 shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2021
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
    - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term "needed housing," however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn't provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville's future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

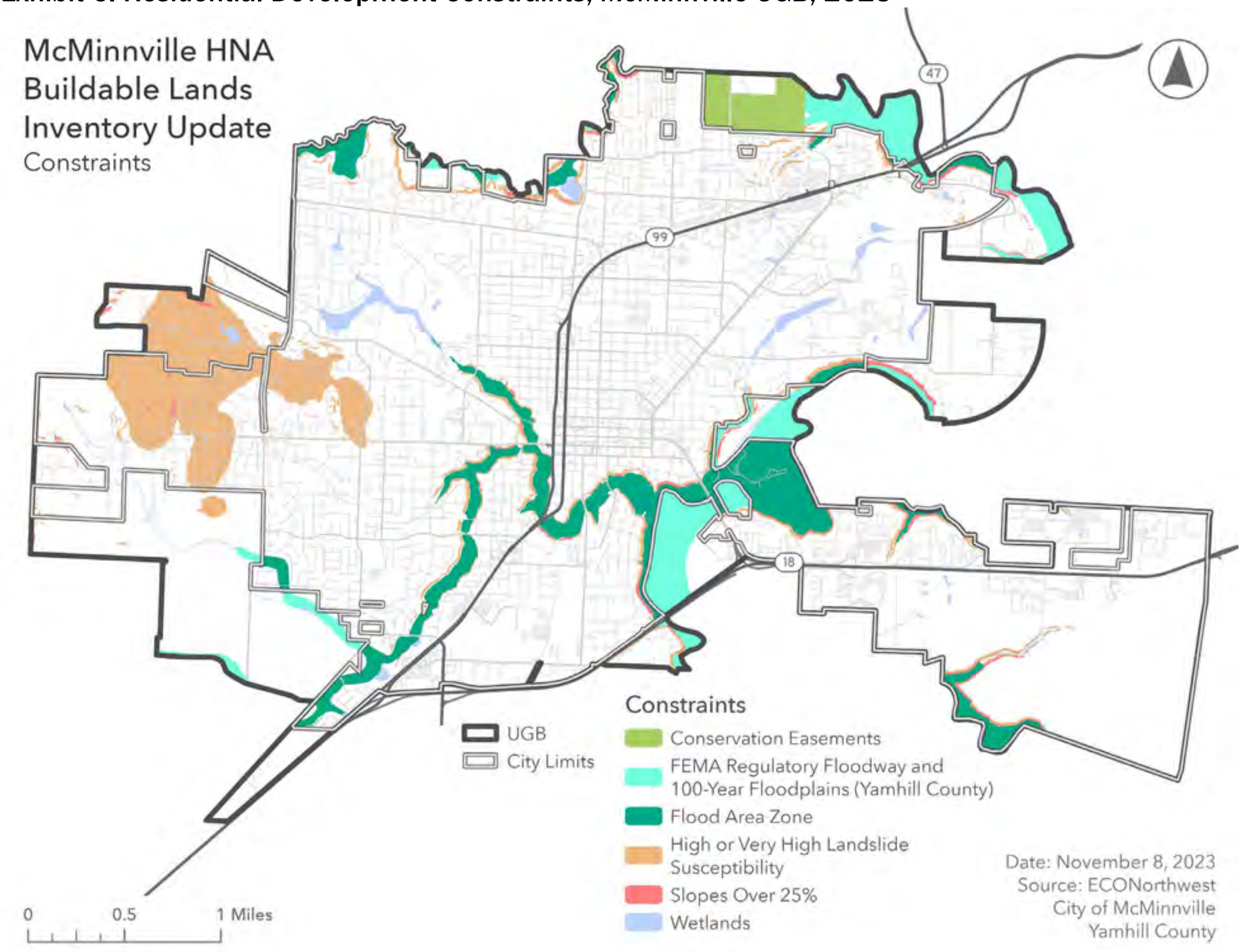
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

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[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

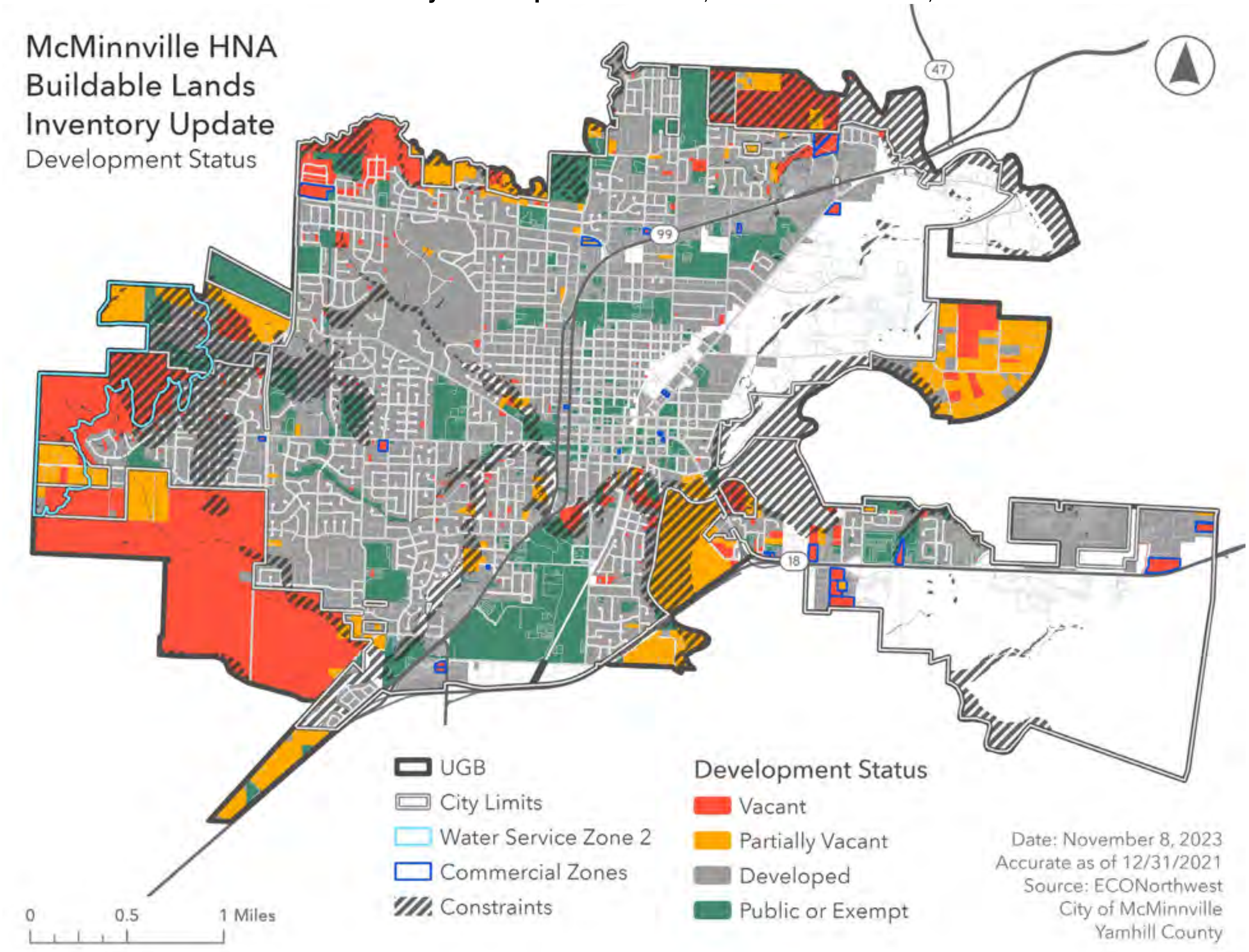
Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

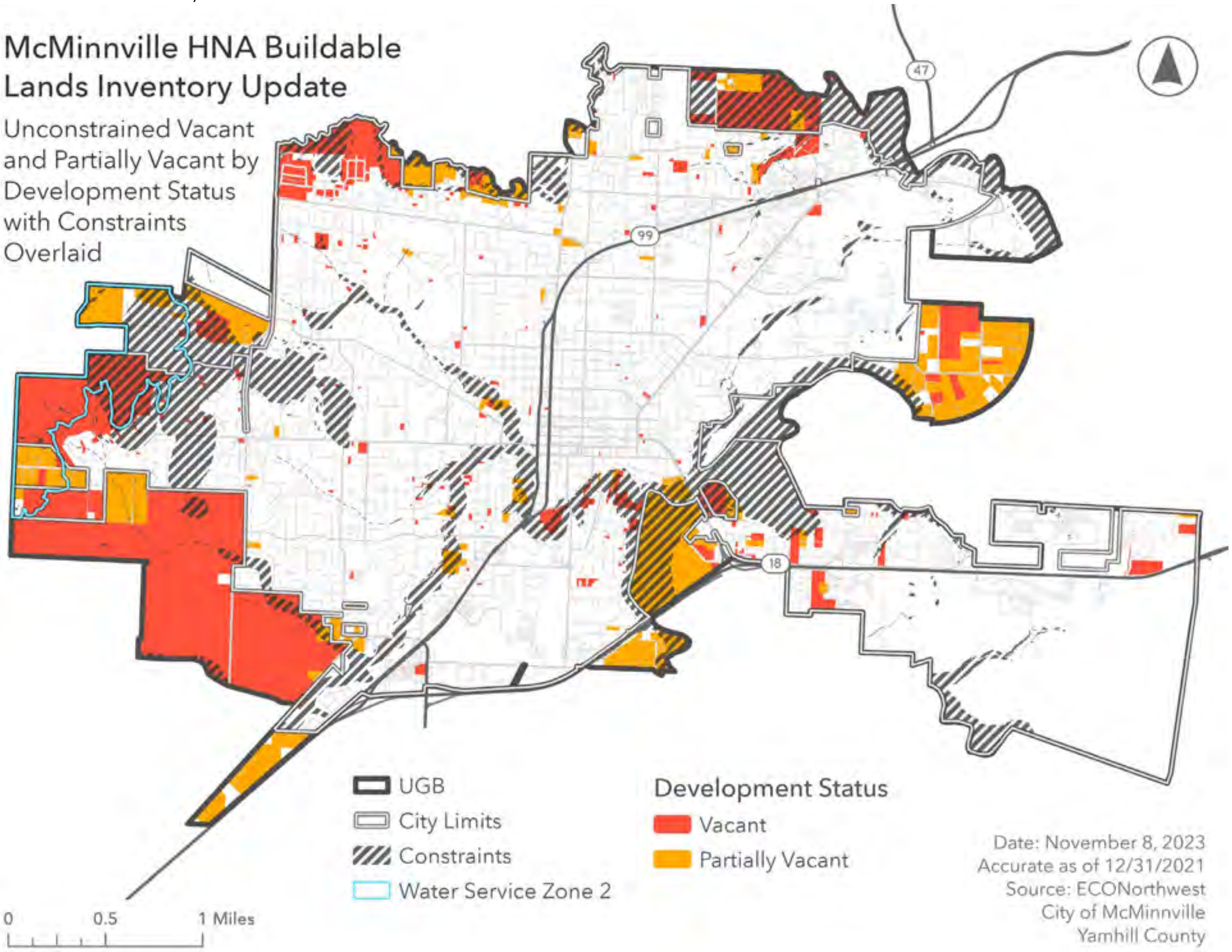


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

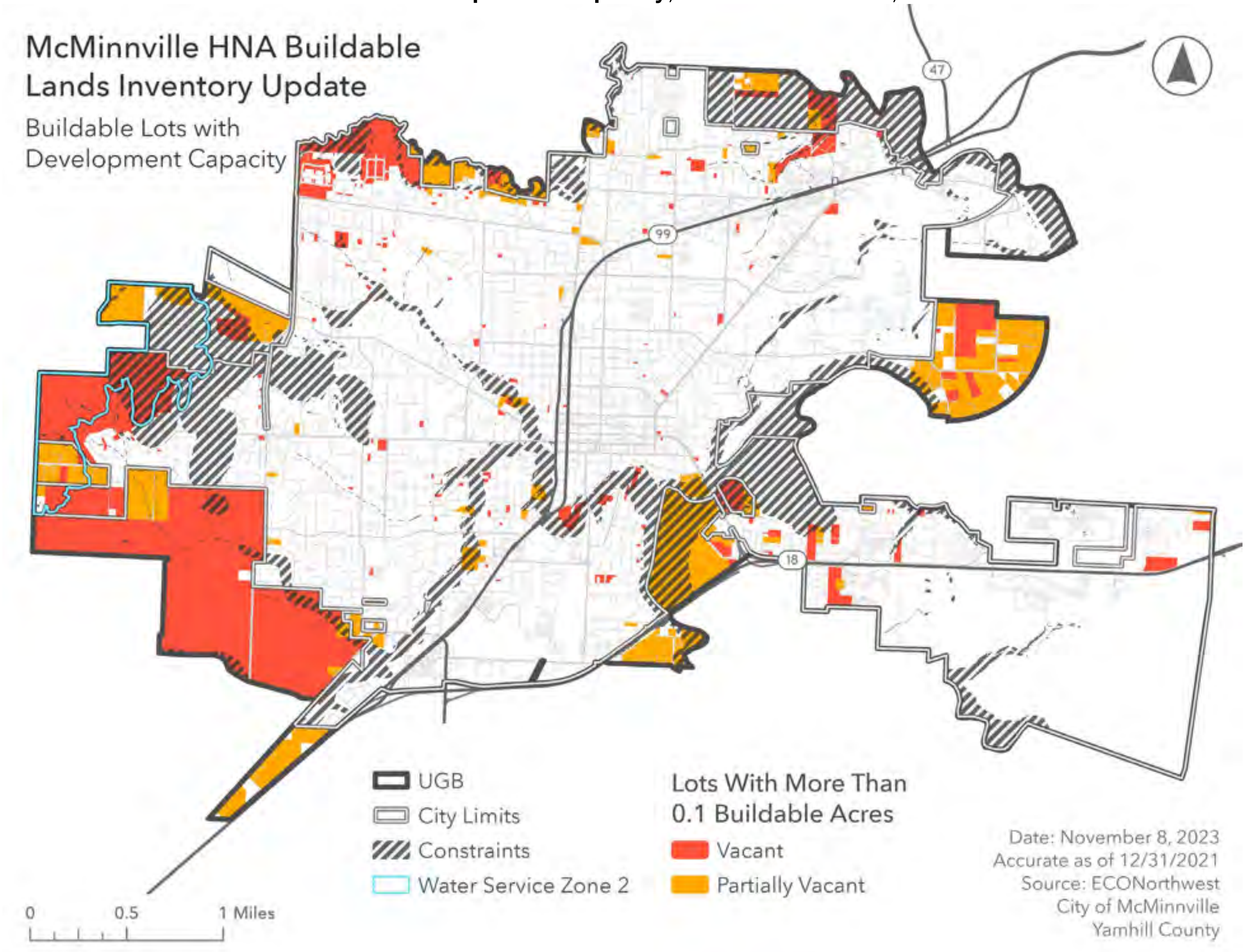
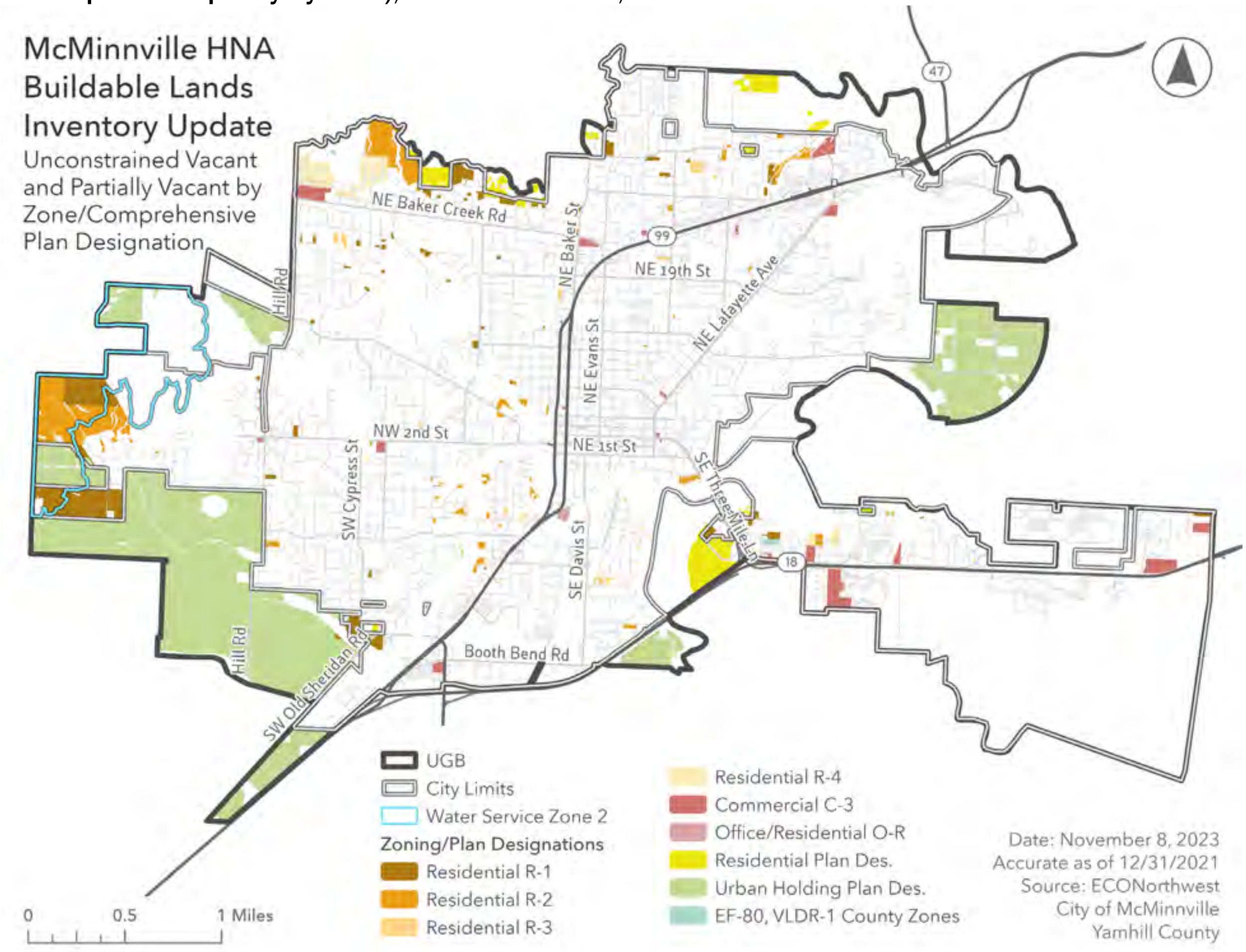


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the <u>strong likelihood</u> that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
    - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
    - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don't differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

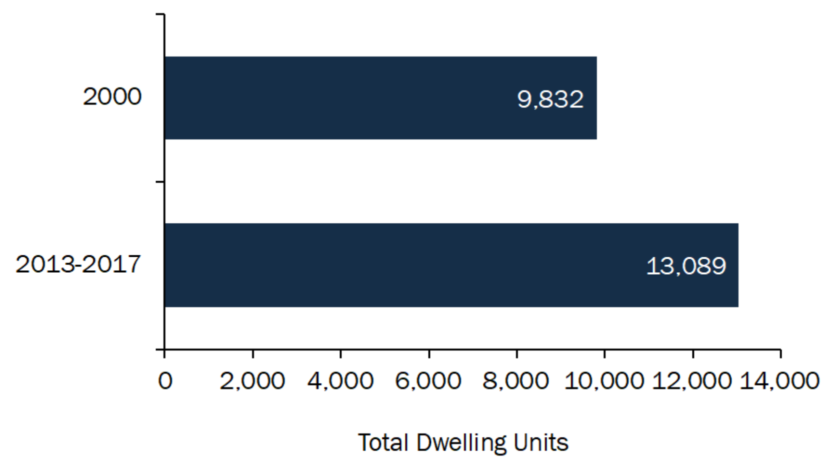
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

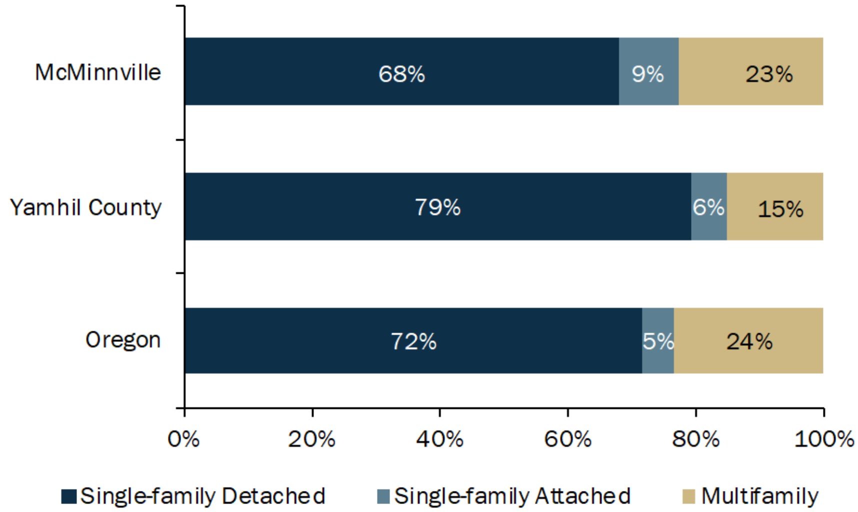


About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

Exhibit 16. Housing Mix, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25024.

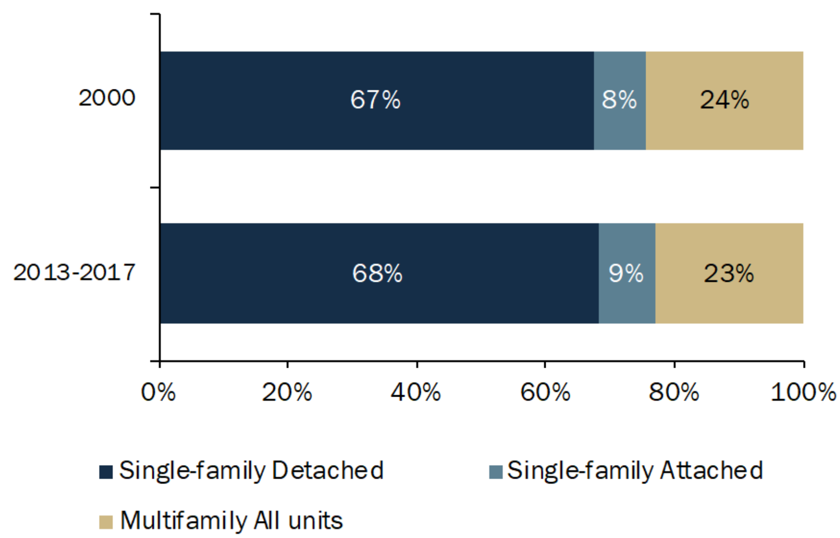


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017

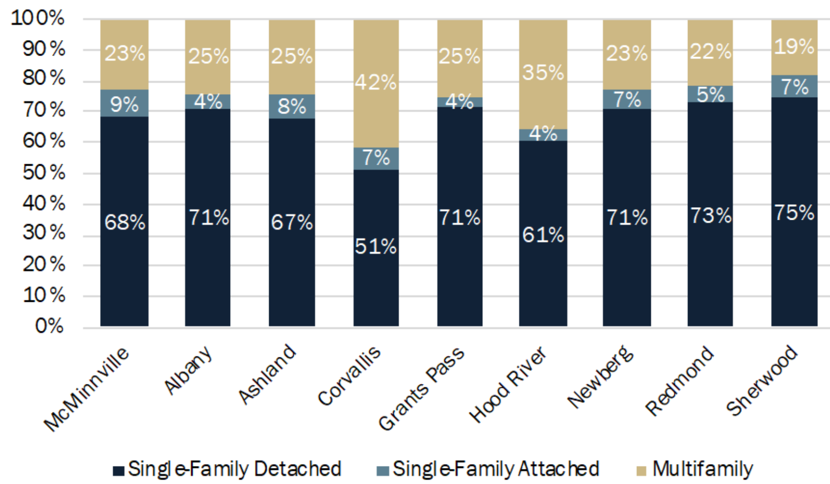
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

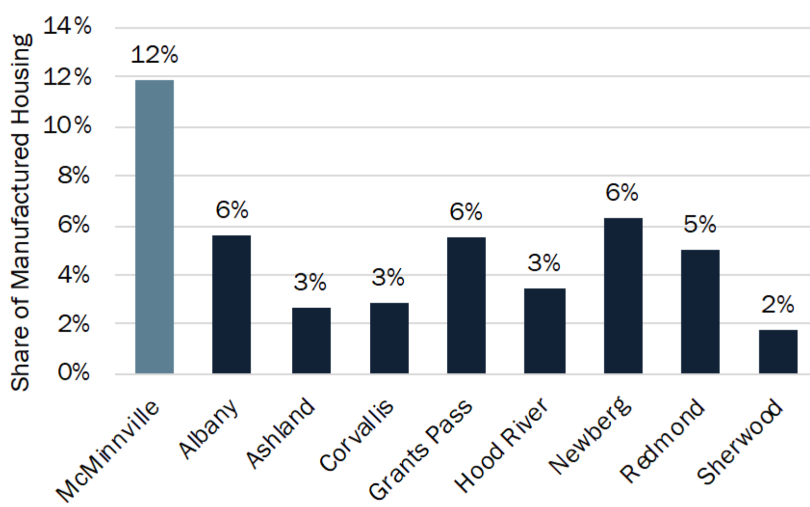


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



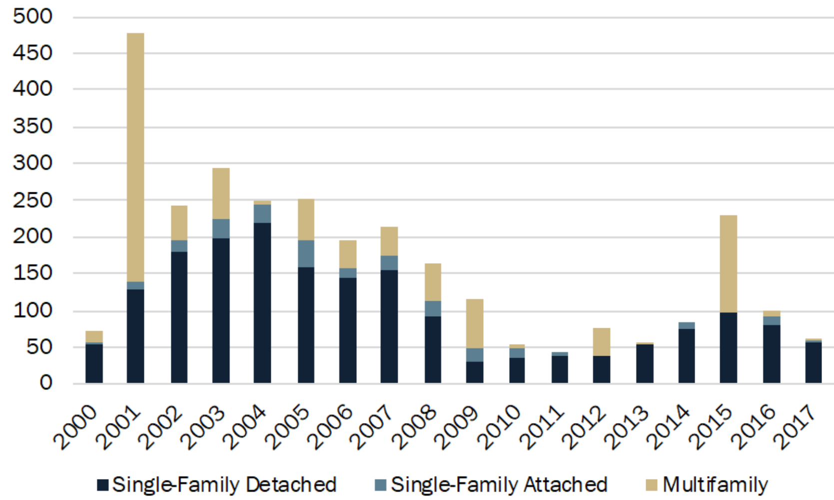
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

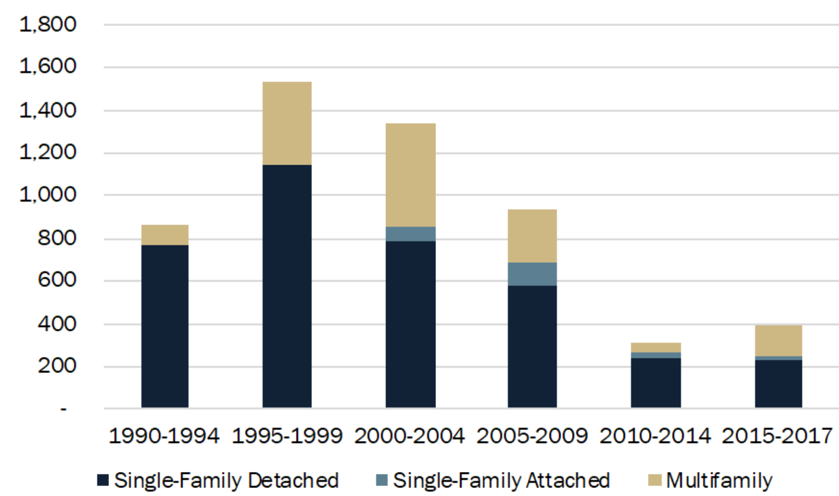
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

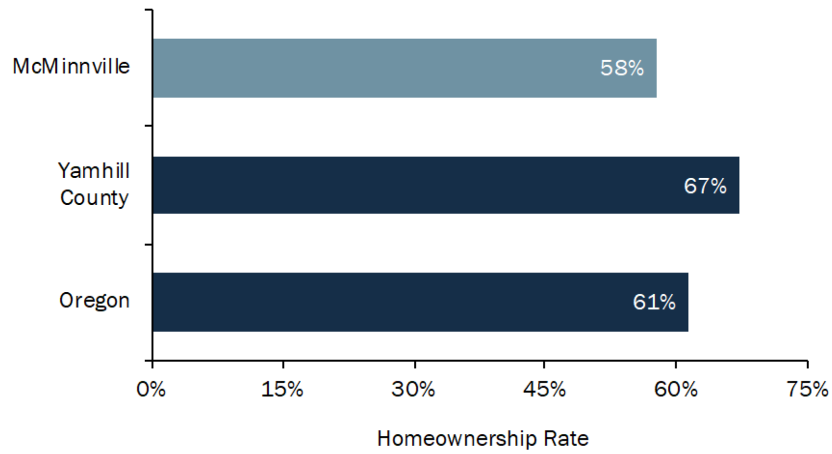
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

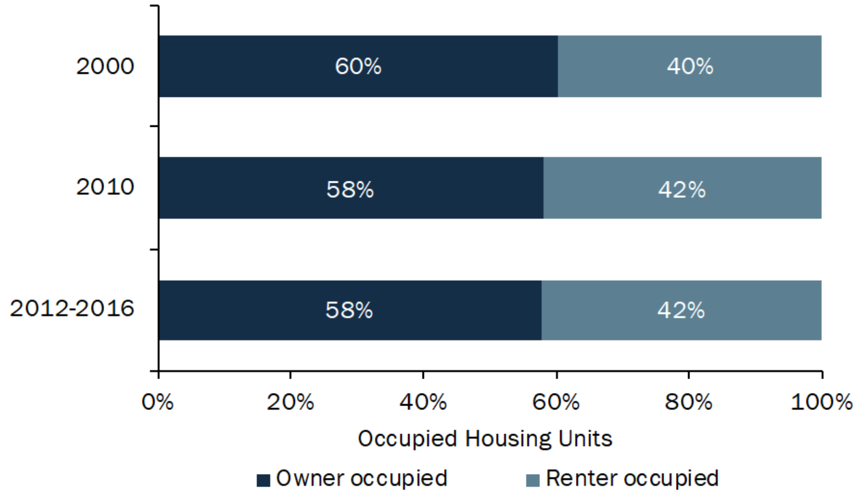
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

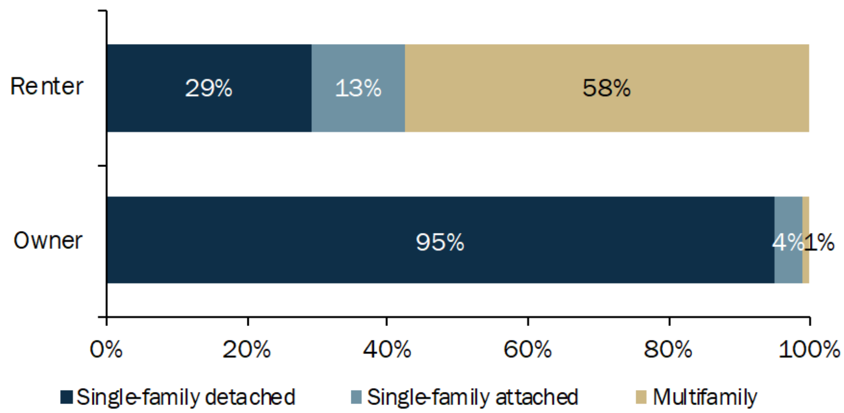
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

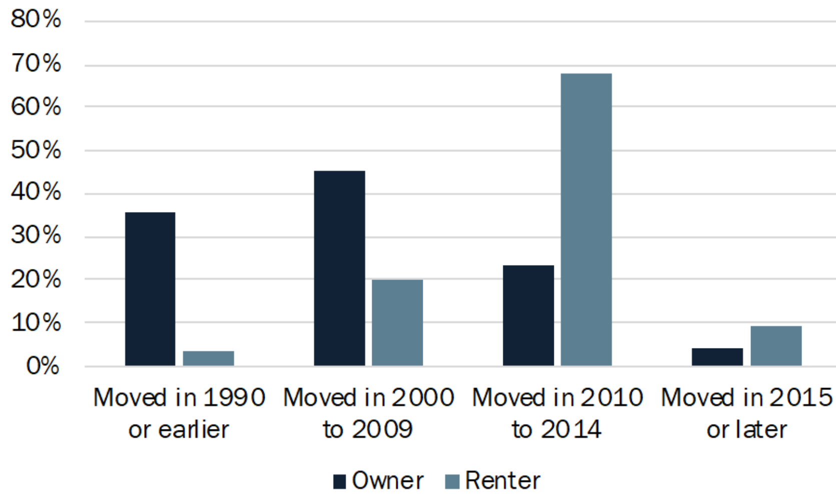
Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

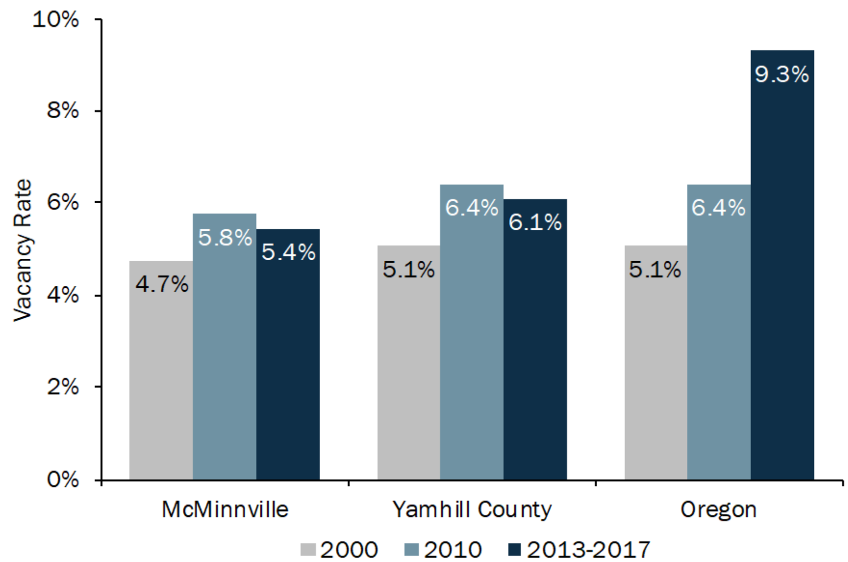
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



Short-Term Rentals and Seasonal Housing

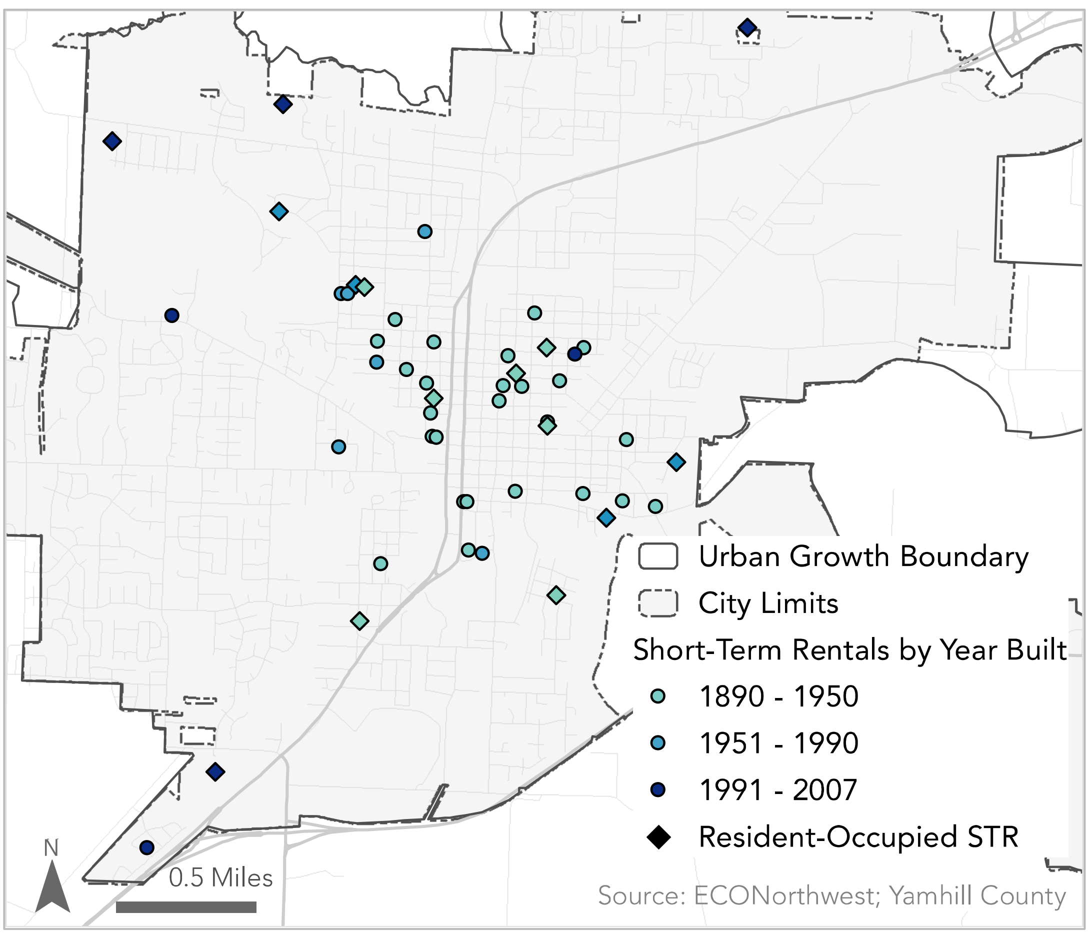
McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

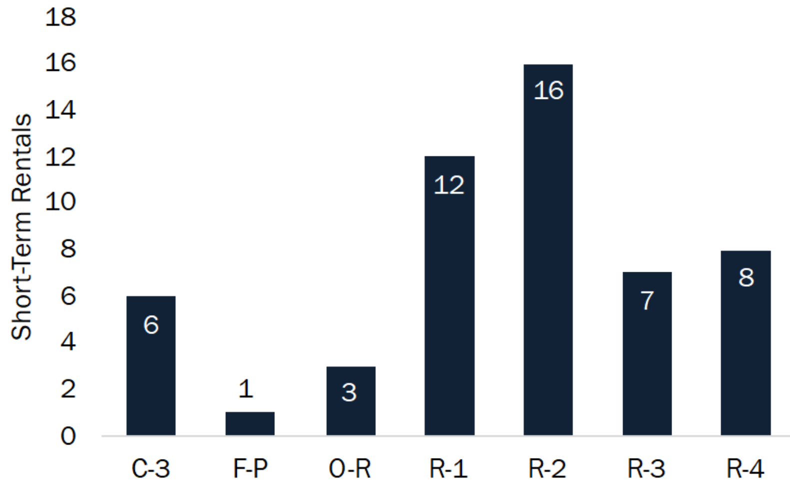


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	52 Units	74 units	222%
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

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[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

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[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

▪ Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

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[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

“Statewide Housing Plan” identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
  - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
  - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon’s children and veterans.*
  - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon’s unsheltered population increased faster than the sheltered population, and the State’s rate of unsheltered homelessness is the third highest in the nation at 57%. The State’s rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans’ homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
  - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
  - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

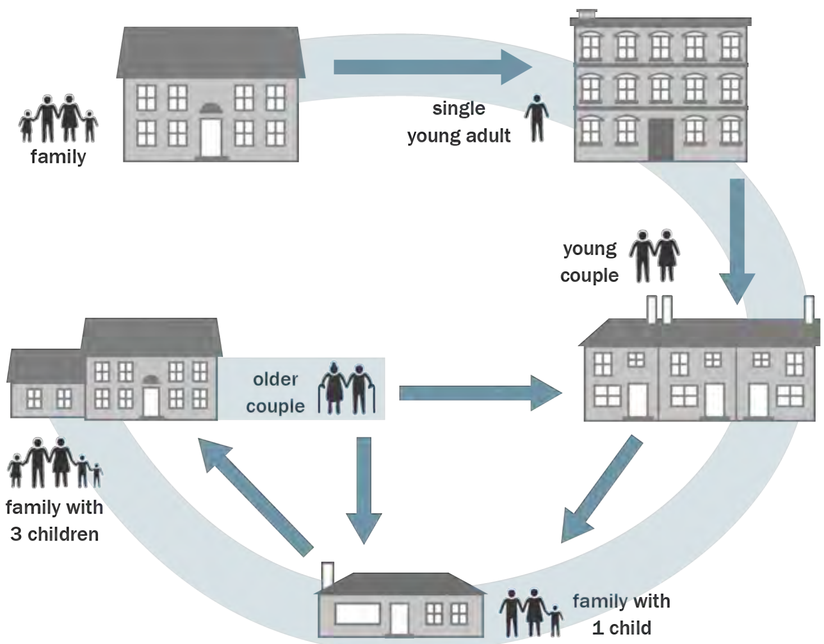
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

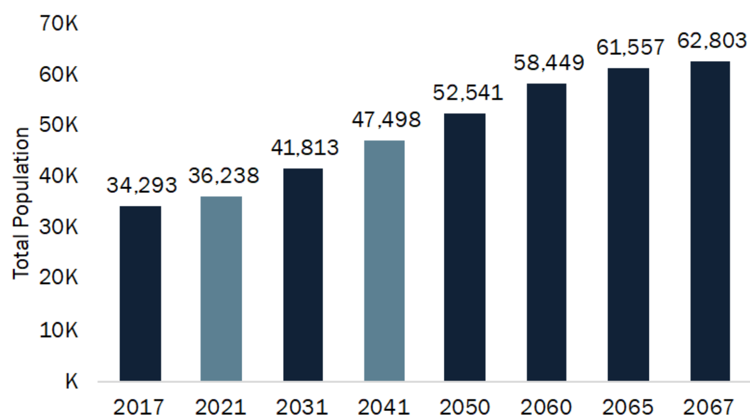
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

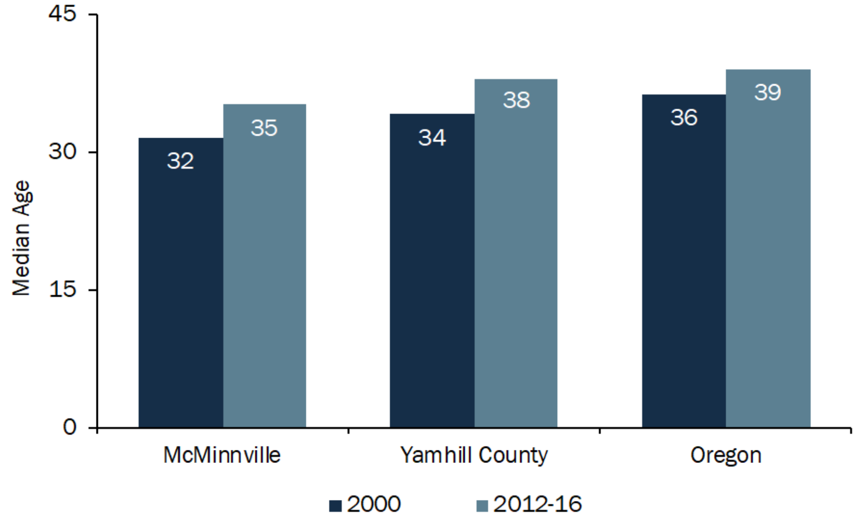
[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014. Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

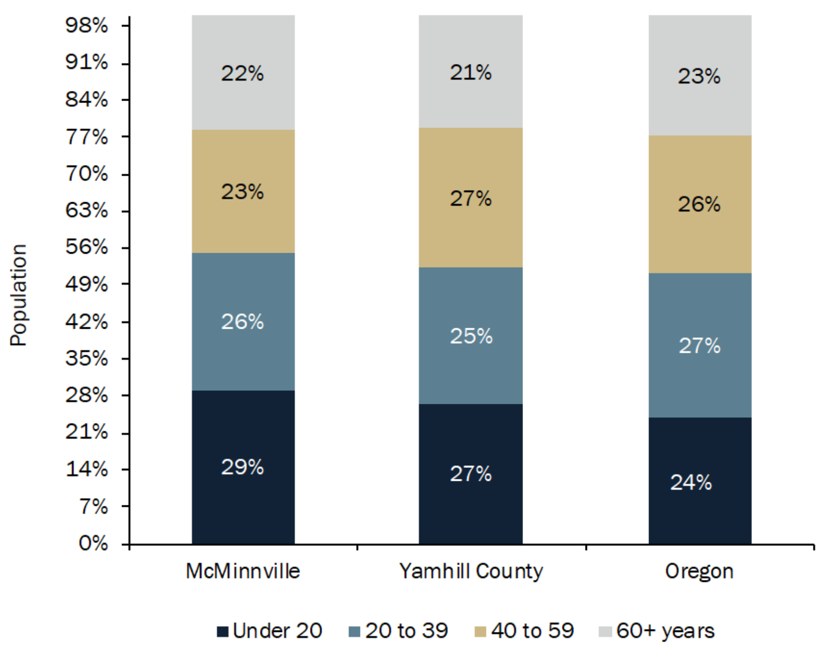
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016

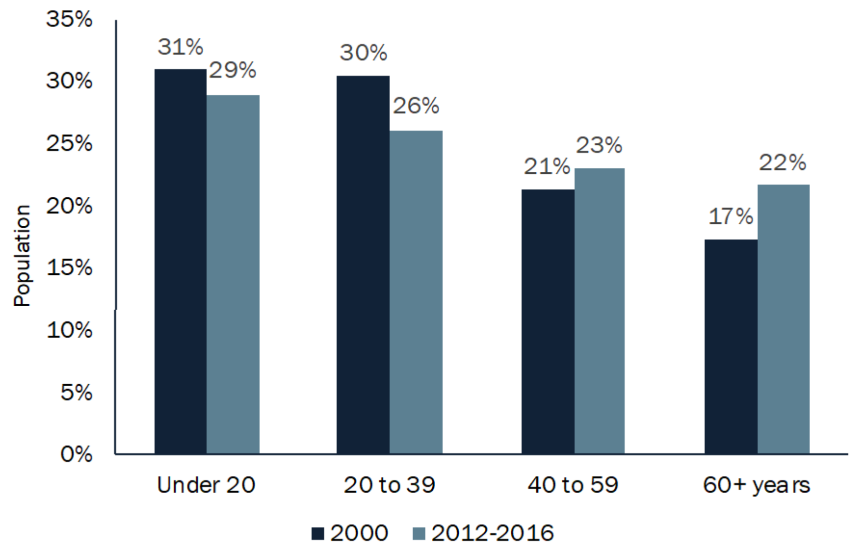
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

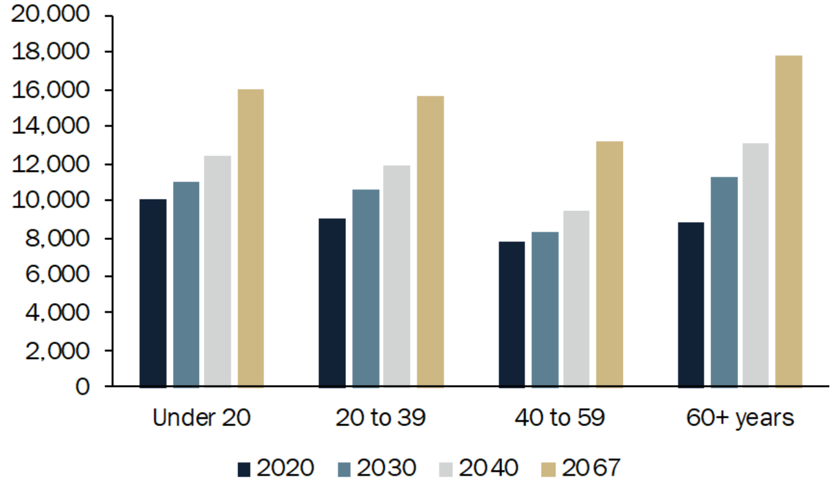
19%	22%	28%	56%
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

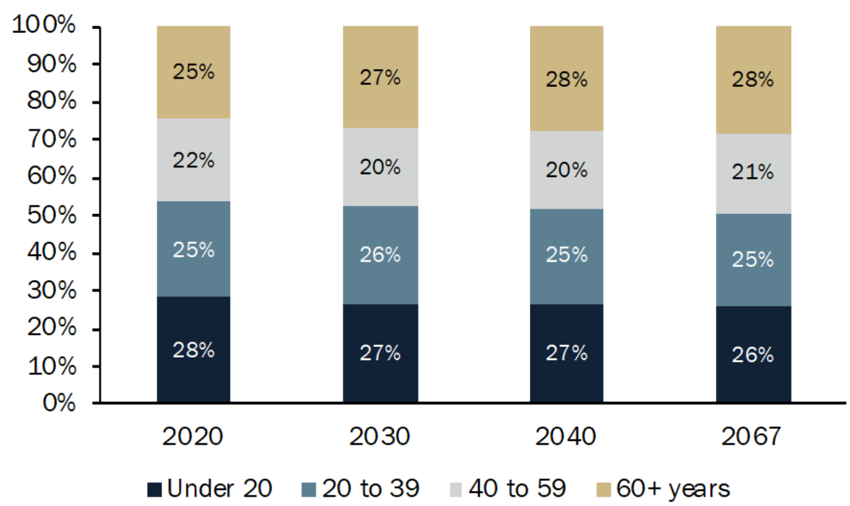
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

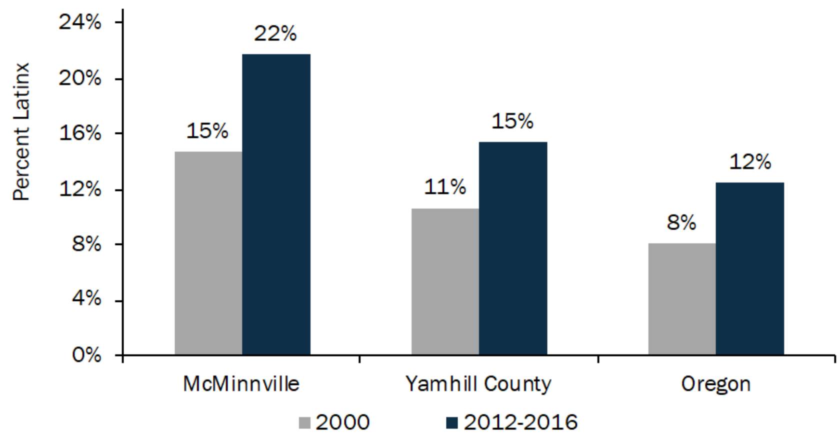
McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B03002.

	White	Black/African Am.	Asian	Other races
McMinnville	89%	1%	2%	8%
Yamhill Co.	89%	1%	1%	9%
Oregon	85%	2%	4%	9%

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B05006.

82% 3,708 Persons Latin America	11% 495 Persons Asia	7% 315 Persons Europe	0% 15 Persons Oceania	0% 10 Persons Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018
Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61% White	35% Latino	5% Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

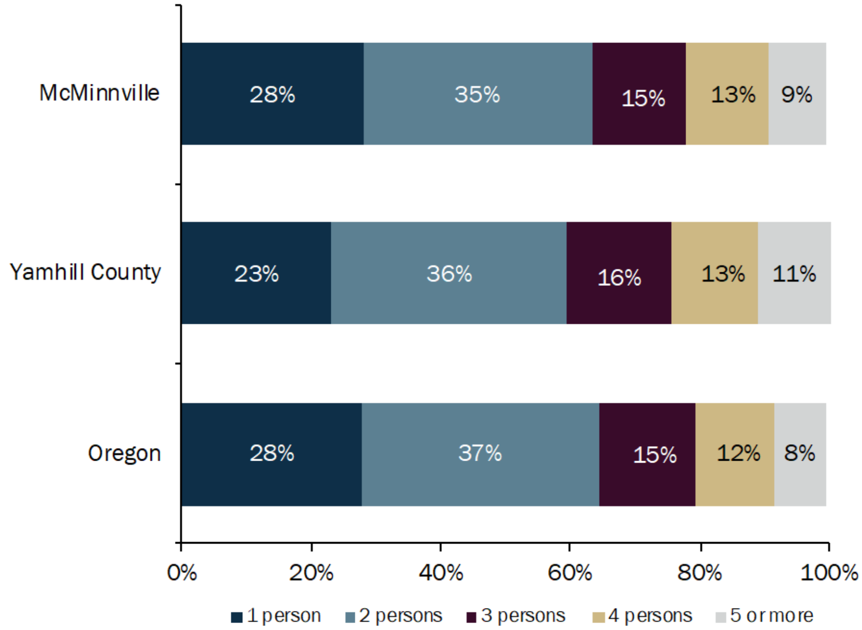
McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

(2013–2017) Total Occupied Housing Units	2.55 Persons McMinnville	2.70 Persons Yamhill County	2.50 Persons Oregon
(2010) Total Occupied Housing Units	2.61 Persons McMinnville	2.70 Persons Yamhill County	2.47 Persons Oregon
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons McMinnville	4.08 Persons Yamhill County	3.68 Persons Oregon

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

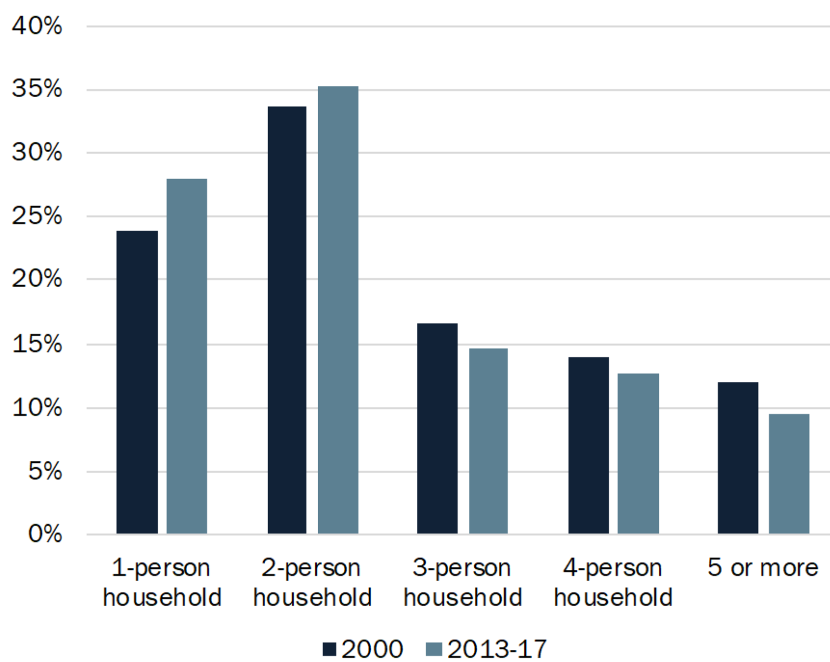
Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B25009



McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17
Source: US Census Bureau, 2013–2017 ACS, Table B25009.

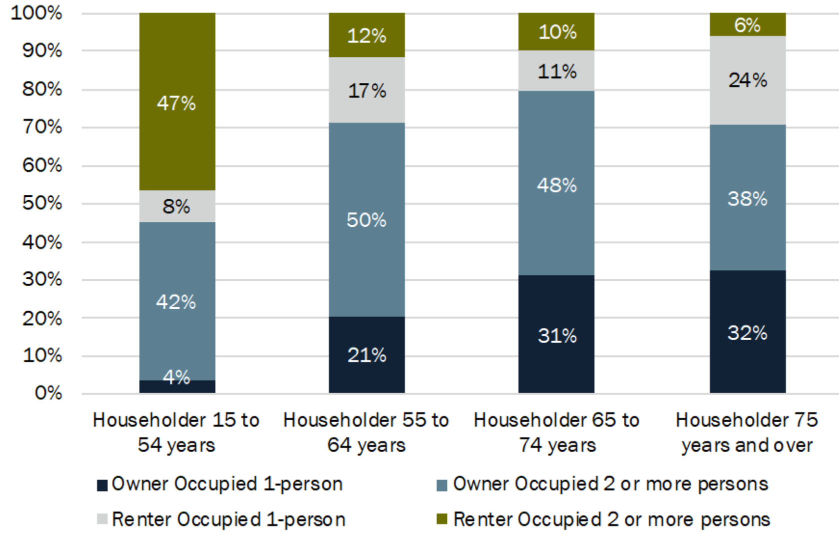


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

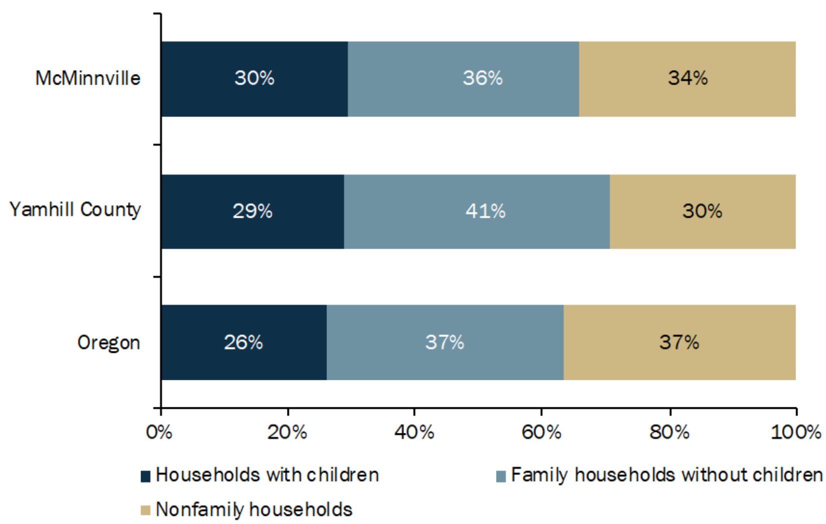


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

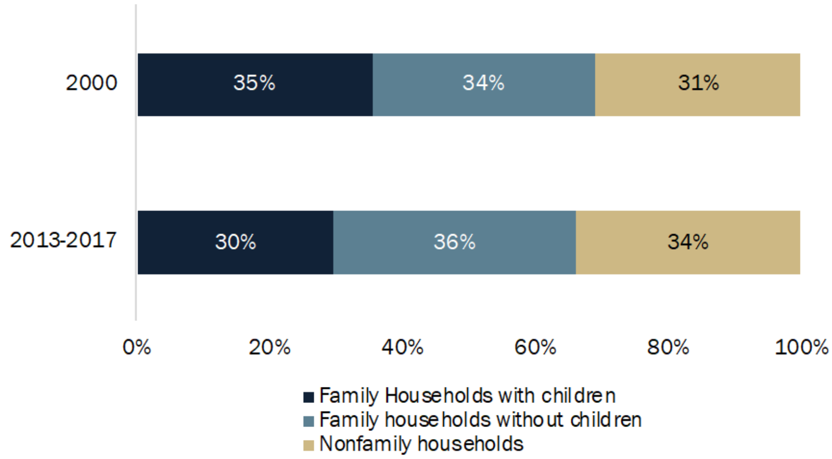
Exhibit 52. Household Composition, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017
Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.

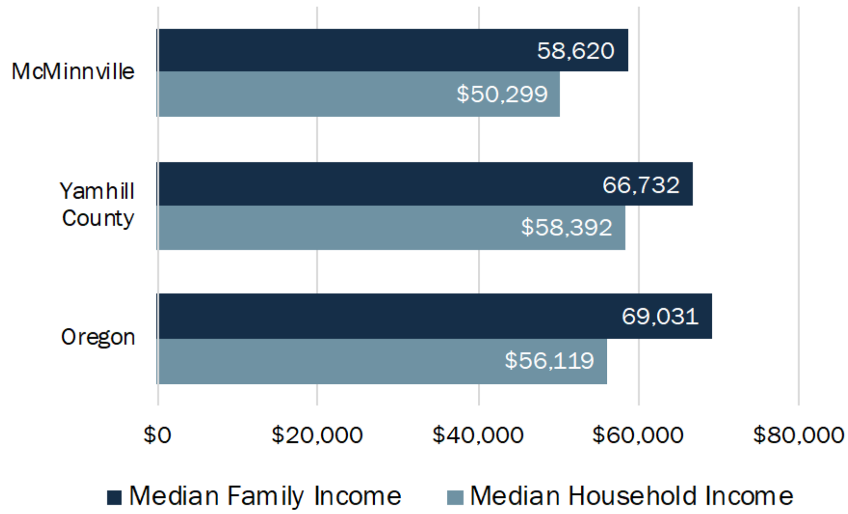


Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

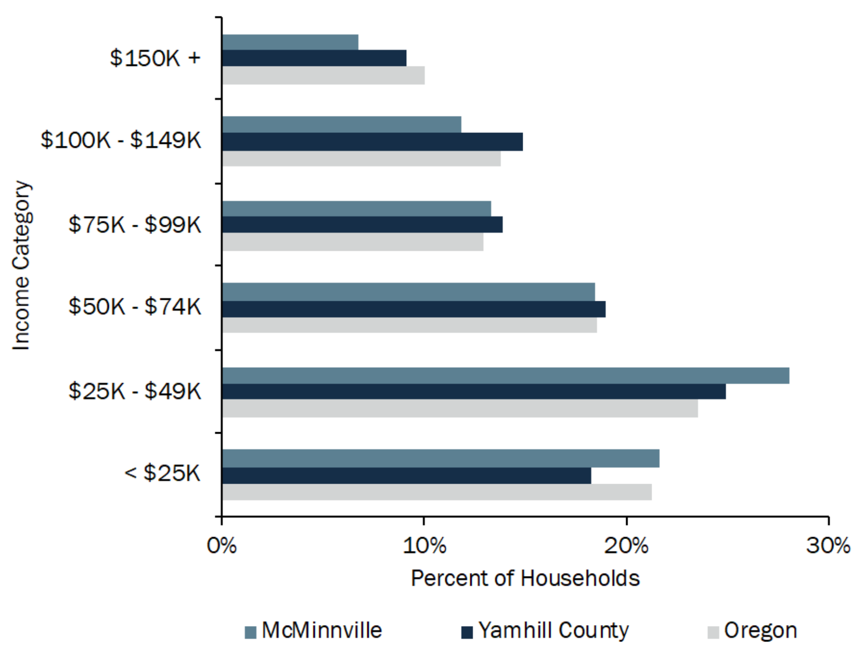
Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.



Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B19001.

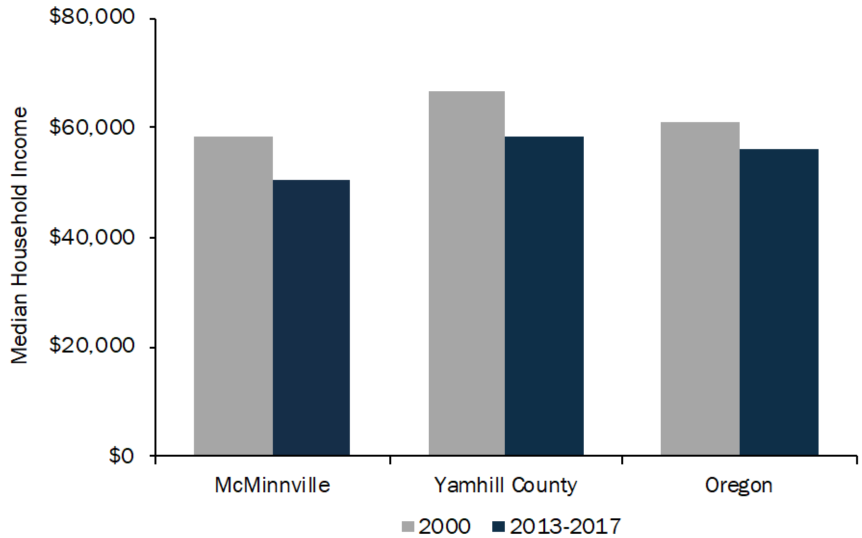


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015
Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015
Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015
Source: US Census Bureau, Census On the Map.

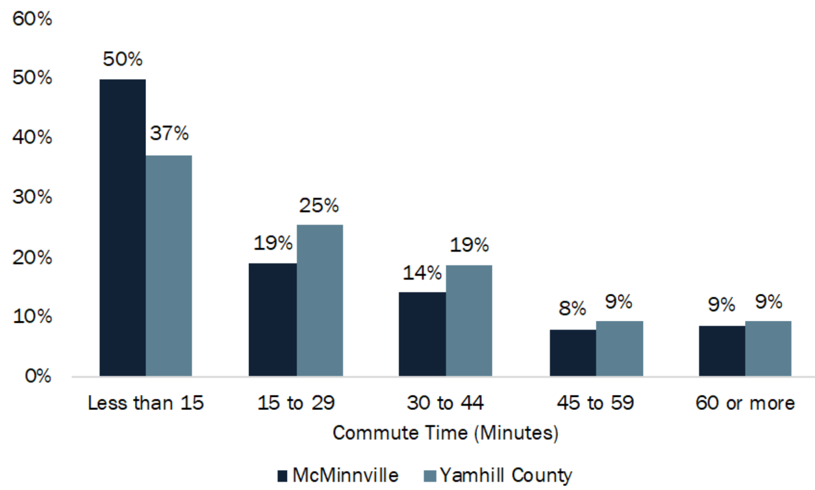
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

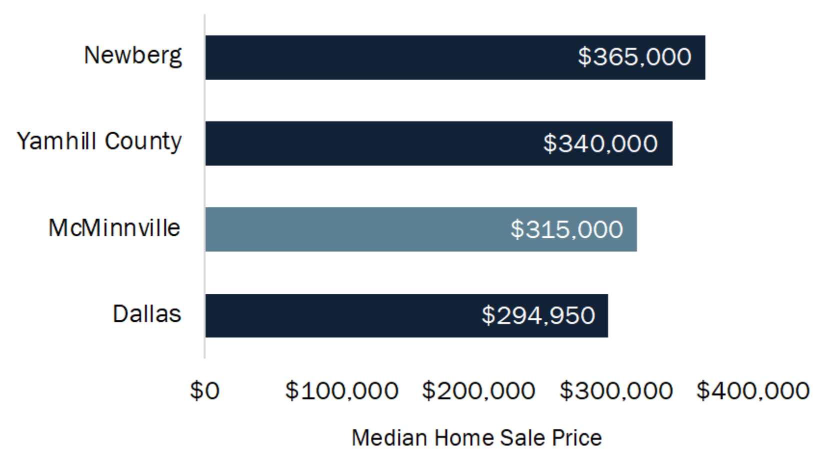
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.

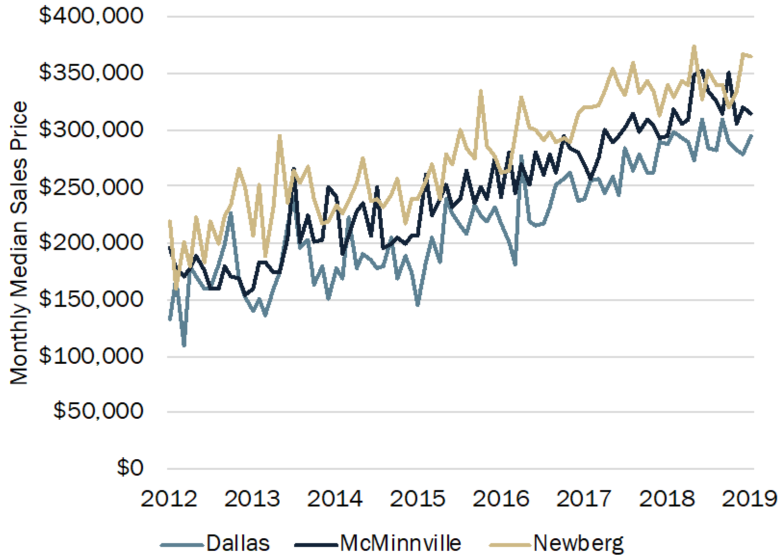


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019

Source: Redfin Median Sales Data 2018.

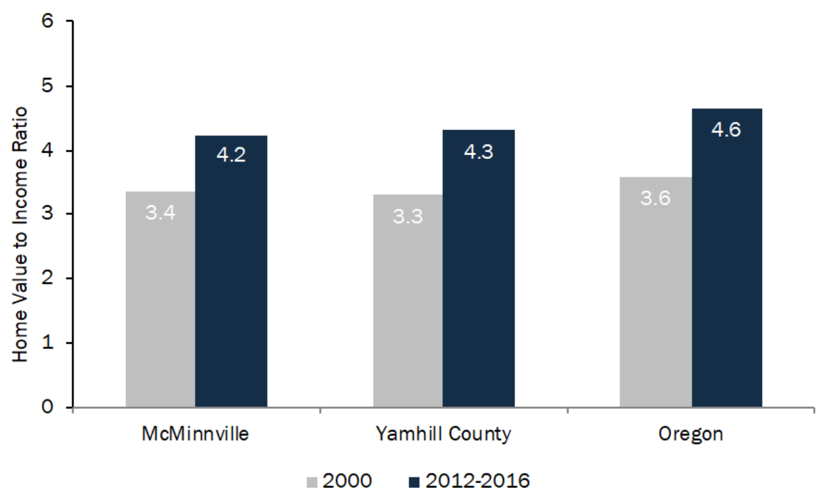


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

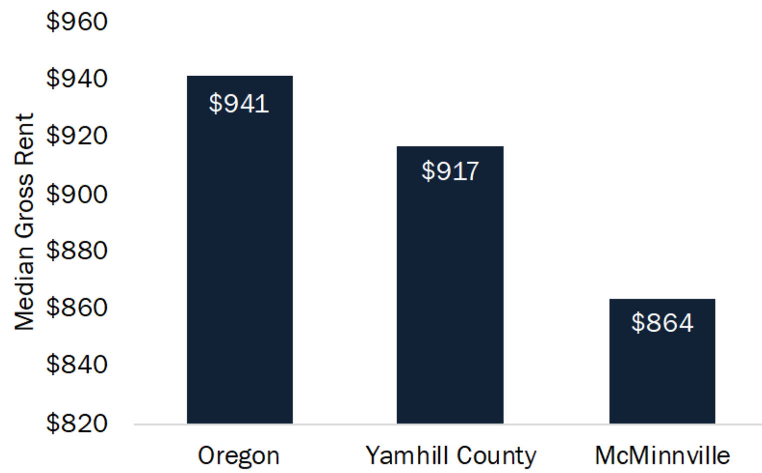
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

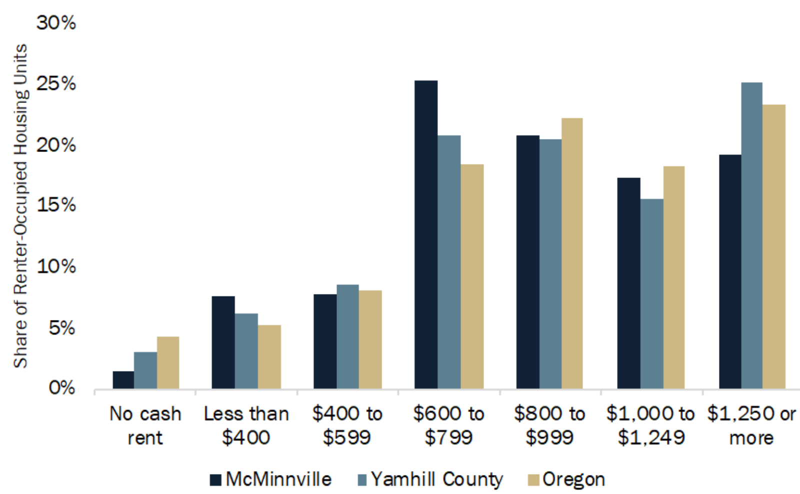


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

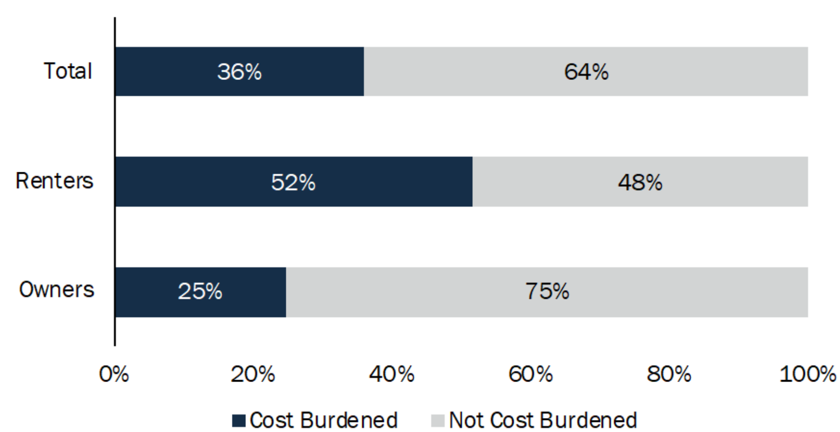
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

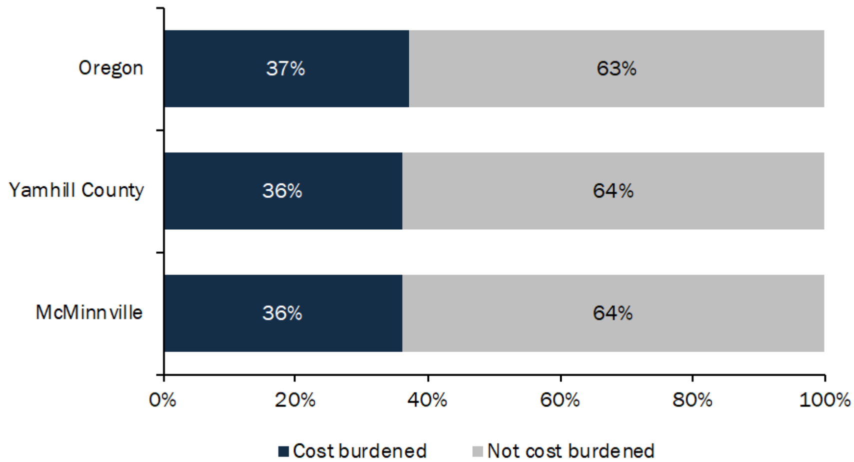
Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



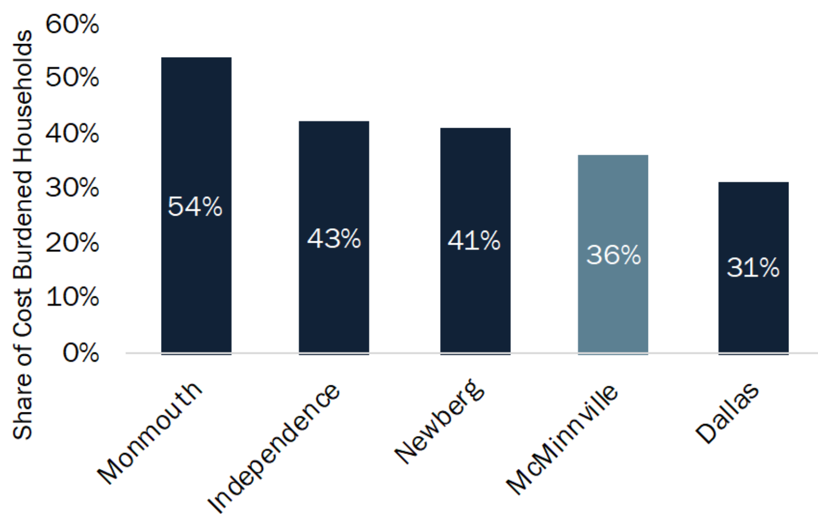
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



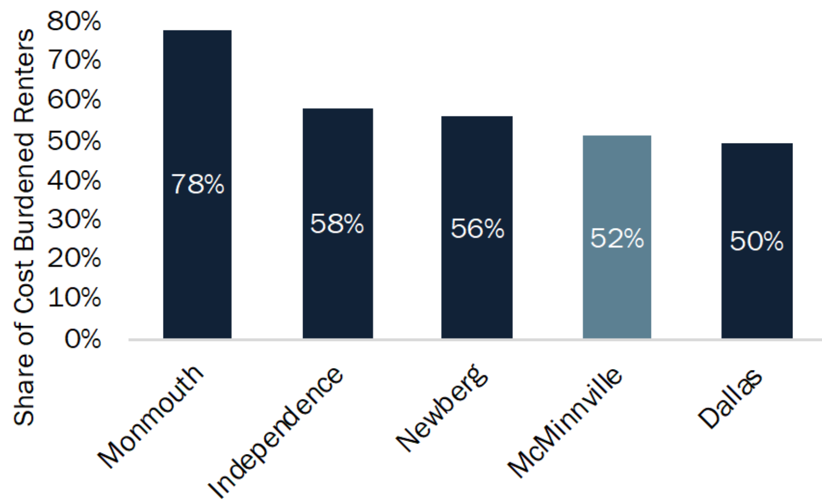
Other communities in the region have a larger share of cost-burdened households than McMinnville does.

Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



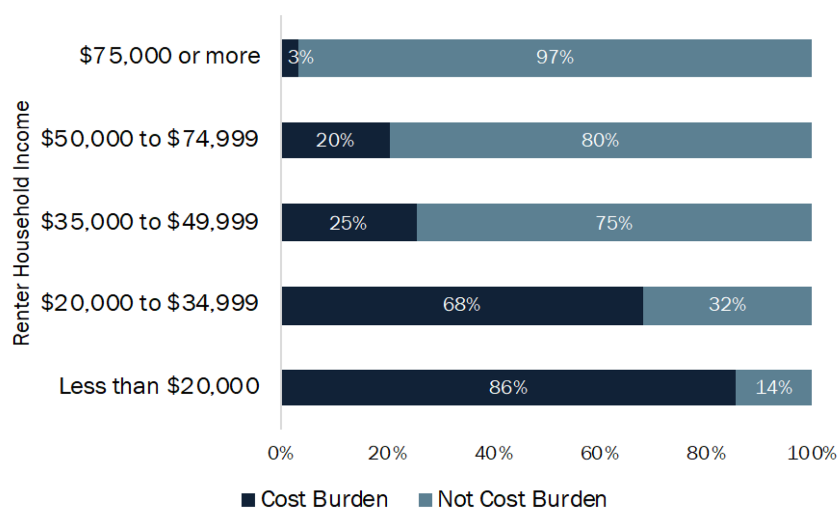
Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

$1,026	$1,132	$1,330	$1,935	$2,343
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

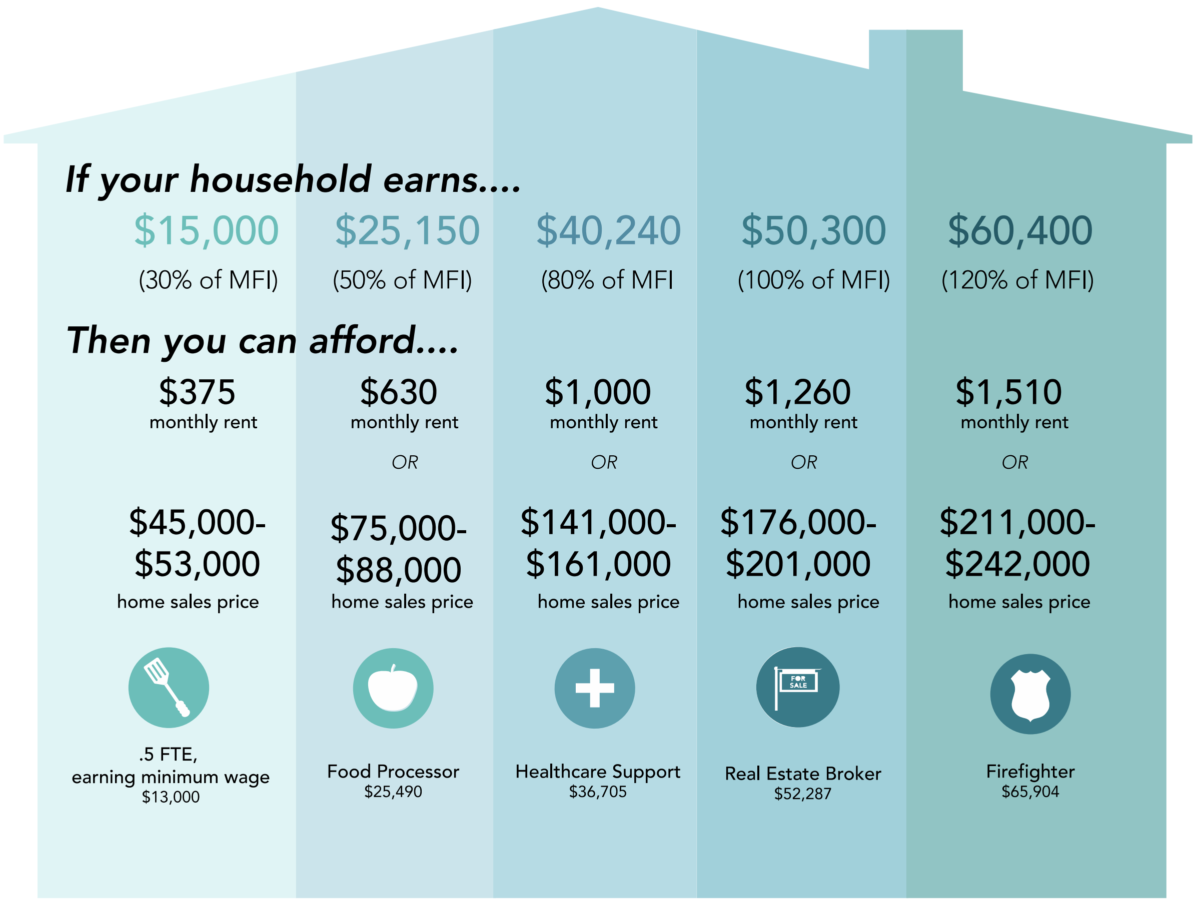
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

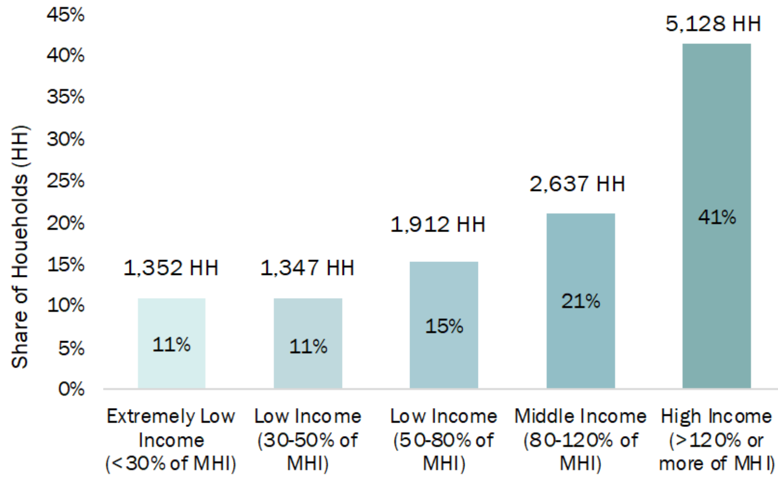
A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table B25119.



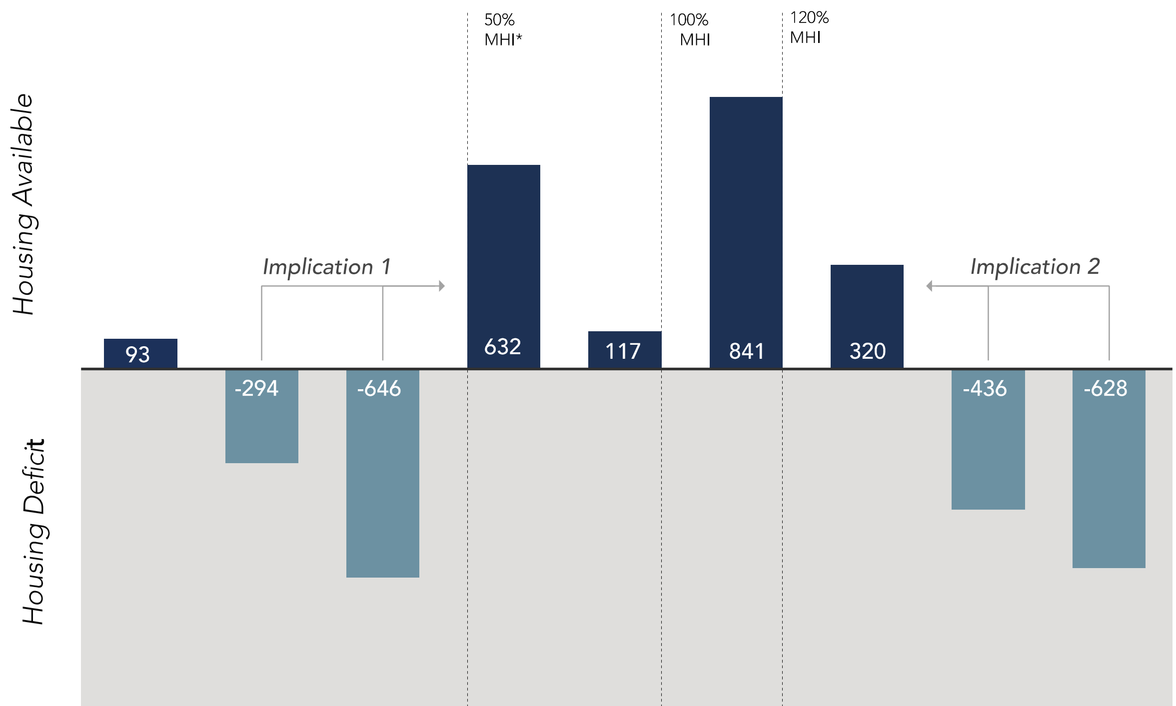
About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017
Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1
Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2
Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

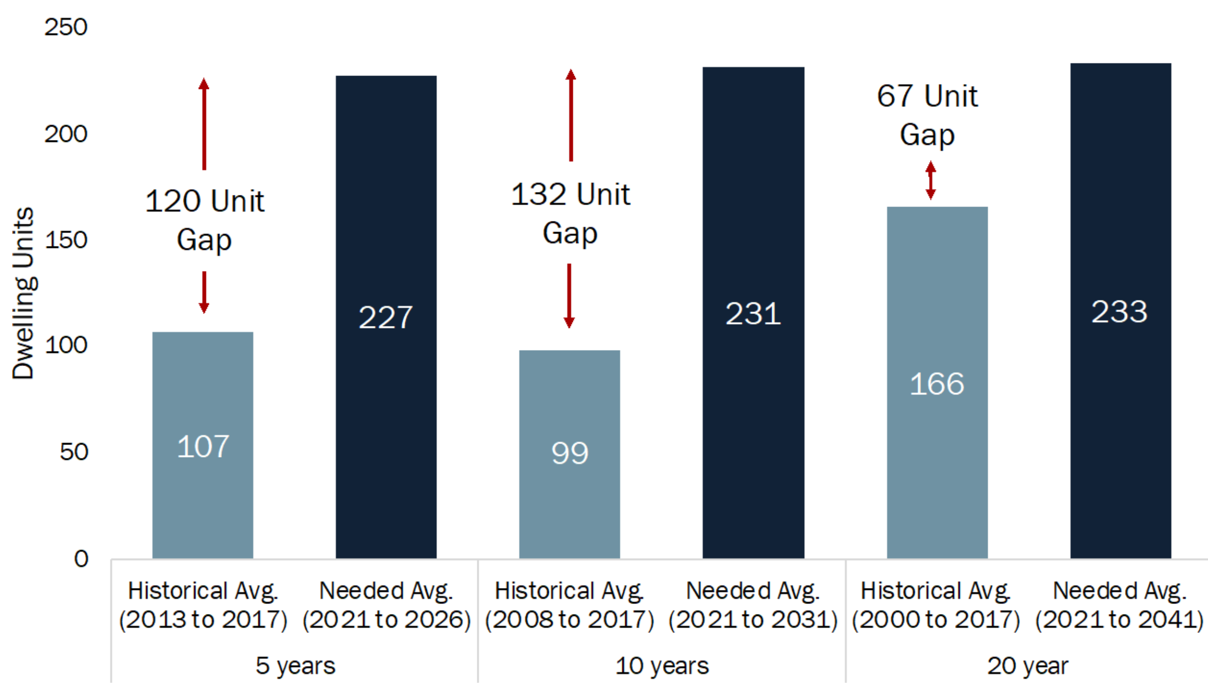
Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

> (a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:
>
> (A) the number, density, and average mix of housing types of urban residential development that have actually occurred;
>
> (B) trends in density and average mix of housing types of urban residential development;

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

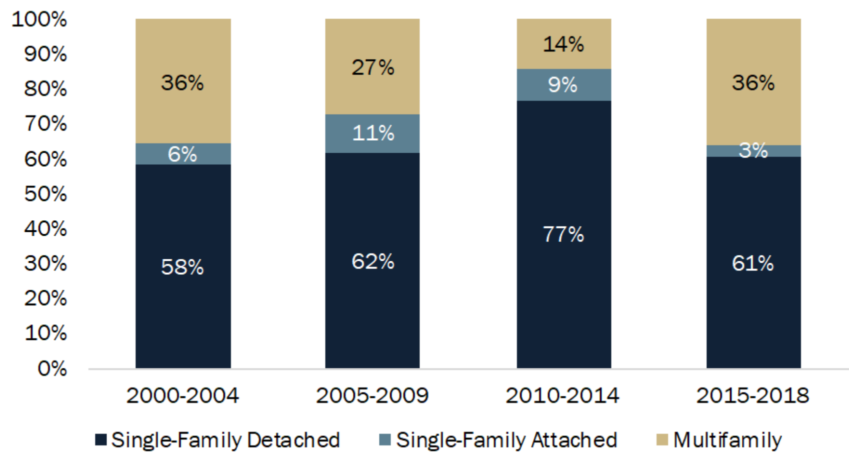
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

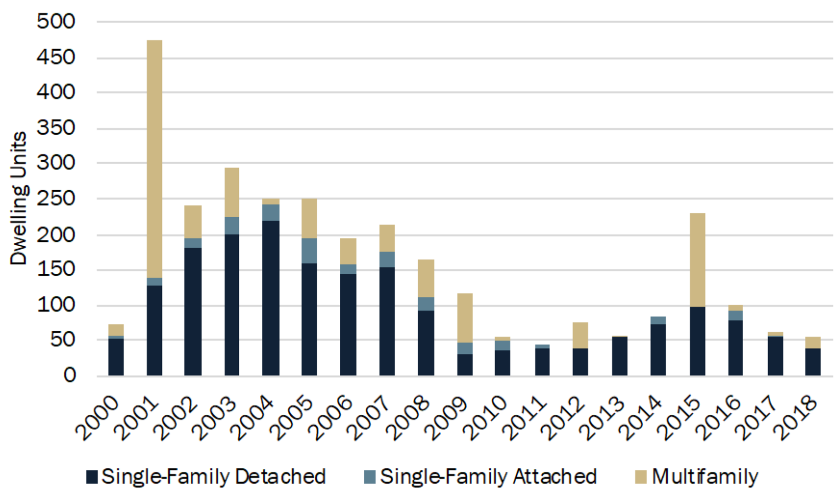
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

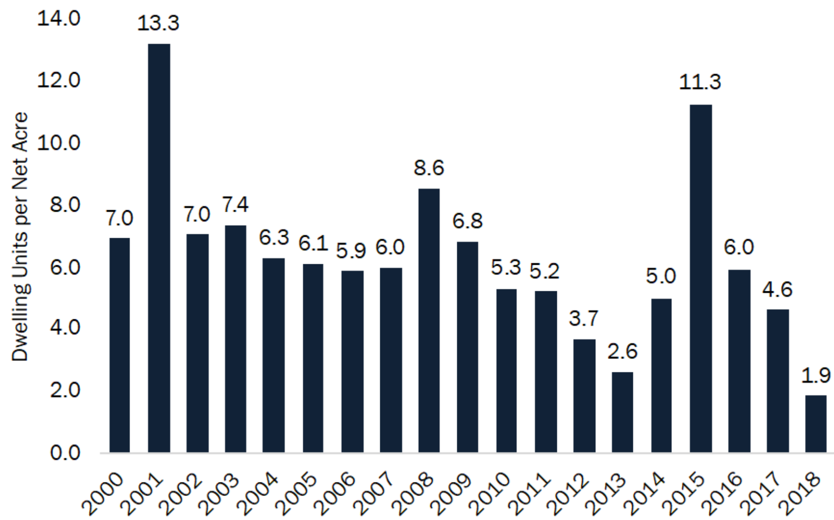
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
    - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
    - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

    - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

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[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
    - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
    - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
    - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

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[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

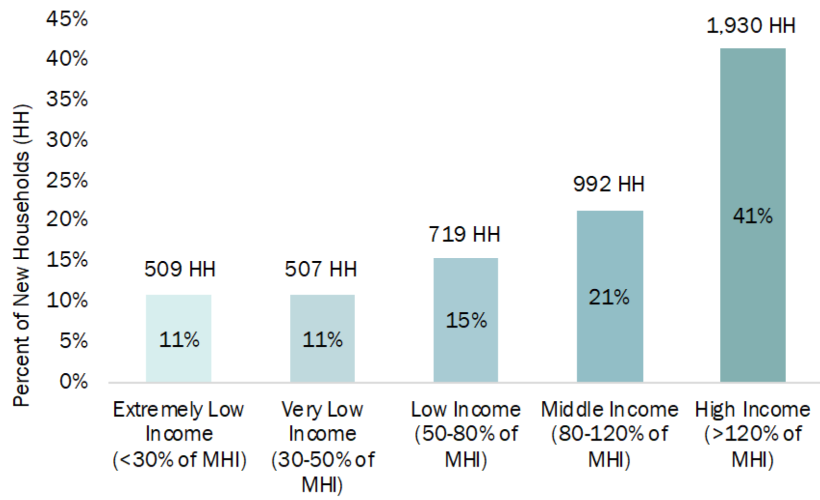

Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
    - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

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[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
    - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

      Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total Capacity (DU)
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

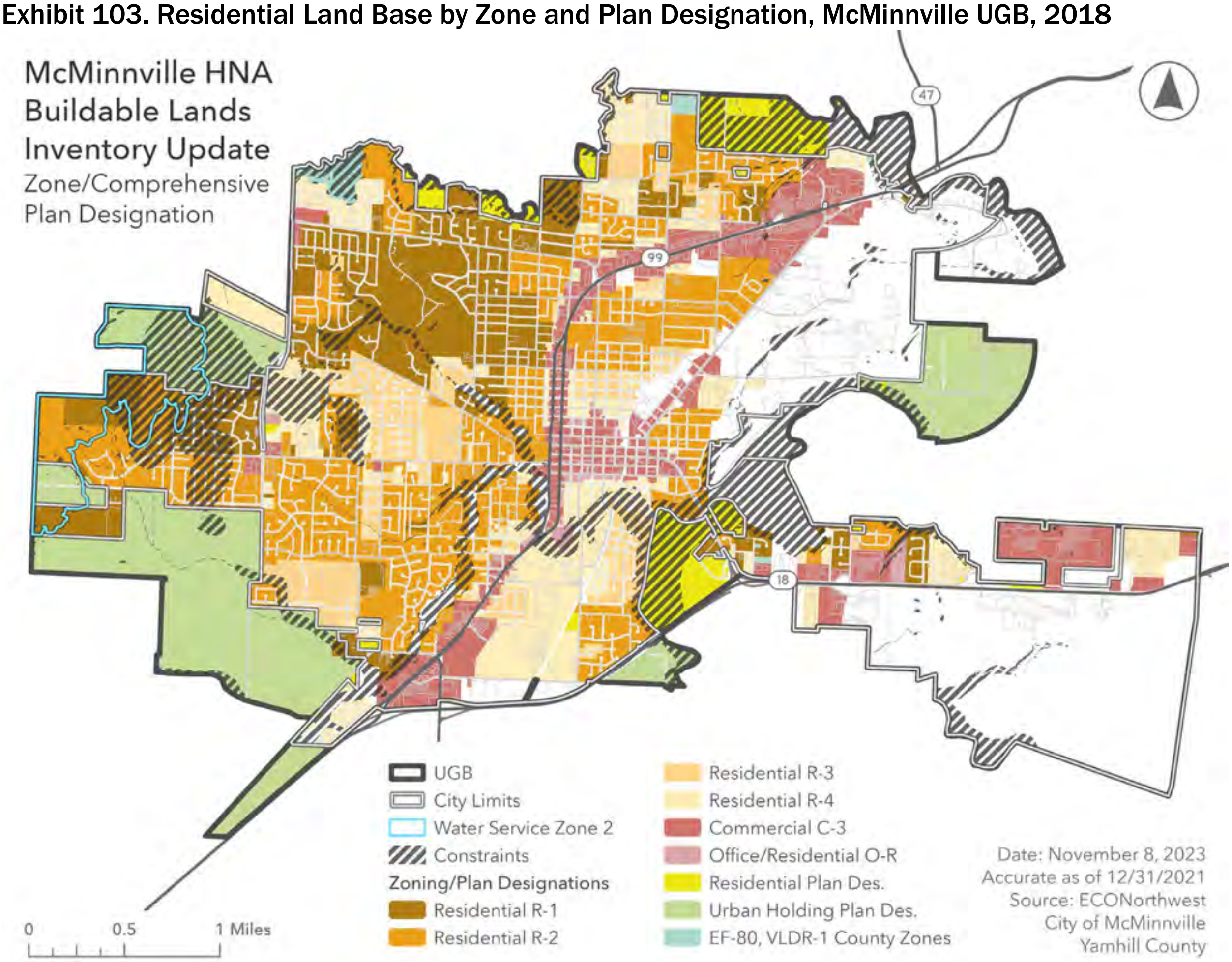
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067

Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041
Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	R-1	R-2	R-3	R-4	O-R	County Zoning	C-3	Total
	Residential Plan Designations							
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	R-1	R-2	R-3	R-4	O-R	County Zoning	C-3	Total
	Residential Plan Designations							
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

City of McMinnville Economic Opportunities Analysis

November 2023

Prepared for:

City of McMinnville

FINAL REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City thank the many people who helped to develop the McMinnville Economic Opportunities Analysis.

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to "Planned Development" overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

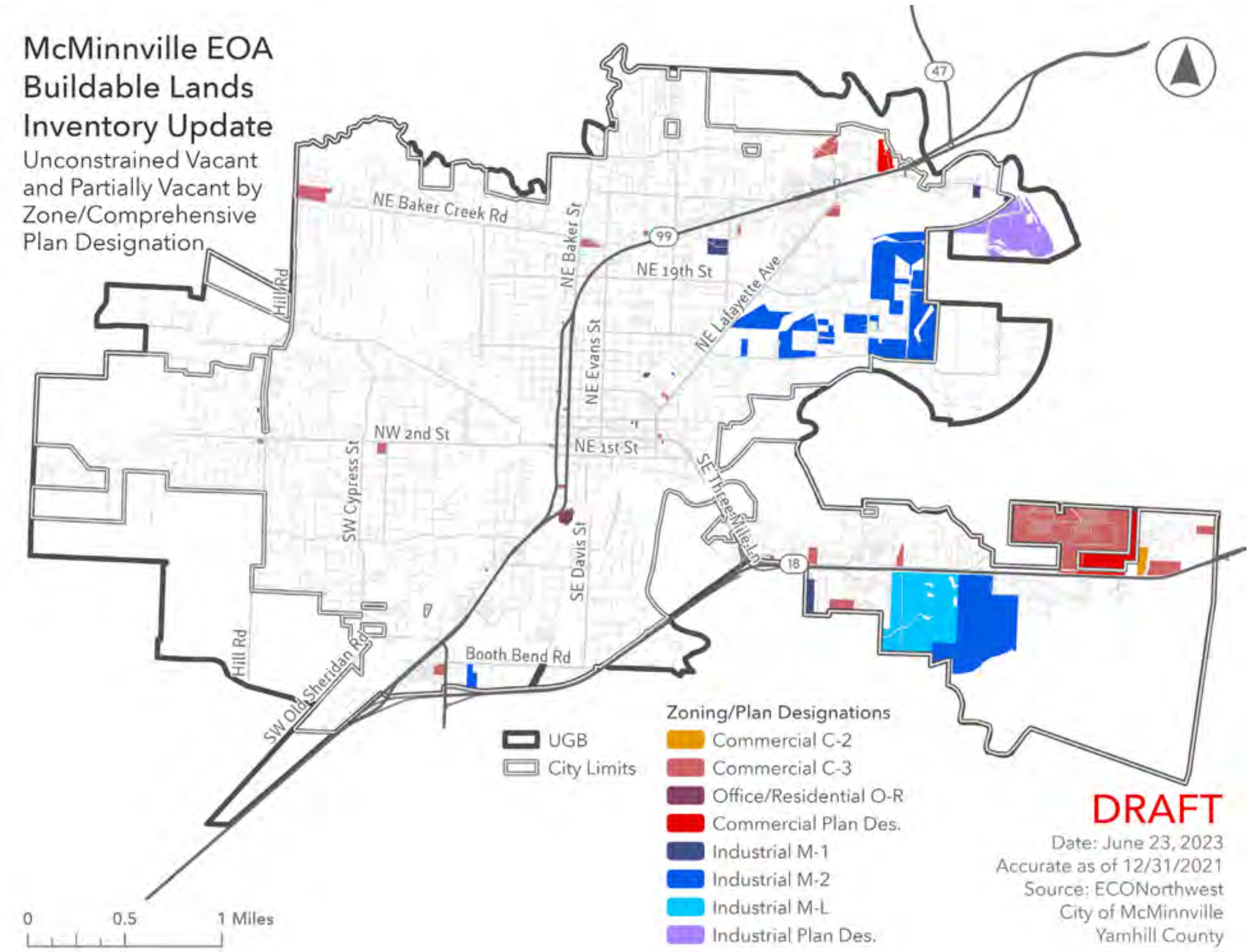
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional
Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need: 20-Year (2021-2041)	Additional Land Need: 46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 444.5 acres, including about 62 acres for Joe Dancer Park. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Note: Park land in the UGB expansion includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2020
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

> Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

> Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.
>
> Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.
>
> Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

> Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.
>
> Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes five appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

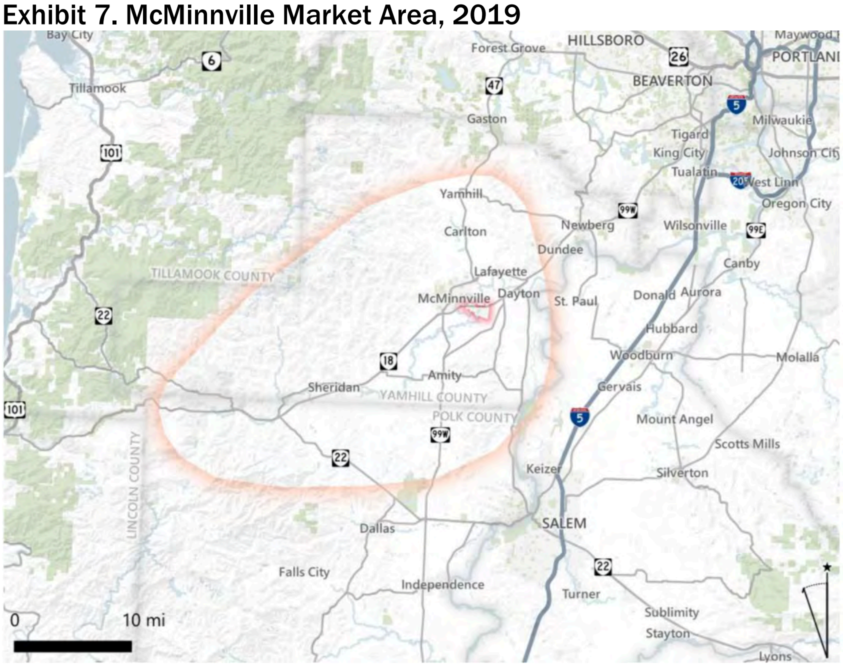
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

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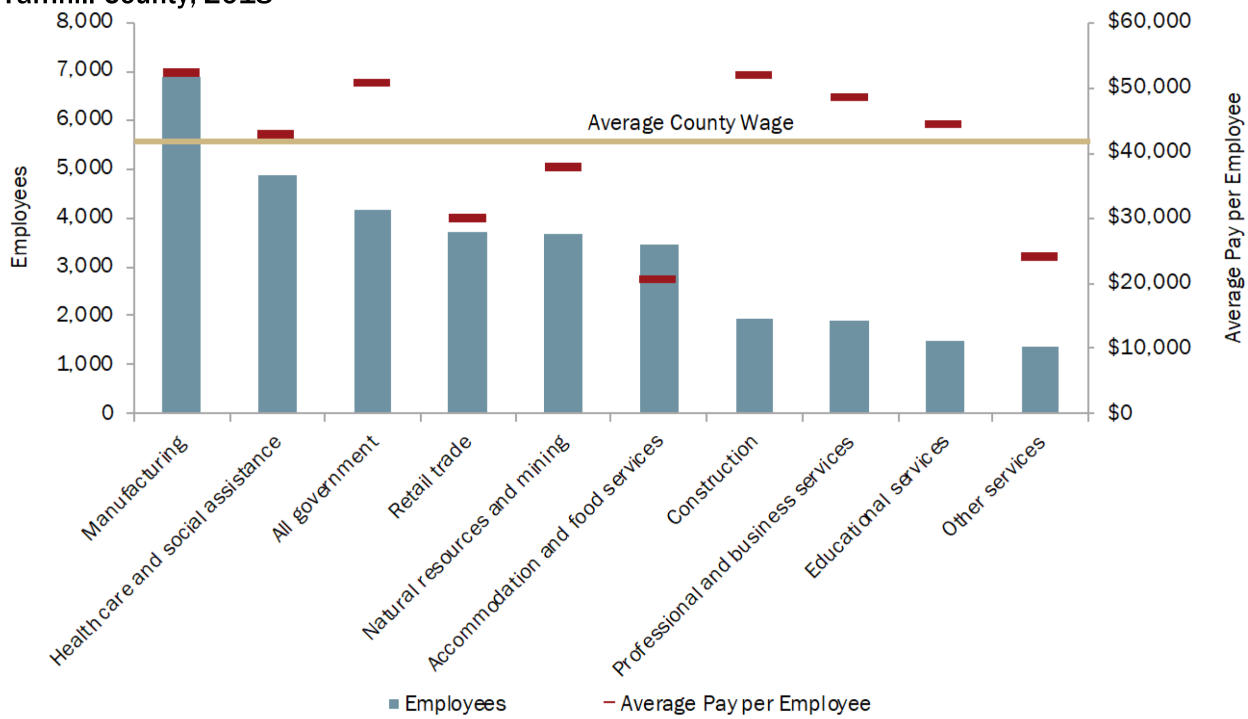
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

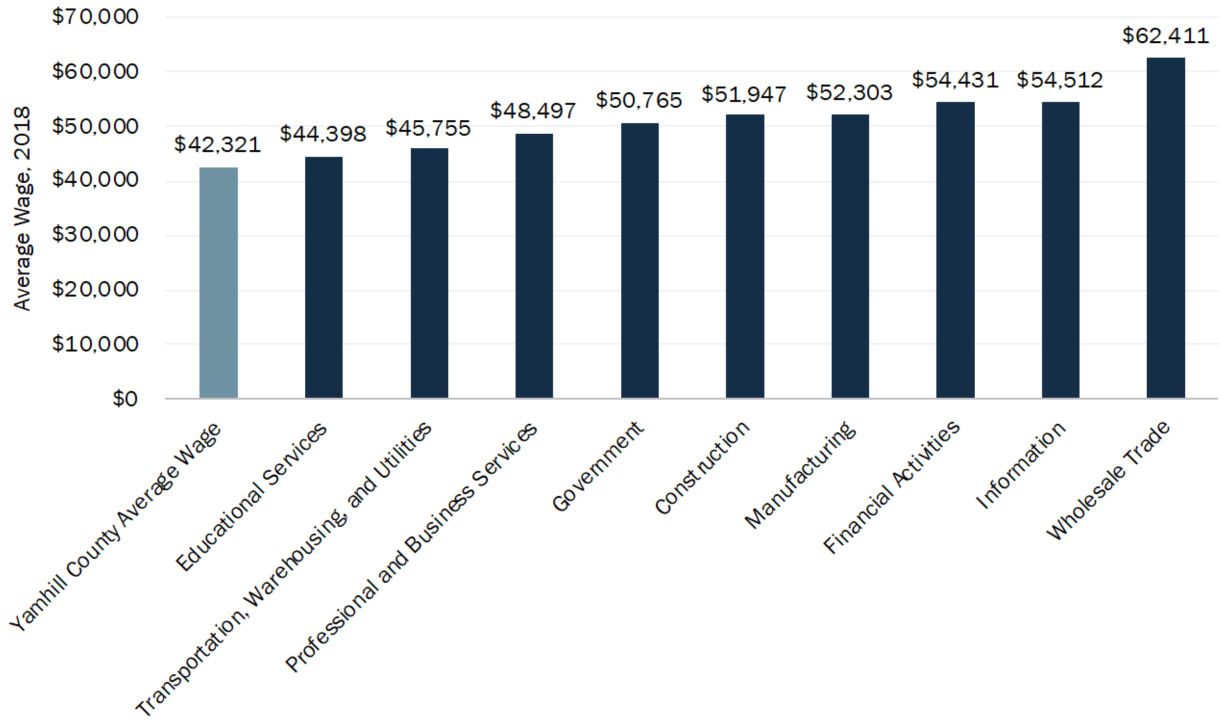
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

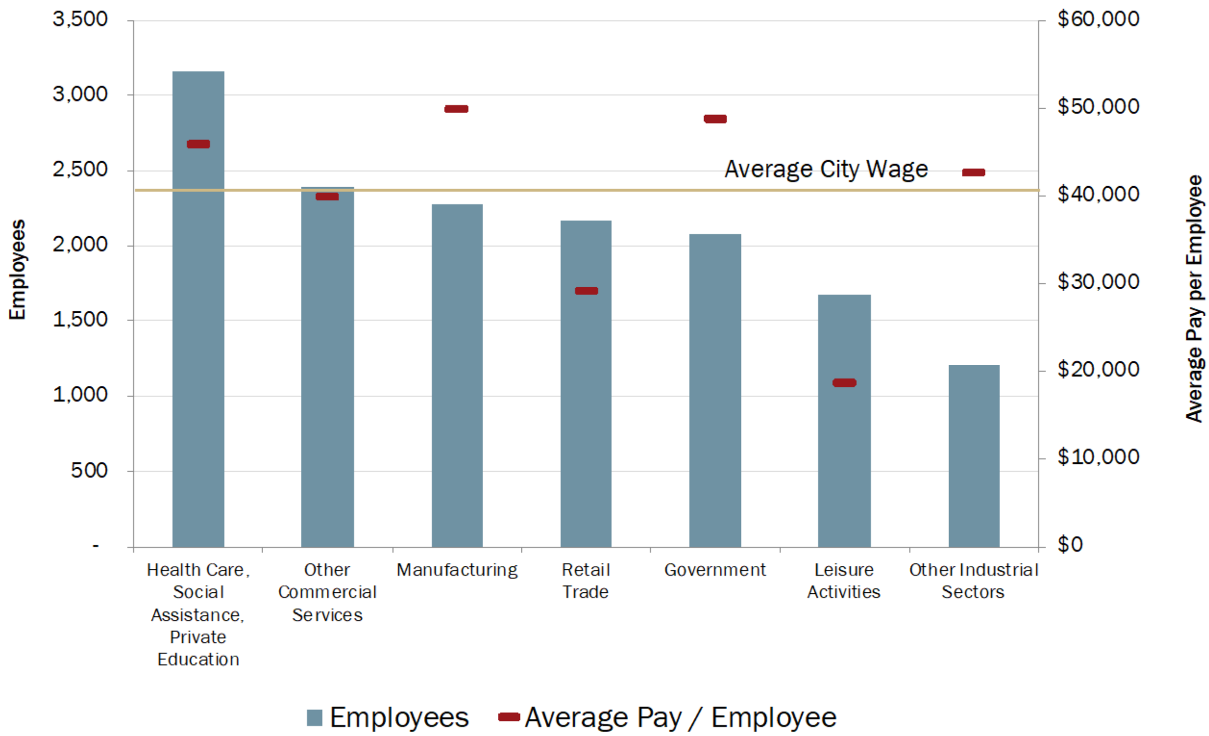
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

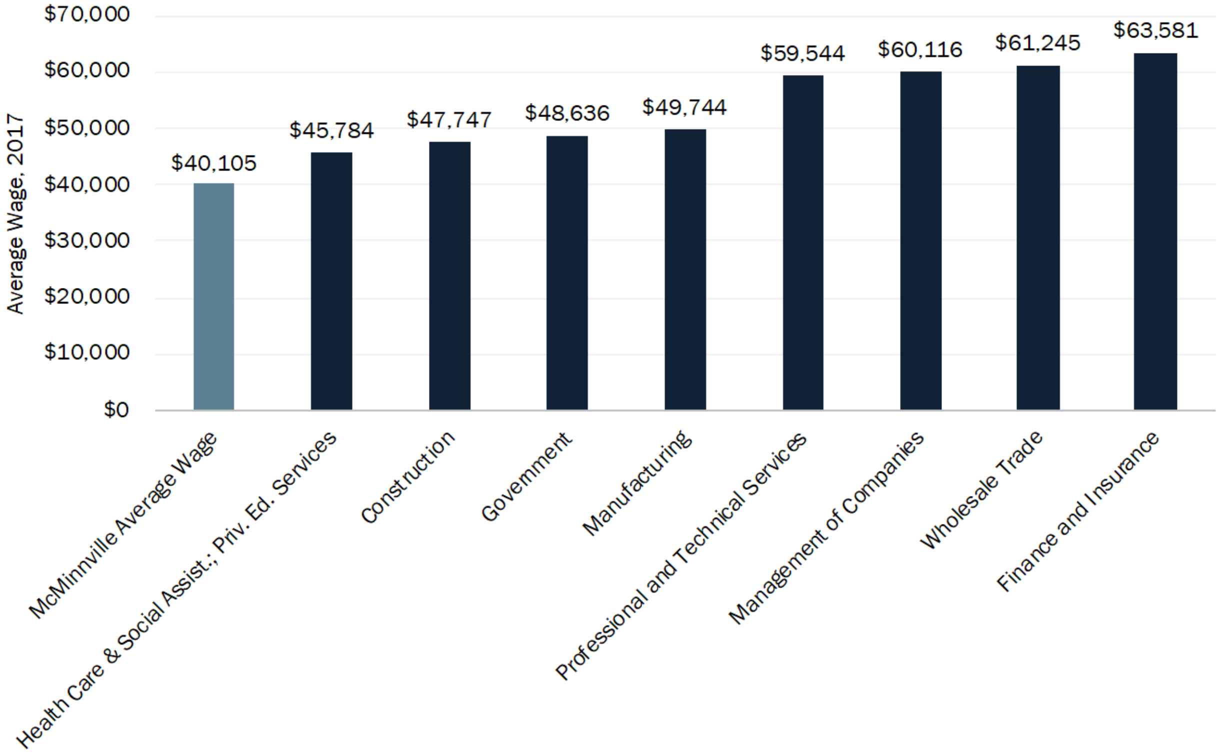
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

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[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

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[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

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[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics,* March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

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[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

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[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see*, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

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[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]
- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]
- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

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[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

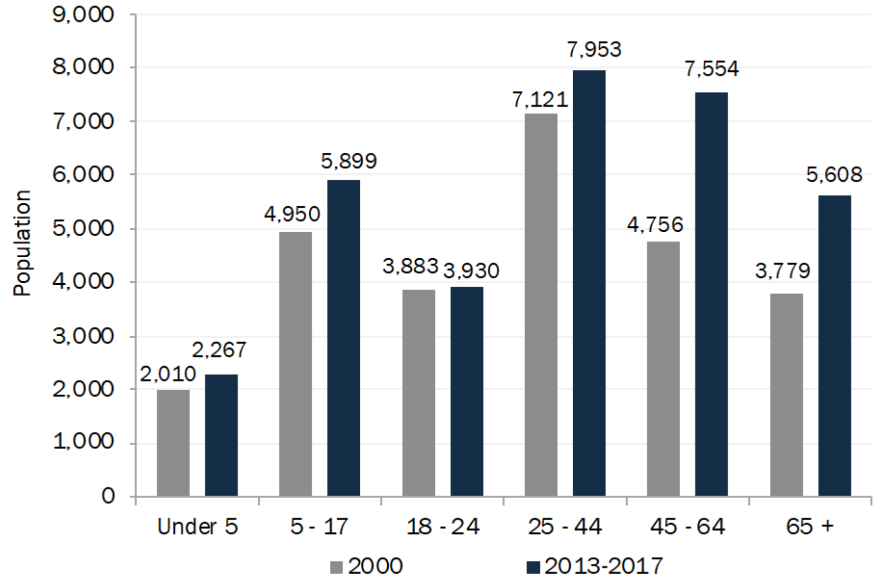
McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017.
This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).
This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.

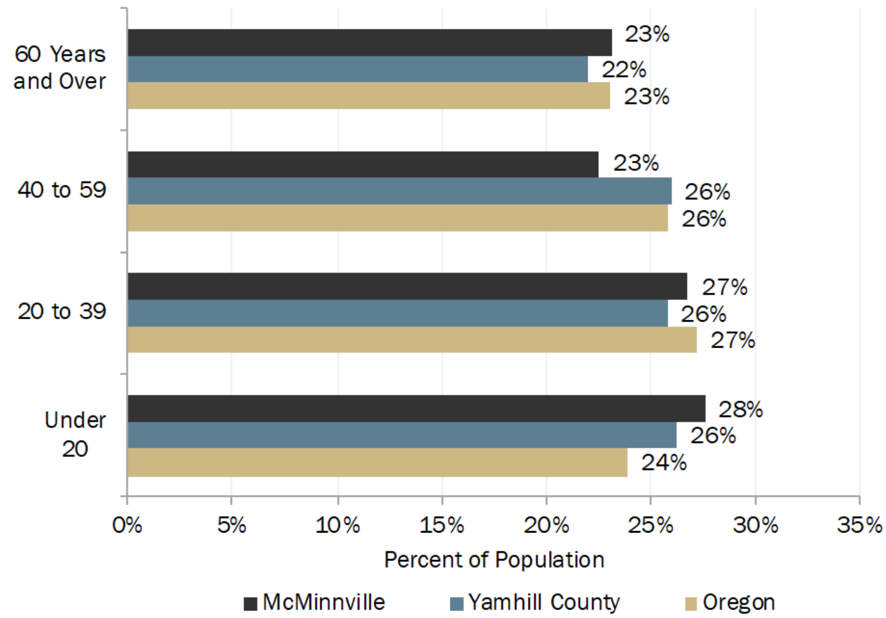


During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

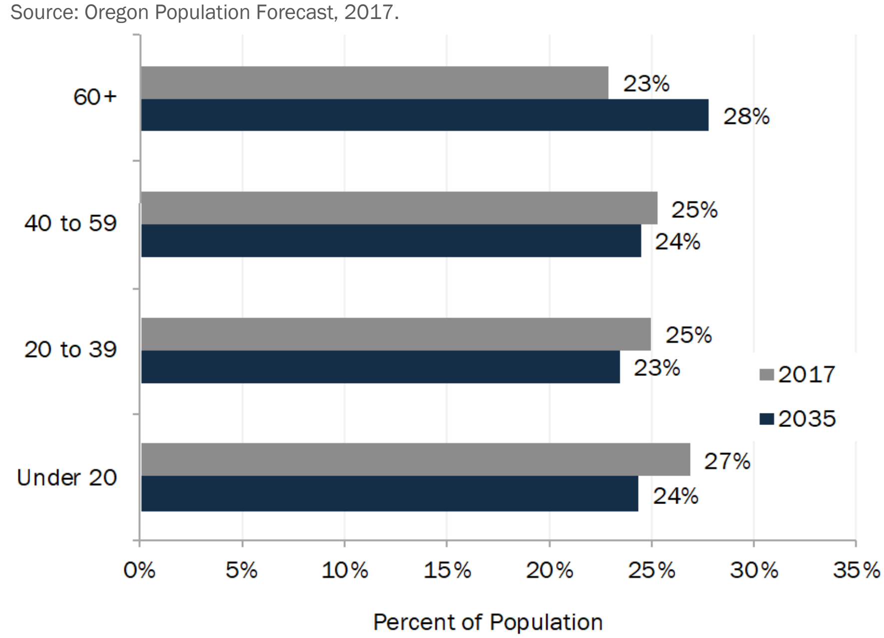
Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.



By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035
Source: Oregon Population Forecast, 2017.



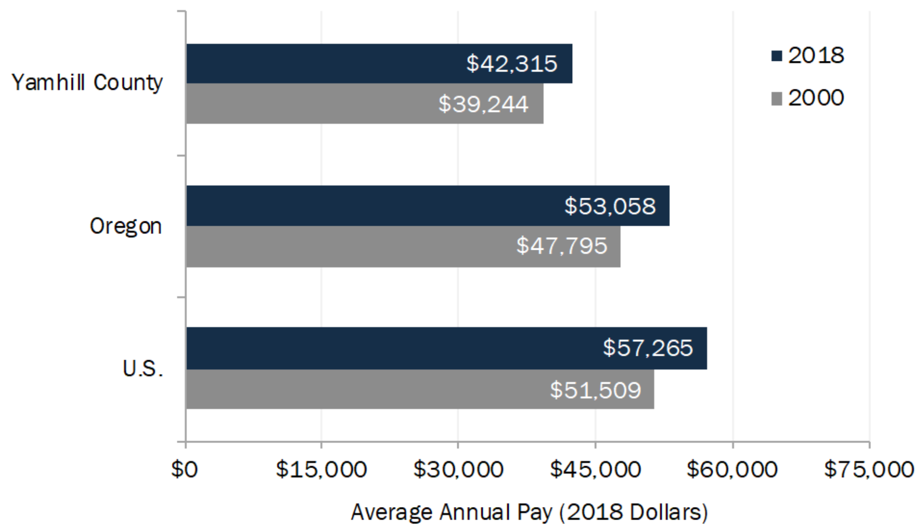
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299 McMinnville

$58,392 Yamhill County

$56,119 Oregon

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

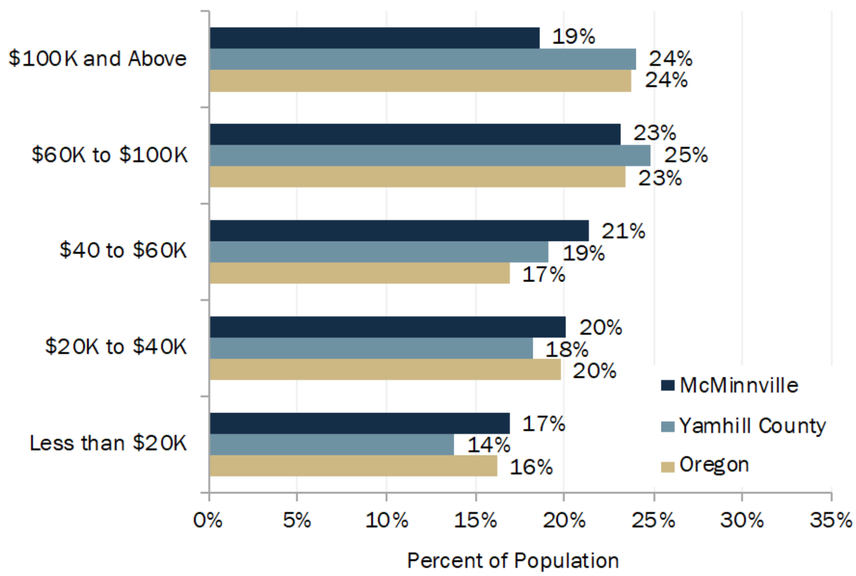
McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



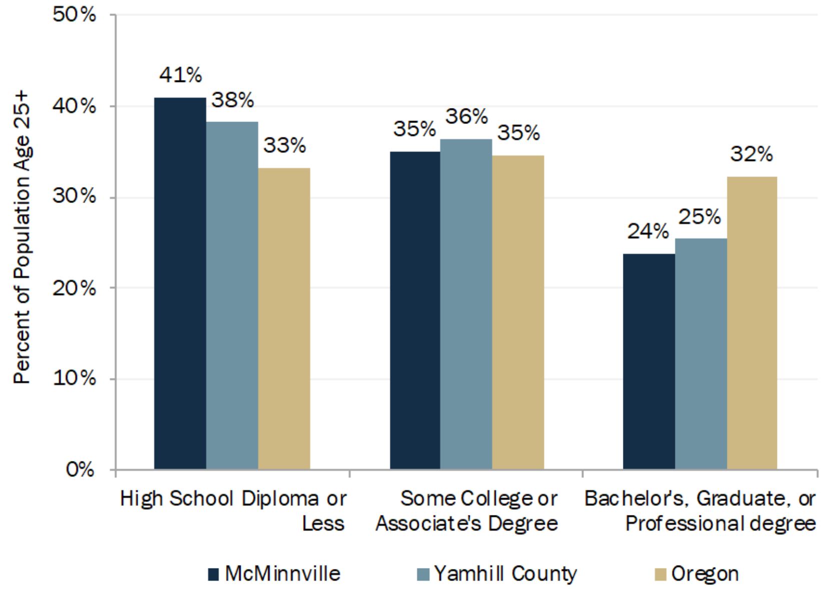
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

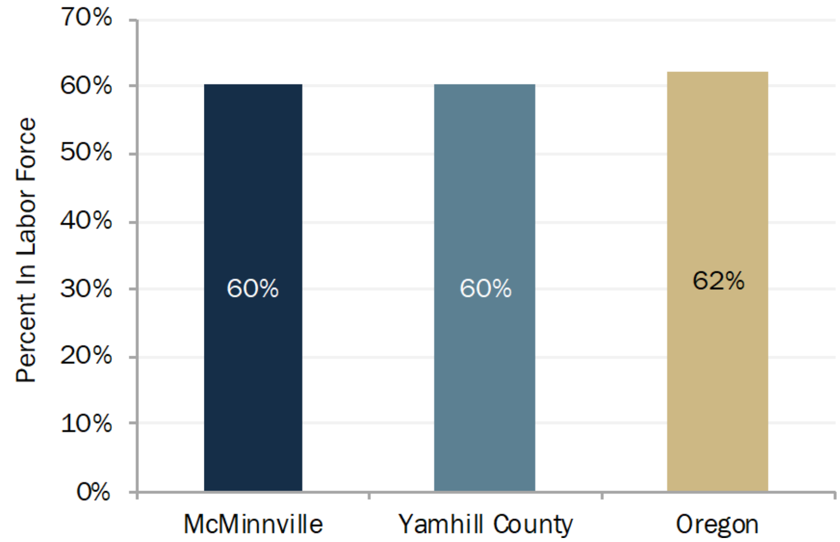
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



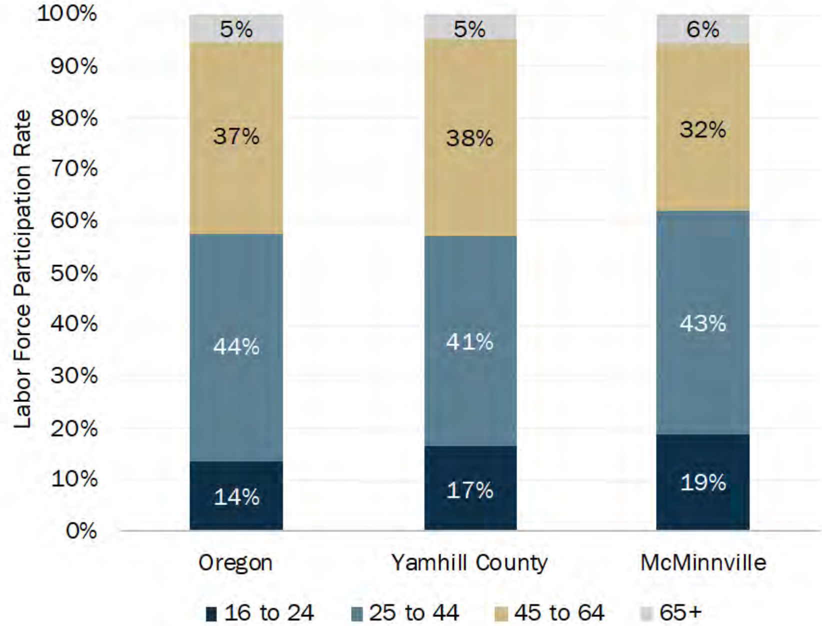
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

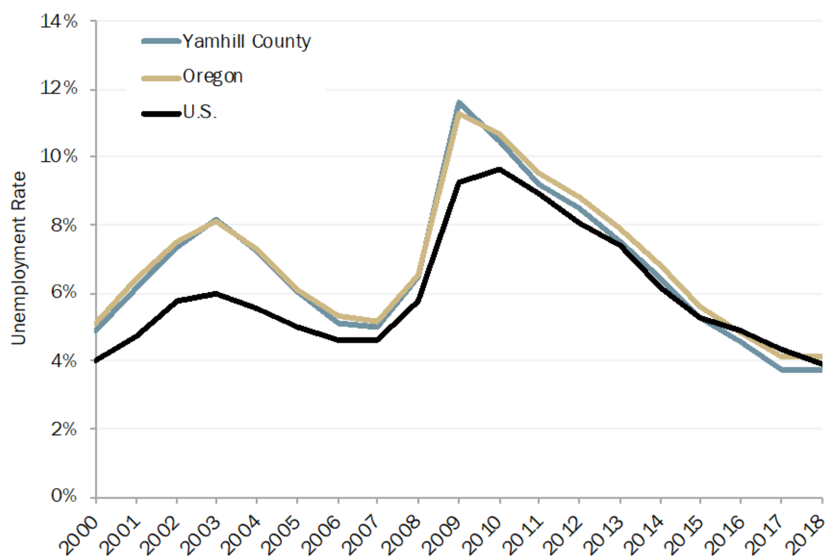


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

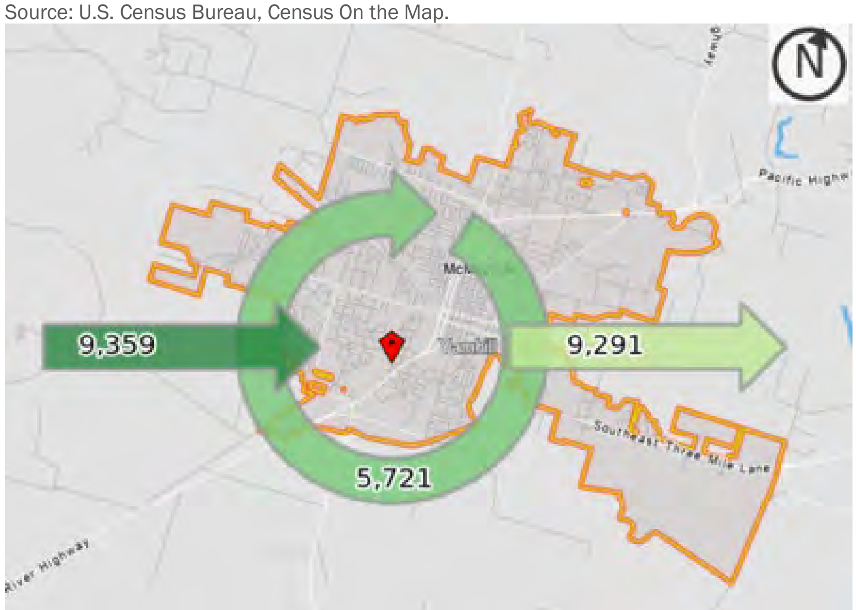
Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.

Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017

Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017

Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

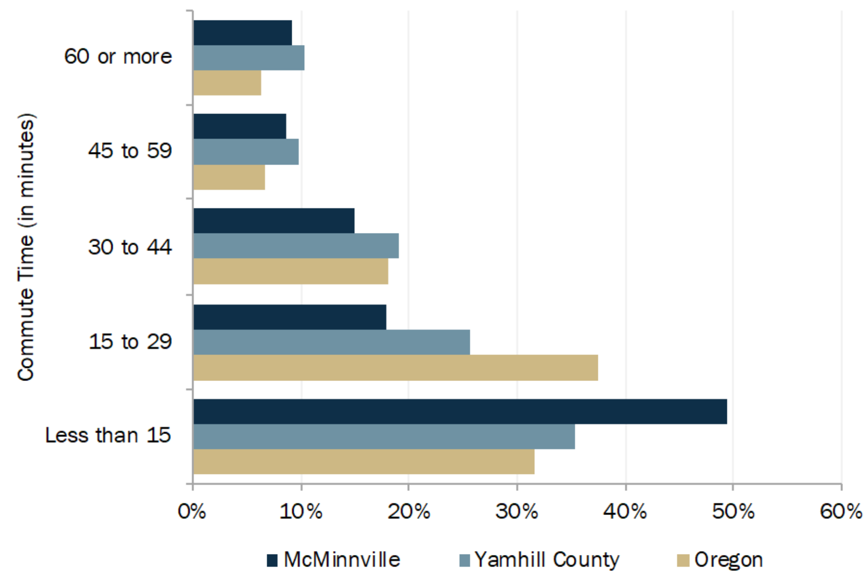
Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

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[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018.
The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

2000	$1,000 Willamette Valley Region	$56.7 Yamhill County
2018	$2,000 Willamette Valley Region	$135.7 Yamhill County

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

2006	$111.0 Yamhill County
2018	$835.8 Yamhill County

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

$27.9	$6.3	$3.9
Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

1.1 jobs	0.5 jobs	0.1 jobs
Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

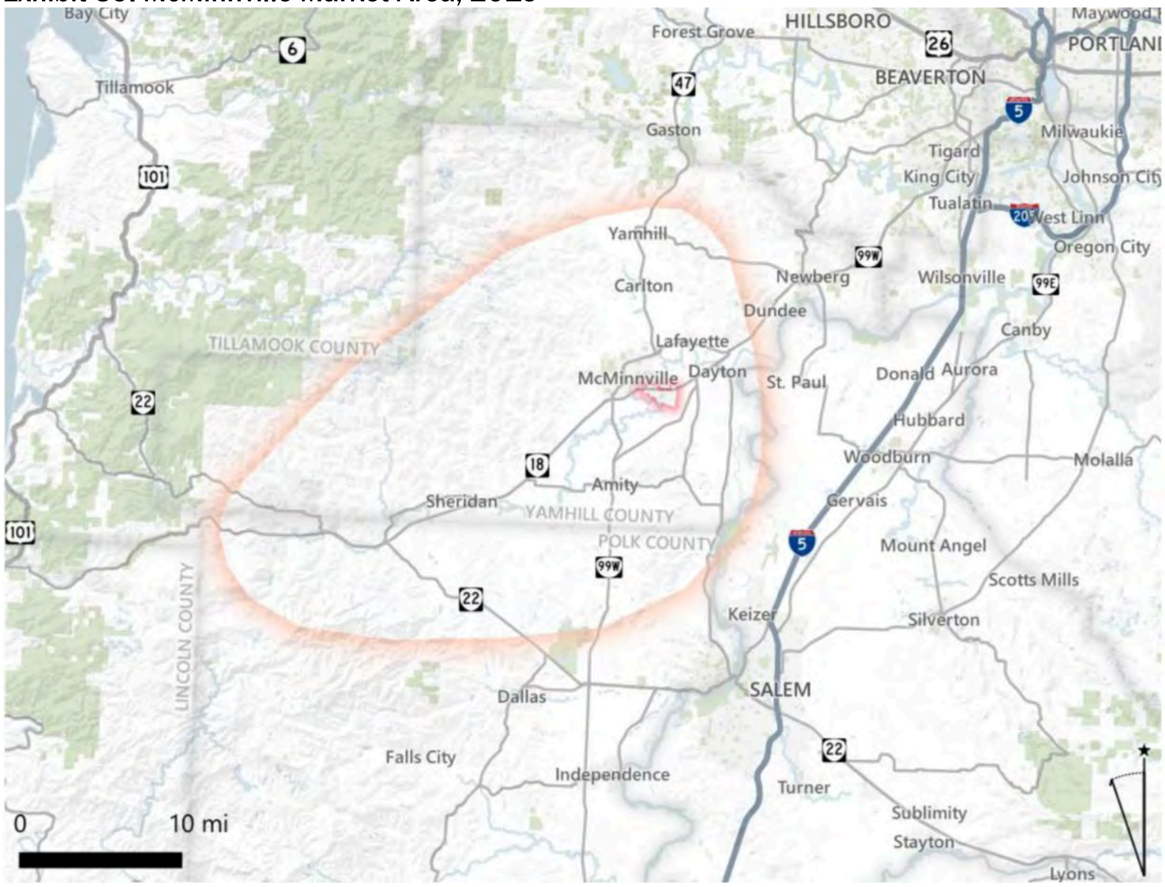
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

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[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

> "Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."

- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

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[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

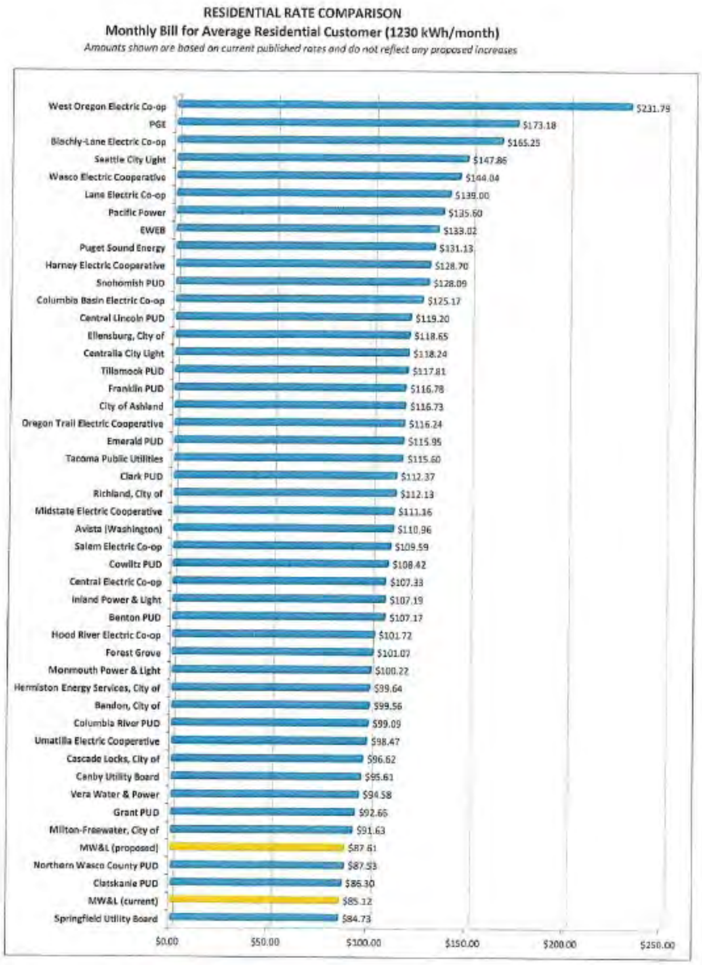
The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*
    - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.
    - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.

- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.

- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.

- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.

- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

Strengths • High quality of life to boast about and attract investment • Strong, widely-recognized downtown • Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors • Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets • Balanced employment across industry sectors • Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College) • Location advantages: • Good location in proximity to major metro area • High quality soils in surrounding areas, climate suited for agriculture • Natural environment assets nearby, including Yamhill River, access to the ocean and mountains • Inexpensive power and water, with sustainable sources • Major infrastructure assets: major highways, freight rail, airport • Various parks and recreational assets • Positive business climate perceptions and a sense of civic leadership	**Weaknesses** • Relatively low educational attainment • A limited labor pool for local companies and those looking to relocate • Difficult access to and from I-5 and no near near-term possibility of a more direct connection • End-of -the-line location for wine country visitors coming from the Portland area • Lack of housing options • Low levels of professional and office office-using employment • Comparatively high poverty rates and low median household income
Opportunities • Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities • Local airport has comparative advantages over other regional airports • Highway 99 bypass : future completion will improve access to McMinnville • A stronger framework for regional collaboration , improved opportunity in surrounding communities • Opportunity sites for new downtown development • New housing development – higher density , diversity of types, live live-work units • Improved connections to the University of Oregon and Oregon State University • Stronger branding and improved gateways into McMinnville • Innovation in agriculture and food systems • Wine -oriented makerspace • Food hub • $6M gift to Linfield College's wine program • Expanded culinary and craft beverage retail offerings	**Threats** • Limited land availability for residential, commercial and industrial development • Regulatory challenges associated with UGB expansion • Worsening housing affordability • Brain drain due to local graduates leaving for other job markets • Absorption of projected growth without detrimental impacts to character, congestion, affordability • Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs • Need to find a sustainable solution to homelessness • Future impacts of climate change on agriculture and related industries, including tourism

Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
    - 4.1 Ensure workforce availability in trades and other mid-skill positions.
        - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
        - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
  - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
  - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
  - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
  - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
  - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
  - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
  - 5.1 Become a place where small and medium technology firms can relocate and grow.
    - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
    - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
    - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
    - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
    - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
    - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
    - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
  - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
  - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
  - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
  - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
  - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
  - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
  - 6.1 Make downtown the best it can be.
    - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
    - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
    - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
    - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
  - 6.2 Become the preferred destination for wine-related tourism.

- Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
- Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
- Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
- Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville

- 6.3 Diversify tourism destinations beyond wine.
  - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
  - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
  - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
  - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
  - Become a national destination for bicycle tourism and other recreational and leisure activities.
- 6.4 Market and promote McMinnville.
  - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
  - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
  - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.

- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
  - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

- Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
- Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
- Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
- Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.

o 7.2 Locate higher job-density food and beverage activities within McMinnville.

- Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
- Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
- Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
- Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
- Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
- Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
- Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
- Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
- In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

    - Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
    - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
    - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
  - 7.4 Open new markets for local agricultural products.
    - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
    - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
    - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
  - 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
    - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
    - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
    - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
    - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
    - Evaluate alignment of current food cart regulations with community goals.
  - 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
    - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
    - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.

- Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
- Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
- Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
- Foster R&D opportunities for existing and emerging industries.

o 8.4 Improve and expand connections between key institutions and the City of McMinnville.

- Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
- Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	**718**	**73%**	**607**	**41%**
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	**265**	**27%**	**888**	**59%**
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	**100%**	**1,494**	**100%**

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

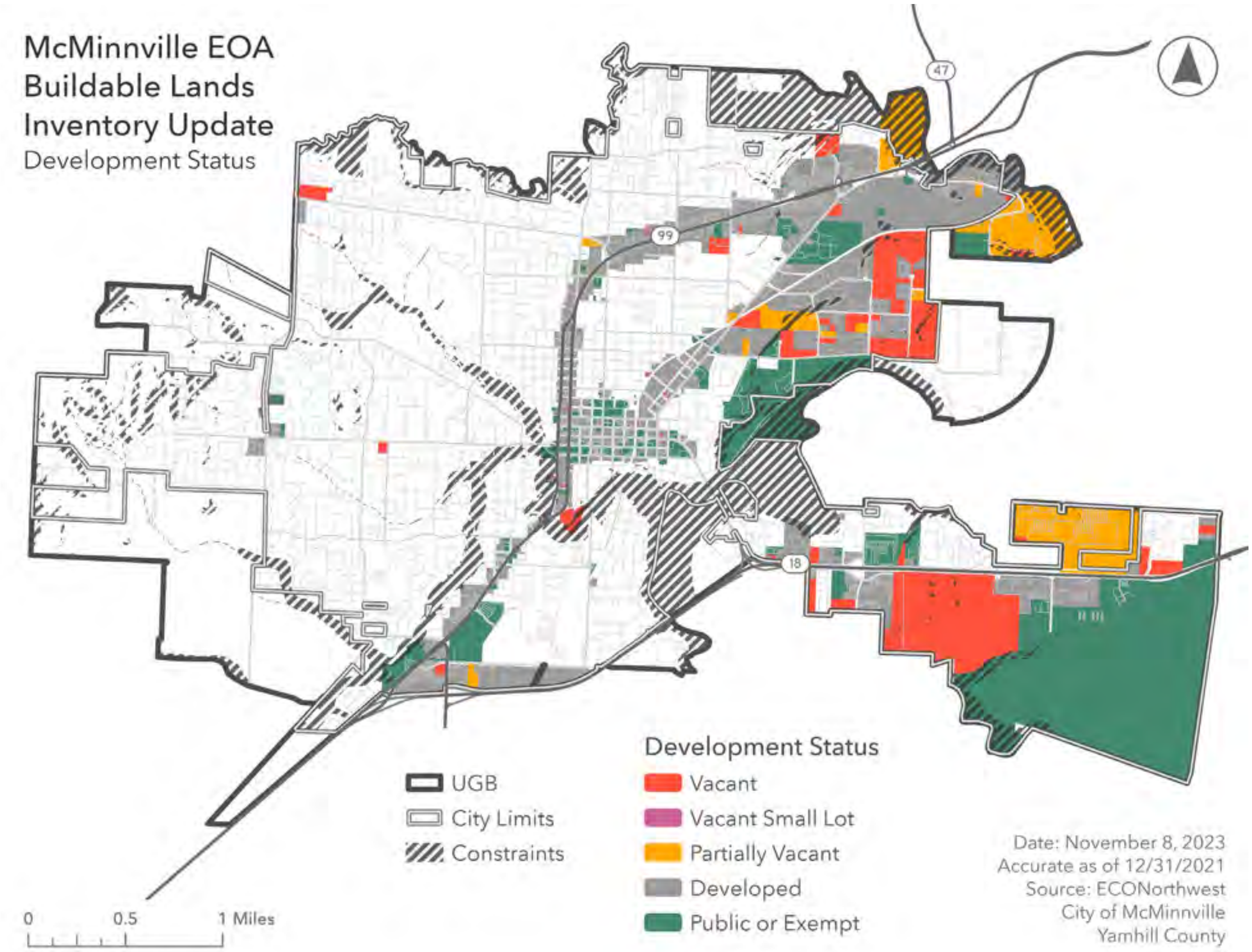
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

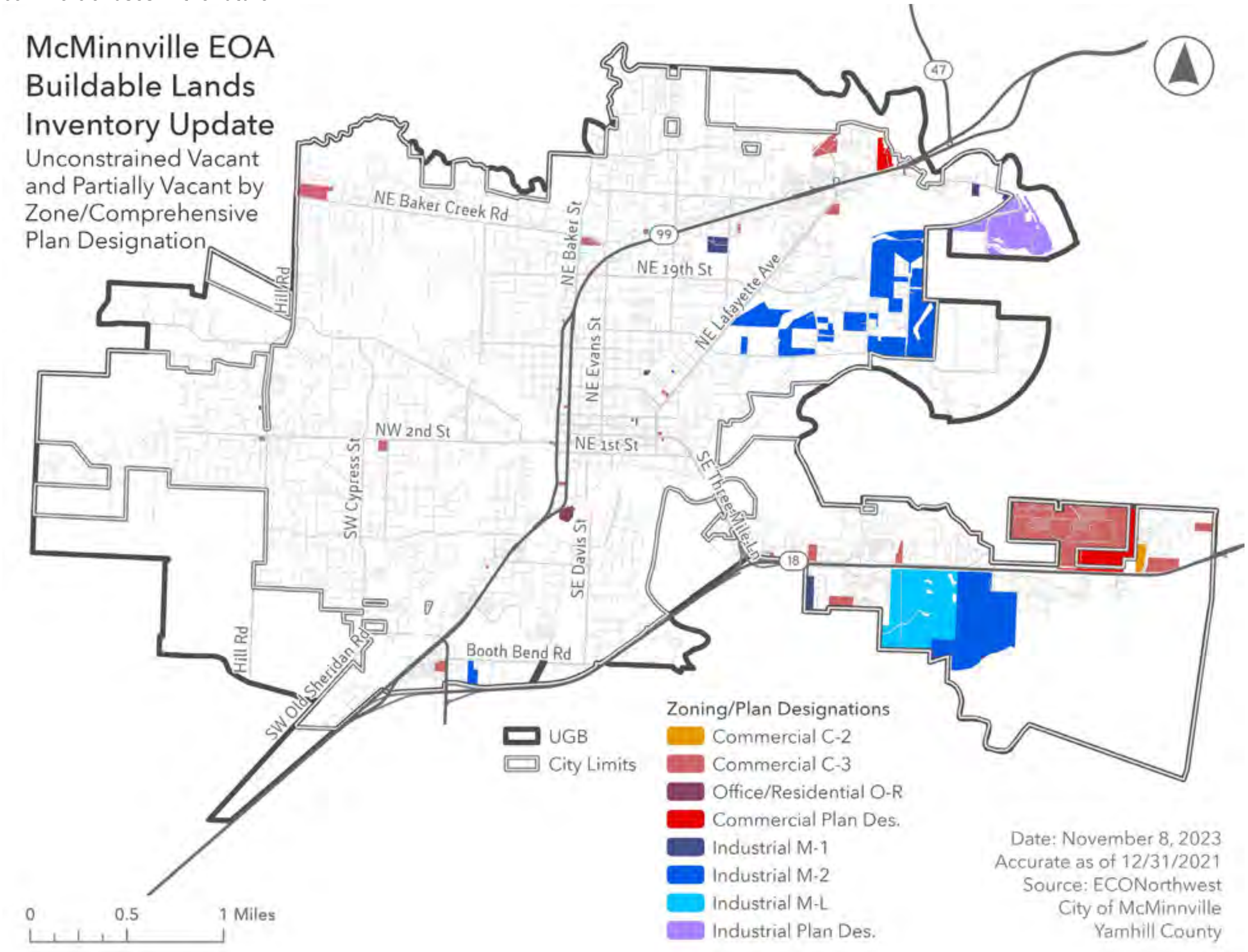
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	**-**	**4.4**	**22.4**	**13.5**	**23.2**	**-**	**-**	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	**-**	**16.8**	**-**	**-**	**-**	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	**-**	**-**	**-**	**-**	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	**-**	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	**-**	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	**-**	**1**	**3**	**1**	**1**	**-**	**-**	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	**-**	**1**	**-**	**-**	**-**	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	**-**	**-**	**-**	**-**	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	**-**	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	**-**	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

	2021		2041		Change
Land Use Type	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	**5-year (2021-2026)**	**10-year (2021-2031)**	**20-year (2021-2041)**	**46-year (2021-2067)**
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

[109] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= <u>net increase of 49 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft² of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
	Developed acres size									
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

ICSC

U.S. Shopping-Center Classification and Typical Characteristics*

Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience-store anchor	N/A	N/A	Convenience store, such as a mini-mart	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors, retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

IFA Infrastructure Finance Authority

CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution		Specialized		
		A	B	C	D	E	F	G	I	H	J	K	L
		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1 GENERAL REQUIREMENTS		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCBA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 120 days or less.											
PHYSICAL SITE													
2 TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3 COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
TRANSPORTATION													
5 TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6 MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/in 10	w/ in 10	w/in 50	w/in 15	w/in 20	N/A	N/A	w/in 5 (only Interstate or equivalent)	w/in 5 (only Interstate or equivalent)	N/A	w/in 50	N/A
7 RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8 PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9 PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
	Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 50	w/ in 60	w/ in 50	w/ in 60	w/ in 60	w/ in 60	w/ in 50	w/ in 60	N/A
## PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
	Distance (Miles)	w/ in 500	w/ in 500	w/ in 500	w/ in 100	w/ in 500	w/ in 120	w/ in 500	w/ in 500	w/ in 500	w/ in 100	w/ in 500	N/A
UTILITIES													
## WATER:	Min. Line Size (Inches/Diameter)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
	Min. Fire Line Size (Inches/Diameter)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
	High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
	Flow Gallons per Day per Acre)	1620 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1620 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
## SEWER:	Min. Service Line Size (Inches/Diameter)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
	Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2100 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
## NATURAL GAS:	Preferred Min. Service Line Size (Inches/Diameter)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
	On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
## ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
	Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
## TELECOMMUNICATIONS:	Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
	Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
	Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
## SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
↑	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon*. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
Less Critical	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			**Revised Size Classes and Assignments**		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

[114] https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
Production Manufacturing			**4:**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
Value-Added Manufacturing & Assembly			**4:**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Light/Flex Industrial</u>			**<u>6:</u>**							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
			1	25-50 ac						1
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					
<u>Warehousing & Distribution</u>			**<u>5:</u>**							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
			3	10-25 ac			1	1	1	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred			(1) 10ac, (1) 15ac, (1) 20ac					

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>**Specialized**</u>			<u>**2:**</u>							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land for the 2021-2041 period. This analysis does not estimate demand for industrial land for the 2041 – 2067 period.***

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB,
2021–2026, 2021–2031, 2021–2041, and 2021–2067
Note: The analysis did not forecast industrial growth for the 2041-2067 period.

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	**Not forecast for 2041-2067**		
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
    - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
    - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
    - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that <u>all lands within tax lots</u> identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

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[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name

Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
  - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
  - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

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[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

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[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>**Examples:**</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>**Example:**</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	<u>**Master Plan Facilities:**</u> Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		<u>Average Annual Employment:</u> Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 <u>Makerspace: 3</u> **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = **<u>net increase of 49 acres</u>** for other needed sites, over acres calculated from average employees/acre	

Appendix D. Site Need Letters

McMinnville | ECONOMIC DEVELOPMENT PARTNERSHIP

Please accept these comments regarding the City of McMinnville's Economic Opportunity Analysis and the estimated future industrial land needs. MEDP has had the good fortune to work with many economic development partners over the years as we work to further our mission of advancing strategies that respond to the needs of McMinnville's traded-sector businesses. We do this through four economic development strategies guided by the City's MAC Town 2032 Economic Development Strategic Plan: 1) Business Retention & Expansion, 2) Business Attraction, 3) Workforce Development, and 4) Innovation Development.

Without available, buildable industrial lands the strategic plan cannot be fully realized. The historical job growth and the projected job growth of 27% over the next 20 years will struggle to take place without planning for necessary industrial land.

The current estimates state McMinnville will need 153 acres of buildable industrial lands by 2041 and 329 buildable acres by 2067. Currently, we have 323 acres of identified industrial land. The reality of those numbers is that 177 of those acres are on two sites. The highest and best use and market realities for these sites with Highway 18 frontage may make these sites impractical to retain as large industrial sites that would be available for industrial use. The potential unavailability of these sites for industrial use would place us well behind the projected need.

While acres available and acres needed may be close to matching up, the fact is there are few perfect sites. An available site may meet a company's minimum requirements, but it's location, shape, slope, or infrastructure may not work. So, they will look for another similar sized site in a different location (hopefully) within the community. McMinnville has lost out on potential opportunities due to lack of rail-served sites, proximity to a major metro area, access to a major airport, or location close enough to an Interstate. It is critical we don't lose out on projects due to a lack of available sites for our targeted industries.

In order to address our targeted industry's needs of high-tech/clean-tech manufacturing, value-added manufacturing, UAV manufacturing, business park, innovation campus, and local and regional headquarters, we will need varying sizes of sites with various requirements. The minimum lot size for these sectors should be 5 acres with a span of up to 25 acres.

Rail served sites continue to be a requirement for some companies interested in a McMinnville location. An additional 5 sites of 5-25 acres would be a good use of rail-served industrial property.

Also, with over 80 manufacturers in McMinnville, we will need sites for existing companies that are growing out of 0.5 – 5-acre sites into larger sites of 10 -20 acres. An additional 5 sites would accommodate additional existing business expansions.

Potential developments associated with targeted sectors include the creation of a mixed-used Innovation Center that would require 20-40 acres, depending on density, and an Airpark allowing for local, regional headquarter space. This could require 3-5 sites of 5-25 acres, and an additional 10 sites between 2-25 acres for companies wanting access to the airport, or access to an Innovation Center.

The types of companies in the targeted sectors are meant to continually diversify the local economy and never rely heavily on a single business, or industry. The ability to have various site sizes and locations to choose from can assist with potential job growth. Available sites are like options that attract opportunity. Without multiple options of readily buildable industrial lands, you risk the loss of new business growth.

Sincerely,

Scott G. Cooper, CEcD
Executive Director
McMinnville Economic Development Partnership

231 NE 5th Street | McMinnville, Oregon 97128 | 503.474.6814 | www.McMinnvilleBusiness.com

McMinnville Industrial Promotions, Inc.

P.O. Box 328
McMinnville, Oregon 97128

To Whom It May Concern:

McMinnville Industrial Promotions, Inc. ("MIP") appreciates the opportunity to present its written comments related to the City of McMinnville's Economic Opportunities Analysis and Urbanization Report (Phase 2) as coordinated with the City's MAC-Town 2032 Economic Development Strategic Plan. MIP specifically addresses its remarks regarding future industrial land needs and sufficiency of the City's Urban Growth Boundary to ensure a reasonable estimate of industrial land inventory necessary to support good jobs and amenities in the future that create a high quality of life for McMinnville residents.

MIP advocates for a robust industrial lands inventory that accomplishes the City's Strategic Plan priorities by providing enough flexibility to foster an attractive business climate, positioning McMinnville's businesses for modern development and investment, and utilizing the City's strengths to encourage a sustainable economy for future generations.

MIP was incorporated in 1953 in response to the closure of two large manufacturers in the area, a devastating loss at the time of approximately 350 jobs. Also facing a slowdown in the timber industry, a local group of business and professional leaders pledged their own money to attract new businesses to McMinnville and diversify its economic base. In 1955, the corporation was expanded to a community corporation, and ultimately it progressed to a for-profit corporation a year later. Regardless of its structure, MIP has never lost sight of its initial mission and special corporate purpose- to foster, encourage, promote, and improve the industrial, commercial, and physical development of the City of McMinnville. MIP seeks to support the continuation of present businesses, but also attract new industries that strengthen the community as a whole, provide long term economic stability to the area, and which provide living wage opportunities to residents. Over the last 67 years, MIP has invested and assisted in growing industrial businesses. Notable accomplishments of MIP include being the first industrial development company in the Pacific Northwest to qualify for Small Business Administration funds, which was recognized when nine different industrial projects broke ground in McMinnville in 1969. In addition, MIP formed a unique partnership with the City of McMinnville to acquire and develop the major industrial park infrastructure in 1983. MIP has and continues to play a unique role in business and industrial real estate development in the City.

There is no denying that McMinnville is uniquely situated. While the City is disadvantaged due to its relatively far location from a major metropolitan area and its airport (PDX) (approximately 60 miles away), it has developed into an economic hub nonetheless. The availability of ample water and electricity at a low price continues to make the City attractive for businesses to locate to a more rural area and provides occupational opportunities to McMinnville and the surrounding communities. Encouraging vibrant and diverse businesses has created economic collaboration and resiliency, which should be prioritized and maintained if McMinnville is to continue to be an economic engine in Yamhill County. As such, MIP is a proponent of protecting currently industrially zoned properties and supports the future planning for expansion of the industrial zone.

The availability of shovel-ready industrial employment lands is critical to expanding and attracting businesses that provide high-wage jobs. The City has forecasted that employment in the industrial area will grow by approximately 27% over the next 20 years. In that analysis, it is determined that approximately 153 buildable acres are needed to account for and service this growth by 2041, and upwards of 329 buildable acres are needed by year 2067. Currently, 323 acres are part of the overall identified inventory.

The foregoing indicates that McMinnville has just barely enough gross industrial lands inventory for its needs over the next 40 years. However, simply looking at the gross numbers provides an inaccurate and incomplete picture of the location and suitability of the currently zoned industrial sites and does not account for the various development costs associated with many of those acres. 177 of those buildable acres are concentrated in two large tax lots located on the Three Mile Lane corridor, 89.6 and 87.5 acres respectively. There are significant and very costly barriers to the development of this land. First and foremost, ODOT has been fiercely protective of preserving the Hwy 18 McMinnville bypass, and costs of developing the public improvements to accommodate ODOT's requirements would be substantial (and not possible for most buyers). Other hurdles to overcome include actual acquisition of the property, time for site readiness, site planning, and additional infrastructure and improvement changes. The costs associated with the 177 acres has impeded industrial development of this property and will likely continue for the foreseeable future.

Also, due to the fact that the majority of growth and development in the industrial sector has occurred, and continues to occur, on parcels between 0.5 and 10 acres in McMinnville (and on 25 acres or less statewide), having more than half of the industrially zoned lands tied up on two parcels has made it impractical for business placement or relocation to the Three Mile Lane area. As such, growth is constrained with available parcels located in the industrial park unless a second industrial area is constructed with the needed infrastructure, which is unlikely at this time.

Finally, it is also very possible that owners or developers of either or both of these large parcels will ultimately seek rezoning to respond to the current severe deficit of lands available for residential development or commercial requirements located within the Urban Growth Boundary.

As such, only 146 acres are reasonably and realistically available for development in the core industrial area. If the type and character of available sites are taken into consideration, McMinnville actually has a large deficit of available and buildable industrial lands that will not meet its needs even in the next 20 years. With this, McMinnville risks local businesses leaving, or the encroachment of industry into other neighborhoods, resulting in safety and other nuisance concerns.

It has been the collective experience of MIP's leadership that the majority of companies looking to locate here in McMinnville need small parcels (0.5-5 acres in size) for development. In fact, MIP has partitioned many of its larger holdings for sale to businesses looking to build on smaller parcels. MIP has seen this type of development crucial to its mission. Industries in close proximity cultivate a vibrant manufacturing sector by offering differentiated as well as supportive services and products. Additionally, a mixture of locally owned businesses allow for the community to weather ups and downs throughout the business cycle, and not be dependent on a few large employers. If readily and economically developable industrial lands hit a ceiling, McMinnville is in danger of losing businesses that would otherwise integrate into and diversify the economic base. Not only would business opportunities be stifled, but would also consequentially result in lost or lower wage jobs.

Recently, MIP has negotiated transactions that proposed developing between 20-30 acres of property. While there is not a tremendous immediate need for sites between 10-30 acres, MIP sees the importance for these options to be included as part of the overall land inventory to accommodate and attract various future developments. After reviewing the State of Oregon Industrial Development Competitive Matrix, it is clear that to be competitive in all fields of manufacturing (including high tech), light industrial uses, warehousing and distribution, and other specialized uses, the most common requested site size is between 5-25 acres. As such, in order to stay competitive with the rest of the state, McMinnville will need to have a variety of industrial sites that are readily and economically developable.

McMinnville needs a sufficient industrial land inventory with a larger variety of different-sized parcels to continue to cultivate business growth and infrastructure development. This can only be done by steadfastly preserving the current zoning of industrial properties, and by the City expanding its Urban Growth Boundary to increase industrial acreage.

Further, if the City considers rezoning the Three Mile Lane parcels for a use that could justify the significant costs of infrastructure, the City must first increase the number of readily buildable industrial lands in its Urban Growth Boundary to accommodate industrial needs over the next 40 years, ensuring there is no net loss of lands available for industrial uses.

Thank you for your consideration.

Respectfully Submitted,

Doug Hurl, President

Appendix E. Public and Institutional Land Need

Public and Institutional Land Needs were developed by a special work group (Public Lands Work Group) in 2019 that then presented their recommendations to the Project Advisory Committee for approval. The Public Lands Work Group solicited data and concurrence from the City of McMinnville, McMinnville Water and Light, Chemeketa Community College, Linfield College, McMinnville School District and Yamhill County.

Below is the content of a memorandum dated November 13, 2019, that was presented to the Project Advisory Committee. Where identified, this memorandum was updated to reflect the 2023 update.

Summary

Public and institutional land needs calculated separately from the employment forecast are summarized in ***Figure 1*** below, and more detailed information follows.

Figure 1. Estimated Public and Institutional Land Needs

Organization/Sector	Add'l Land Need By 2021	Add'l Land Need 2021-2041 (ac)	Add'l Land Need 2041-2067 (ac)	SUM Through 2067 (ac)	Method/Notes
City of McMinnville (non-parks), 1	0	7	4	11	4.5 ac for fire stations plus 0.26 ac/1,000 pop
City of McMinnville (parks), 2	27	365	214	606	Parks Master Plan LOS
McMinnville Water & Light	0	21	0	21	Interview, See Narrative
Chemeketa Community College	0	0	0	0	Interview, See Narrative
Linfield College	0	0	0	0	Interview, See Narrative
McMinnville School District	0	10	30	40	Interview/Memo, See Narrative
Yamhill County	0	6	8	13	Interview, 0.5 ac/1,000 pop
State of Oregon	0	1	1	2	0.08 ac/1,000 pop
Federal Government	0	2	2	4	0.14 ac/1,000 pop
Churches	6	32	44	83	2.88 ac/1,000 pop
Other	0	0	0	0	
SUM	**33**	**444**	**303**	**780**	

Note 1: Site needs for fire stations are inlcuded in 2021-2041 calculation

Note 2: Needs for 2021-2041 include current deficit

General: Figures above don't reflect additional needs if direction of growth absorbs additional sites outside UGB needed/required for services

The City expanded its UGB in 2020, including land for public and semi-public uses. ***Figure 2*** shows the need for housing and public and semi-public land needs from City of McMinnville based on the report *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*.

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase 2 after land-use efficiencies are applied.

Source: City of McMinnville, *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*

Note: Park land includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222.0
Parks	315.4
Schools	54.0
Private Schools	1.5
Religious	47.6
Government	0.9
Semi-public Services	22.5
Infrastructure	2.6
Total	**666.5**

Figure 3 compares the land need for Public and Institutional land needs through 2041 in Figure 1 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Figure 3 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Figure 3. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

Background

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. At a previous meeting, information was presented about public and institutional organizations and lands. Preliminary data was presented about calculations using a ratio of acreage per 1,000 population that can be used to

forecast site needs. However, this method isn't always applicable to each of these entities. Following the September 5, 2019 PAC Meeting #2, staff held meetings with representatives of public and institutional organizations to discuss land needs and methods. This memo summarizes the results of the meetings and summarizes some information discussed at the last PAC meeting.

<u>**City of McMinnville**</u>

- **General, Misc. City Departments: (Administration, Office, Police, Public Works, Fleet, Library, Recreation Buildings, etc.).**

  - Planning staff met with representatives from respective City departments to discuss land needed by the City of McMinnville. Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

  - The City Manager indicated that a ratio of current acreage per 1,000 population would likely over-estimate the City's future land needs. Given existing facilities and site arrangements, there are opportunities to consolidate facilities, redevelop/expand onto existing city sites, use land more efficiently, grow into more recent expansions that retain capacity, etc.

  - With a forecast population of about 48,000 in 2014 and 63,000 in 2067, it is not expected that the City would grow to a size that would necessitate substantial branch facilities or satellite locations during the planning period (such as a library branch etc.).

  - The City Manager and Engineering Staff suggested that base year acres/1,000 population data from cities of approximately 48,000 population and 63,000 population corresponding to the future panning horizon year population for McMinnville might help inform ratios associated with McMinnville's future land needs.

  - Data for cities of approximately 48,000 and 63,000 population was analyzed for comparison. ***Figure 4*** shows a summary of data for comparison cities – including cities for which data was not available. As noted above, the City Manager and Engineering Staff suggested that a straight-line ratio of acres per 1,000 population might overestimate needs. Therefore, staff used only the portion of City lands with facilities exclusive of the airport, floodplain, and utility sites for estimating additional City land needs. (Parks were calculated separately). Approximately 18 acres of the 83.1 City acres is non-utility facilities. Only that portion was used for calculating future needs. That portion had a 0.51 ac/1000 population ratio. Since it was assumed a straight-line extension would

overestimate needs, staff used half of that ratio (0.25 ac/1000 population), and the specific information for fire station sites noted below was added to that estimate.

Figure 4. Ratio Information Available from Other Cities

▪ City	▪ Ratio ▪ (acres per 1,000 pop)
Redmond 2005 (total)	▪ 110 ac/1000 (calculated) 10 ac/1000 (assumed need)
McMinnville 2019 (less parks, airport, floodplain)	▪ 2.38/1000
McMinnville, 2019 (less parks, airport, floodplain, utility sites)	▪ 0.51/1000
Corvallis	No additional land need identified, didn't list ratio
Albany	▪ Not readily available
Springfield	▪ Not readily available
Medford (less parks)	▪ 1.5/1000

- **Fire:**
  - The Fire Department anticipates transition from a single downtown station to three satellite stations at approximately 1.5 acres each: (1) Baker Creek/Hill Road area, (2) Airport area, (3) Northeast area. The estimated need would be about **4.5 acres for three substations.** There could be opportunities to co-locate police substations at sites. There is potential that they could be co-located on sites with other uses. The NE station may be within the current UGB or may be further to the northeast. There is potential for the current station to be re-used for other municipal or other uses.

- **Police:**
  - **No specific plans for new facilities.** Their needs can be accounted for as part of the overall City need using the same methods.

- **Airport:**
  - **No additional land needs identified.**

- **Sewer:**
  - **Treatment: No additional land needs anticipated.** The City owns 5 tax lots with approximately 70 acres east of the UGB where the sewer treatment plant is sited. No additional land need is anticipated. There is capacity to expand the treatment plan on the existing site. If there is a UGB expansion to east which includes this area, these properties won't be available for buildable land for other uses.

- **Collection System: No significant additional land demand is assumed outside of the public right-of-way, so no calculation has been added or assumed for this de minimus need.** Minimal needs for future pump stations may be needed for new development. Site needs for small pump stations are similar to or smaller than a residential lot. The land needs for these facilities are relatively small and no additional acres are proposed. Depending on direction of growth, there could be needs for larger pumping facilities.

- **Parks:**
  - The Comprehensive Plan includes the following policies:
    - **159.00.** The City of McMinnville's Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects
    - **163.05.** The City of McMinnville shall locate future community and neighborhood parks above the boundary of the 100-year floodplain
    - **170.05**. For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used
  - The Master Plan level of service (LOS) standard is 14 acres/1,000 persons.
  - The 2017 UGB population was 34,293.
  - The City has approximately 273 acres of developed park land and 76 acres of undeveloped park land, totaling about 349 acres.
  - The 2017 need was approximately 480 acres; there's a deficit of approximately 207 acres of developed park land.
  - Need for 665 total acres by 2041 (an additional need of 185 ac, or total of 392 ac with the current deficit
  - Need for 879 total acres by 2067 (an additional need of 399 ac, or total of 606 ac with the current deficit.
  - Absent joint use agreements with other entities for public use of facilities consistent with the needs identified in the Park Master Plan, park sites and recreational facilities that aren't city-owned aren't assumed to meet the LOS for developed park needs. If there are separate standards for open space, that may be evaluated.

Note: Mark Davis, a member of the Project Advisory Committee wrote a memo for the committee to consider on park land need, which is attached at the end of this appendix.

- **Other (stormwater):** While no specific need was identified, there was a sense that stormwater detention and water quality standards would likely increase the amount of land that will need to be dedicated for on-site stormwater management (detention and treatment) as best practices seek to manage stormwater close to "where the rain hits the ground" to reduce peaking of down stream flows and conveyance of sediment and/or contaminants in runoff. These sites may be privately or publicly owned and maintained, but should be accounted for.

- **Other (transit related):** There was a sense that, as the community grows and the transit system expands and matures, it expected that there will be a more robust transit system with some additional land needs.

Planning Staff met with representatives of the following organizations regarding their future land needs.

<u>McMinnville Water & Light (MWL):</u>
Estimated need of 21-24 acres for the 20- and 46-year periods, plus additional location/development specific needs

- General: It is estimated that in addition to sites already owned by MWL, they will need approximately 21 additional acres for power and water, and may have additional needs that are dependent on specific growth characteristics and developments. Some users require an on-site substation that requires a site and land. If growth occurs to the west further upslope into the west hills, that might include the 3-acre reservoir site needed to serve water pressure Zone 2, and could necessitate an additional reservoir/site if growth continues far enough upslope to result in a Zone 3 service area.

- The additional 21-acre need includes 16 acres for a treatment plant and pumping facilities which could co-locate with a power substation in the easterly portion of the UGB; an additional 2 acres in the easterly UGB area for power, and an additional 3 acres in the westerly UGB for additional storage for fire flow.

<u>Yamhill County</u>

- Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

- The acreage per 1,000 population estimate is a reasonable method, first deducting the fairgrounds property before calculating the ratios. The Fairgrounds is approximately 36 acres of a 44-acre site.

- Current county-owned sites don't allow for much incremental on-site expansion, so additional capacity would likely require redevelopment or expansion onto additional land.

- Transit may have a need for expanded bus parking/storage area that doesn't require new structures

- Locational analysis: The County Parks Master Plan identifies potential lands for parks at key locations in proximity to McMinnville near confluence areas shown on vision map in the Master Plan)

- The County owns approximately 44 acres in the UGB, including the Fairgrounds. The 36-acre Fairgrounds site includes other uses including County Public Works, which occupies about 7 acres. Therefore, approximately 29 acres of County-owned land was deducted for the Fairgrounds before calculating the ratio of acres per 1,000 population, leaving 16 acres remaining, which is approximately 0.5 acre/1000 population.

Chemeketa Community College

No new land needs. Chemeketa Community College sold the property they previously owned, the former campus site, on Hill Road. Their McMinnville campus on Norton Lane houses their facilities as well as commercial and office tenants. For planning purposes, Chemeketa doesn't anticipate new land needs beyond their current ownership, and doesn't anticipate displacement of tenants.

Linfield College

No new land needs. Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.

McMinnville School District

In addition to existing schools, the School District owns three reserve sites for future schools. Below is a summary of needs in addition to existing schools and reserve sites. In addition to these sites, the School District estimates it will need 40 additional acres for future school sites, with 10 of those additional acres needed between 2021 and 2041, and 30 of those acres needed between 2041 and 2067. ***See Attachment 1***.

2021-2041

- The need is for one additional 10-acre early learning center site.

2041-2067

- The need includes one additional 12-acre elementary school site.

- The need includes an additional 18 acres for a new high school, in addition to the 42-acre site on Hill Road, whether that site could be added to for a total of 60 acres or whether that site would be sold and a new 60-acre site acquired.

Other Land Needs

Other public and semi-public land needs presented in ***Figure 1*** which aren't part of the employment forecast were calculated using the ratios in ***Figure 5.***

Figure 5. Other Existing Ratios for McMinnville, 2019

Public/Semi-Public Use	Tax Lots	Acres	Acres/1000 persons	Percent of Acres
State	**4**	**2.92**	**0.08**	**0%**
State	4	2.92	0.08	0%
Federal	**5**	**4.96**	**0.14**	**0%**
Federal	5	4.96	0.14	0%
Religous/Cemetary	**76**	**104.23**	**2.98**	**6%**
Church	64	100.53	2.88	6%

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

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[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed $50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over $100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, $9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

ATTACHMENT 1

McMinnville
School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: (503) 565-4000 Fax: (503) 565-4030

MEMO

DATE: November 14, 2019
TO: City of McMinnville Public Lands Work Group
From: Susan Escure, McMinnville School District Finance Director
Subject: Land Needs Assessment - Public Schools

Introduction

Currently the District does not have an adopted plan for school facility needs for the periods going out the 50 years needed by the urbanization study. The District is in the process of updating our Long-Range Facilities Plan which will not be formally adopted until next year. In 2017, The District contracted with Flo Analytics to prepare a 5 year and 10 year enrollment forecast with a more in depth study of enrollment within our elementary boundaries. This study provided information for our most recent boundary changes adopted for the 2019-20 school year. The following land needs assessment is based upon a combination of the demographer report, our internal enrollment projections and decisions made as part of our 2016 capital bond project.

Flo Analytics Enrollment Forecast

Our demographer's forecast was limited to 10 years. However, it did take into account planned developments within the District. The District is projected to capture 84.4% of the District population of all school-age children. Overall average student yield factors applied to new housing development are 0.45 students/Single Family Unit and 0.20 students per Multi-family Unit. The following is a summary of their 5-year and 10-year forecast:

October 1	2017	2022	2027
Elementary	3,047	2,969	3,103
Middle School	1,541	1,587	1,550
High School	2,176	2,347	2,159
Total	**6,764**	**6,902**	**6,813**
% increase over 2017		2.0%	.7%

Internal Projections

The District uses a 3 year or 8 year average cohort survival rate to forecast increases in enrollment for grades 1-12. The increase in these grades are due to in-migration and enrollment of students from private schools and home school as they age. This cohort survival rate across all grades = 2% increase in enrollment annually. Kindergarten enrollment is based on a historic average capture rate of 40% of the county births five years prior. For 2025 and after, the kindergarten enrollment increase is projected at 1%. Student enrollment counts are attendance-based not residence-based. Enrollment includes intra-district transfers from neighboring districts. Additionally, the enrollment projection includes attendance of all District students, not just those located within the City of McMinnville.

Land Needs Assessment - Public Schools (continued)

October 1 Enrollment Projection	2017	2019	2021	2041	2067
Elementary	3,047	2,885	2,883	3,281	4,252
Middle School	1,541	1,686	1,596	1,650	2,138
High School	2,176	2,130	2,251	2,263	2,934
Total	**6,764**	**6,701**	**6,730**	**7,194**	**9,324**
(Decrease) Increase over 2017		(63)	(34)	430	2,560
% (decrease) increase over 2017		(0.9%)	(0.5%)	6.4%	37.8%
Average Annual Growth Rate		(0.5%)	(0.1%)	0.3%	0.8%

Capacity
The following capacity estimates are based on current class size and programs. If future funding allows the District to substantially decrease class size or increase programs, these capacities would be less. Additionally, classroom modulars are used at some school sites and they are included in the calculation of our current capacity. The District foresees the need to add on to the current school sites to increase classroom space for additional programs and replacement of classroom modular before adding schools for enrollment growth, especially at the elementary level.

Property held for future school sites:

Hill Road & Cottonwood Drive	11 acres	Future Elementary Site
McDonald Lane, next to Grandhaven	26 acres	Future Middle School Site
Hill Road property	42 acres	Future High School Site

Elementary School Capacity
Elementary schools are configured for grades K through 5 with a capacity of 600 each. Currently there are six elementary schools which totals a maximum capacity of 3,600. For purposes of this land needs assessment, we are assuming a per school capacity ranging from 550 to 600 to account for pre-school and/or additional program needs.

Elementary school sites are on average 10 to 12 acres. The District currently holds property at Cottonwood and Hill Road for a future elementary site. The District would need to purchase one more 8-10 acre site by end of 2067 according to this projection.

Middle School Capacity
We currently have two middles schools with a maximum capacity of 900 each configured for grades 6-8 for a total capacity of 1,800. There is a wave of larger cohort classes in middle school currently, however, future cohorts entering middle school are expected to decrease and remain lower until 2041 – 2067.

The desired middle school is approximately 20 acres. The District currently holds 26 acres on McDonald Lane adjacent to Grandhaven Elementary for a future middle school site. No additional acreage is needed for a middle school site before 2067.

Land Needs Assessment - Public Schools (continued)

High School Capacity

Our current high school configuration after the 2019 Addition has a maximum capacity of 2,800 students. Approximately 160 students are served off site at the alternative program at Cook School and the online program at Adams Campus Based on this projection, the high school would not reach maximum capacity until 2060-65.

In 2015, the Long Range Facilities Task Force recommended to the School Board to continue the High School Master Plan proposed in 2006 to the voters which included a plan to rebuild the high school at the current site over three phases. The first phase was completed in 2010, the second phase was just completed in 2019 with the addition of a Career Technical Center. Although many constituents desire two small high school versus one large high school, current school funding does not cover the cost of operating two high schools. (Operating costs include costs such as: utilities, maintenance, administration and support staff). The high school enrollment would need to grow to almost 3,000 in order for the District to afford the operation costs of two comprehensive high schools (1,500 each).

During this planning period, the committee also looked at building a new high school at the Hill Road location and repurposing the current high school property. The committee decided against this for several reasons: 1) the District would need to ask voters for a significant increase over the current school capital bond rate, 2) the Hill Road site is only large enough for a high school of 2,300-2,500, which could be outgrown before the District could afford a second high school, and 3) the Committee felt that the District should continue with the plan that the voters had already approved in 2006.

The District currently holds 42 acres on Hill Road as a future high school site. A larger site of closer to 60 acres may be more desirable in order to include additional space for career technical programs. In addition, satellite sites may be needed for increased professional technical classes such as home construction or HVAC certification.

Summary

Based on our enrollment projections as described, the District projects the need for the following additional school buildings during the periods 2021-41 and 2041-2067.

Number of Schools	Current	2021-2041	2041-2067
Elementary & Early Learning Center	6	+1	+ 2
Middle School	2	0	+ 1
High School	1	0	+ 1
Total	**9**	**+1**	**+ 4**

After taking into account current property held for future use, the District projects the following land needs:

- **An additional site of 10 – 12 acres for an Elementary School.**
- **A larger 60 acre high school site for a second high school.**
- **An additional 8-10 acre site for an Early Learning Center.**

Linfield College

Vice President for Finance & Administration
900 SE Baker Street
McMinnville, OR 97128-6894
t 503.883.2458 f 503.883.2630

January 16, 2020

To: Tom Schauer

Subject: Land Needs Summary Memorandum Dated November 13, 2019

As requested per your email January 16, 2020, this memo confirms the information below which summarizes Linfield College's response per the Land Needs Summary Memorandum dated November 13, 2019.

No new land needs. *Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.*

MB Rodriguez

Mary Ann Rodriguez
Vice President of Finance & Administration/CFO

City of McMinnville
PLANNING

CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128
503-434-7311
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DECISION, CONDITIONS OF APPROVAL, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF LEGISLATIVE AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "McMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 23 "McMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS".

DOCKETS: G 1-20 and G 3-20

REQUEST: The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, adopting the analysis and conclusion of a housing, economic development, public and institutional land needs analysis to serve a planning horizon of 2021-2041, and a future population of 47,498 people.

LOCATION: N/A

ZONING: N/A

APPLICANT: City of McMinnville

STAFF: Heather Richards, Community Development Director

HEARINGS BODY: McMinnville Planning Commission

DATE & TIME: May 20, 2021, 6:30 PM.
May 18, 2023, 6:30 PM
September 7, 2023 PM
September 21, 2023 PM

DECISION-MAKING BODY: McMinnville City Council

DATE & TIME: October 10, 2023, 7:00 PM
November 28, 2023, 7:00 PM
February 27, 2024, 7:00 PM

PROCEDURE: The application is subject to the legislative land use procedures specified in Sections 17.72.120 - 17.72.160 of the McMinnville Municipal Code.

CRITERIA: Amendments to the McMinnville Comprehensive Plan to fulfill statutory requirements for growth planning, such as ORS 197.626, OAR 660 Division 8, OAR 660, Division 9 must be consistent with the applicable portions of OAR 660-046-0000 through 660-046-0235, Oregon State Land-Use Goals, the Goals and Policies in Volume II of the Comprehensive Plan and the Purpose of the Zoning Ordinance.

APPEAL: The City Council's decision on a legislative amendment will be submitted to the Director of the Department of Land Conservation and Development for consideration. Comments objecting to the acknowledgement of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis can be submitted to the Director of the Department of Land Conservation and Development within 21 days of the date written notice of the City Council's decision is mailed to parties who participated in the local proceedings and entitled to notice and as provided in ORS 197.620 and ORS 197.830, and Section 17.72.190 of the McMinnville Municipal Code. The Department of Land Conservation and Development Director's decision can be appealed to the Land Conservation and Development Commission.

DECISION

Based on the findings and conclusions, the McMinnville City Council **APPROVES** the adoption of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I, per Docket G 1-20 and Docket G 3-20.

//

DECISION: APPROVAL

//

City Council:_______________________________________ Date:___________________
Remy Drabkin, Mayor of McMinnville

Planning Commission:_____________________________ Date:___________________
Sidonie Winfield, Chair of the McMinnville Planning Commission

Planning Department:______________________________ Date:___________________
Heather Richards, Community Development Director

I. Application Summary:

The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, by adopting the November 2023 Housing Needs Analysis and Economic Opportunities Analysis.

Oregon Administrative Rule 660-008-0045 requires the City of McMinnville to submit a new Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023. The City is choosing to submit both a Housing Needs Analysis and an Economic Opportunities Analysis

The planning horizon for this analysis is 2021-2041, for a projected population of 47,498 people.

The analysis identifies a land deficit of 422 gross buildable acres in the city's urban growth boundary to meet the residential (202 acres), employment (188 acres) and public (32 acres) land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

II. GENERAL FINDINGS

The City Council finds, that based on the findings of fact and the conclusory findings contained in this findings report, that the November 2023 Housing Needs Analysis and Economic Opportunities Analysis are consistent with all of the applicable state and local regulations.

Generally, these findings summarize the more detailed analysis found in the Housing Needs Analysis and the Economic Opportunities Analysis and their appendices in order to address the relevant legal standards.

This findings document provides conclusory findings regarding consistency with applicable provisions of state and local law. Supporting these is a factual basis upon which the conclusory findings rest.

III. FINDINGS OF FACT

The fact base includes the data referenced in the Housing Needs Analysis, the Economic Opportunity Analysis and their appendices, as well as the information provided in the record.

1. The City of McMinnville must comply with Oregon Administrative Rule 660-008-0045, submitting a Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023.

2. The City established a Housing Project Advisory Committee that met 7 times in 2018 and 2019 with city staff and consultants to draft the McMinnville Housing Needs Analysis for a planning horizon of 2021-2041, population of 47,498 people.

3. The City established an Economic Opportunities Analysis and a Public Lands Subcommittee that met 8 times in 2019 and 2020 with city staff and consultants to draft the McMinnville Economic Opportunities Analysis for a planning horizon of 2021-2041, population of 47,498 people.

4. On May 14, 2020, the City notified the Department of Land Conservation and Development of their intent to adopt the draft Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume 1, with a first evidentiary public hearing scheduled for May 20, 2021. (File #: 001-20, and 003-20).

5. On May 20, 2021, the McMinnville Planning Commission opened the public hearing and continued it to May 18, 2023.

6. In 2023, the City appointed a Project Advisory Committee to update the Housing Needs Analysis and the Economic Opportunities Analysis incorporating the April 9, 2021 UGB expansion and the effects of HB 2001 (2019 Legislative Session). This committee met twice to consider the amendments.

7. On May 18, 2023, the City of McMinnville noticed that the public hearing was continued to September 7, 2023.

8. On July 11, 2023, the City Council held a work session on the proposed analysis.

9. On August 3, 2023, the Planning Commission held a work session on the proposed analysis.

10. On August 8, 2023, File # 001-20 and 003-20 at the Department of Land Conservation and Development were updated with the revised draft Housing Needs Analysis and Economic Opportunities Analysis.

11. On September 7, 2023, the McMinnville Planning Commission continued the public hearing and heard public testimony.

12. On September 21, 2023, the McMinnville Planning Commission continued the public hearing, heard public testimony, closed the public hearing and voted to recommend the Housing Needs Analysis and the Economic Opportunities Analysis to the McMinnville City Council.

13. On October 10, 2023, staff presented the Planning Commission's recommendation to the McMinnville City Council.

14. On November 28, 2023, the McMinnville City Council considered the public record and voted to approve the McMinnville Housing Needs Analysis and Economic Opportunities Analysis, dated November 2023, by approving Ordinance No. 5141 and conducting the first reading of the ordinance.

15. On February 27, 2024, the McMinnville City Council approved Ordinance No. 5141.

IV. COMMENTS RECEIVED

The following comments were received by the Planning Commission and provided at the Planning Commission public hearing and are on file with the City of McMinnville Planning Department.

- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated August 30. 2023
- Letter from Mark Davis, dated September 5, 2023 with attachments
- Letter from Mark Davis, dated September 7, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 7, 2023, Planning Commission public hearing
- Memorandum from City of McMinnville staff, Bateman Seidel, and ECONorthwest, dated September 18, 2023
- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated September 20, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 21, 2023 Planning Commission public hearing

V. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application.

These findings explain how the City finds that the adoption of the proposed Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I satisfy applicable state and local land use regulations.

Alignment with Oregon's Statewide Planning Goals and Administrative Rules:

The applicable state land use laws are those identified in either the Oregon Revised Statutes (ORS) or the Oregon Administrative Rules (OARs),

Oregon Land Use Goal #1 (Citizen Involvement)

Goal 1 calls for the opportunity for citizens to be involved in all phases of the planning process. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

- Project Advisory Committee Meetings
  - July 16, 2019
  - September 5, 2019
  - October 10, 2019
  - November 13, 2019
  - January 21, 2020
  - February 27, 2020
  - March 19, 2020
  - May 11, 2020
  - May 8, 2023
  - June 22, 2023

- Work Sessions:
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

FINDING - SATISFIED: The City finds the opportunities for involvement above satisfies Goal 1.

Oregon Land Use Goal #2 (Land Use Planning)

Goal 2 outlines the basic procedures of Oregon's statewide planning program, stating that land use decisions must be made in accordance with comprehensive plans and that effective implementation ordinances must be adopted. The following describes the factual basis for the legislative decisions of the City.

Housing Need Analysis

In the process of developing the housing needs analysis, the City inventoried existing residential land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the HNA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This HNA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address unmet residential land need.

The findings for Goal 10 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Housing Needs Analysis, which provides information about the factors that could affect housing development, including demographics, affordability trends, workforce housing availability, market health, and regulatory structure (see findings for Goal 10).

Economic Opportunities Analysis

In the process of developing the economic opportunities analysis, the City inventoried existing commercial and industrial land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the EOA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This EOA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address commercial and industrial land needs.

The findings for Goal 9 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, site characteristics (such as site size, site location, or existing improvements), and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Economic Opportunities Analysis, which provides information about the factors that could affect commercial and industrial development (see findings for Goal 9).

Public and Institutional Land Needs

The public and institutional land needs are documented in Appendix E of the EOA report. Public and institutional land needs document need for:

- Government, based on plans for land needed for additional facilities for the City of McMinnville and Yamhill County, based on discussions with municipal staff. Land needed for state and federal facilities is based on existing acres per 1000 people of land for state and federal facilities in McMinnville.

- Parks, based on the City of McMinnville's Parks, Recreation, and Open Space Master Plan. See findings about Goal 8.

- Schools, based on discussions with the McMinnville School District, Chemeketa Community College, and Linfield College.

- Religious organizations, based on existing acres per 1000 people of land for religious organizations in McMinnville.

- Semi-public services, based on estimate of land need from McMinnville Water & Light.

FINDING - SATISFIED: All pertinent documentation has been made available to all interested parties. Goal 2 has been properly addressed. The HNA, EOA, and Public Land Needs, as referenced, are consistent with Statewide Planning Goal 2

Oregon Land Use Goal #3 (Agricultural Lands)

As stated in 660-024-0020(1)(b), Goal 3 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #4 (Forest Lands)

As stated in 660-024-0020(1)(b), Goal 4 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #5 (Natural Resources, Scenic and Historic Areas, and Open Spaces)

OAR 660-008-005 requires cities to exclude land subject to Goal 5 measures. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #6 (Air, Water and Land Resources Quality)

Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water and land resource quality policies in the McMinnville Comprehensive Plan, Goal 6 will be properly addressed. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #7 (Areas Subject to Natural Disasters and Hazards)

Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in McMinnville are flooding, steep slopes, wildfire, liquefaction and landslide soils. Per McMinnville's Comprehensive Plan and Zoning Ordinance, no building improvements are allowed in the FEMA acknowledged floodway. The HNA and EOA considered lands within the FEMA flood hazards to be unbuildable and attempted to avoid expanding into areas with identified flood hazards. The HNA also considers land within areas with steep slopes, high landslide, liquefaction and wildfire susceptibility as unbuildable as well. (Data provided by the Department of Geology and Minerals).

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #8 (Recreational Needs)

Goal 8 requires governmental organizations with responsibility for providing recreational facilities to plan for recreational facilities.

The City of McMinnville's Comprehensive Plan Policy #170.05 states that, "For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation and Open Space Master Plan shall be used." (Ordinance No. 4796, October 14, 2003) The current McMinnville Parks, Recreation and Open Space Plan identifies a level of service of 14 acres per 1000 people, per the following:

- Neighborhood Park = 2.00 Acres / 1000 People
- Community Park = 6.00 Acres / 1000 People
- Greenways and Open Spaces = 6.00 Acres / 1000 People

The Portland State University Population Research Center forecast for growth (June 30, 2017) shows the McMinnville UGB population growing from 36,238 people in 2021 to 47,498 people in 2041, a change of 11,260 people.

The analysis of Public Land Need (in Appendix E of the EOA) uses the 14 acres/1,000 people level of service to determine park land need for the forecast of 11,260 person growth in McMinnville over the 2021-2041 period.

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #9 (Economy of the State)

The purpose of Goal 9 is to provide adequate opportunities for economic growth and development opportunities for commercial and industrial development. Commercial and industrial development takes a variety of shapes and leads to economic activities that are vital to the health, welfare and prosperity of Oregon's citizens. To be ready for these opportunities, local governments perform Economic Opportunity Analyses (EOA) based on a 20-year forecast of population and job growth in accordance with the directives in statute and administrative rule.

Economic Opportunities Analysis

The Economic Opportunities Analysis (EOA) accounts for commercial and industrial needs for the 2021-2041 planning period. The EOA provides an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the *Strategic Plan*, as well as updating information about the inventory of commercial and industrial lands and providing an updated employment forecast.

The EOA forecasts that McMinnville will add 6,885 jobs over the 2021-2041 period, requiring 697 gross acres of land, of which 384 gross acres will be for industrial uses and 313 gross acres for commercial uses. The EOA shows that McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. The EOA concludes that McMinnville has a 29 acre deficit of industrial land and a 159 acre deficit of commercial land.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

Buildable Lands Inventory

OAR 660-024-0050 outlines the steps cities must follow when evaluating or amending a UGB. The following provisions apply to a UGB amendment that addresses needs for employment lands.

> **OAR 660-024-0050**
> *(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute. For employment land, the inventory must include suitable vacant and developed land designated for industrial or other employment use, and must be conducted in accordance with OAR 660-009-0015.*
>
> OAR 660-009-0015(3) outlines the requirements for the BLI for employment lands:
>
> *(3) Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.*
>
> > *(a) For sites inventoried under this section, plans must provide the following information:*
> >
> > > *(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;*
> > > *(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and*
>
> OAR 660-009-0005 includes the following definitions relevant to the buildable lands inventory:
>
> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental*

contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The EOA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where commercial and industrial development is allowed, including land in the following zones: Commercial zones C-1, C-2, C-3, O-R; Industrial zones M-1, M-2, and M-L; and land within the UGB in County zoning Commercial Plan Designation and Industrial Plan Designation.

The EOA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All employment land in tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).

- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[1]

- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.

- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.

- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The EOA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-009-0005(2): regulated wetlands, floodways, 100 Year Floodplain, steep slopes (over 15%), and in conservation easements.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands. Exhibit 1 shows buildable acres (i.e., acres in tax lots that

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[1] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

Exhibit 1. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 2 summarizes the land buildable employment land within current zoning from Exhibit 1 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for “Planned Developments” which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 2. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

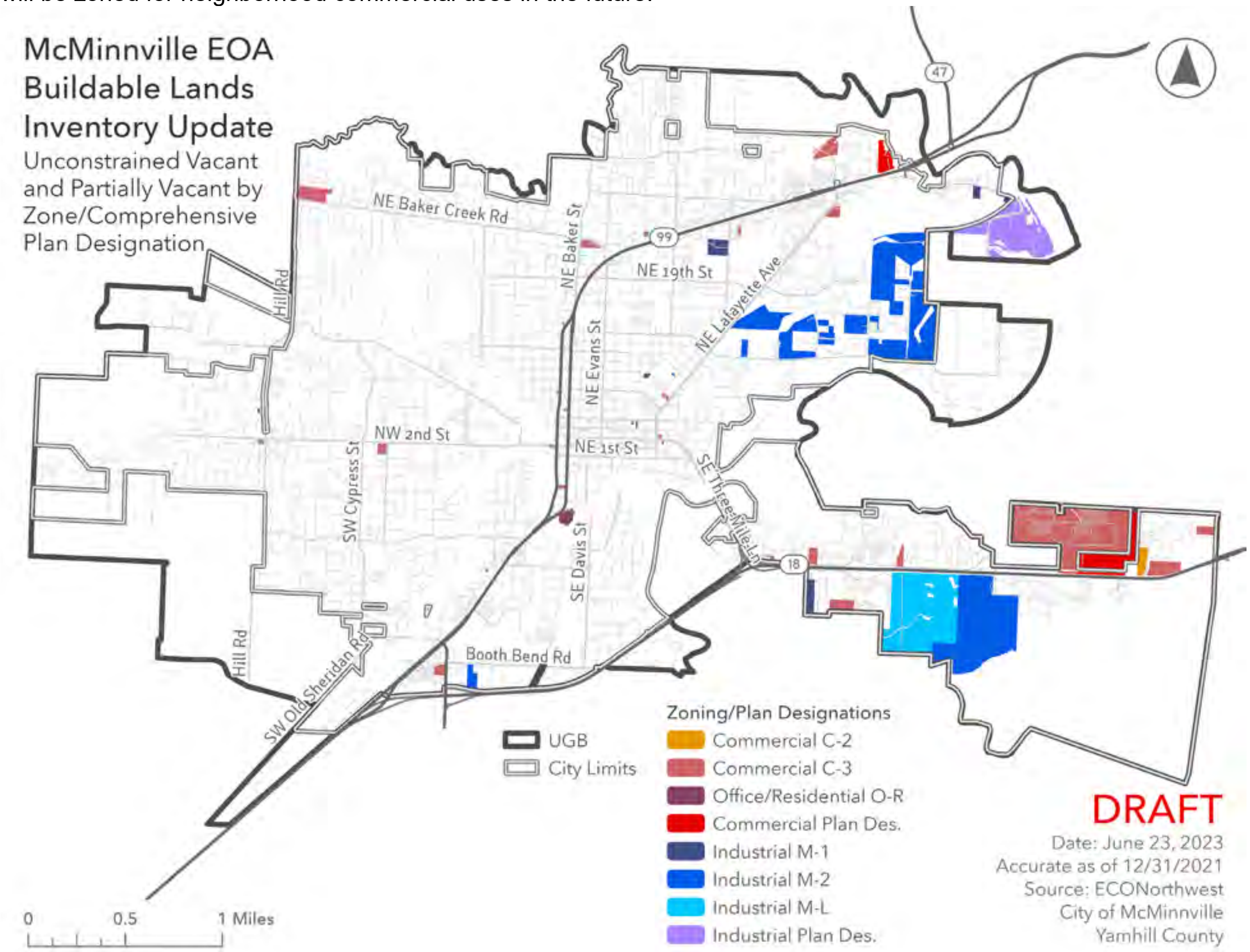
Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 1 or Exhibit 2 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 3 shows buildable employment land by zone with development constraints in the McMinnville UGB.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



FINDING – SATISIFIED: The buildable lands inventory in the EOA meets the requirements of OAR 660-009 and OAR 660-024. The inclusion of vacant small lots in the McMinnville EOA BLI exceeds the definitions of vacant land in OAR 660-009 by including vacant land on tax lots smaller than one-half an acre.

Population Forecast

OAR 660-024-0040 requires that the 20-year population forecast is the basis of the UGB land determination. be based on the appropriate 20-year forecast in OAR 660-032.

> ***660-024-0040 Land Need***
> *(1) The UGB must be based on the appropriate 20-year population forecast for the urban area as determined under rules in OAR chapter 660, division 32, and must provide for needed housing, employment and other urban uses such as public facilities, streets and roads, schools, parks and open space over the 20-year planning period consistent with the land need requirements of Goal 14 and this rule. The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision. Local governments in Crook, Deschutes or Jefferson Counties may determine the need for Regional Large-Lot Industrial Land by following the provisions of OAR 660-024-0045 for areas subject to that rule.*

OAR 660-032-0020 requires that, when a city uses population as a basis for forecasting employment, the city must use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

> ***660-032-0020 Population Forecasts for Land Use Planning***
> *(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.*

McMinnville started the process for developing the HNA and EOA in 2018, completing a draft of the HNA in 2019 and the EOA in 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA and EOA in 2021. McMinnville noticed the intention to adopt the HNA and EOA to the Department of Land Conservation and Development on May 14, 2020 and held its first evidentiary hearing on May 20, 2021. These actions are consistent with ORS 197.296(2).

Exhibit 4 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after the HNA and EOA had been drafted and McMinnville's notice to the Department of Land Conservation and Development was provided.

Exhibit 4 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 4. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development of its intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021.

Employment Trends

OAR 660-009-015(1) requires that the EOA review national, state, regional, county and local trends that may affect economic development. And OAR 660-009-015(4) assess the community's economic development potential.

> **OAR 660-009-0015**
> *(1) Review of National, State, Regional, County and Local Trends. The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses as described in section (4) of this rule. A use or category of use could reasonably be expected to expand or locate in the planning*

area if the area possesses the appropriate locational factors for the use or category of use. Cities and counties are strongly encouraged to analyze trends and establish employment projections in a geographic area larger than the planning area and to determine the percentage of employment growth reasonably expected to be captured for the planning area based on the assessment of community economic development potential pursuant to section (4) of this rule.

(4) Assessment of Community Economic Development Potential. The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages. Relevant economic advantages and disadvantages to be considered may include but are not limited to:

(a) Location, size and buying power of markets;
(b) Availability of transportation facilities for access and freight mobility;
(c) Public facilities and public services;
(d) Labor market factors;
(e) Access to suppliers and utilities;
(f) Necessary support services;
(g) Limits on development due to federal and state environmental protection laws; and
(h) Educational and technical training programs.

Chapter 3 of the EOA provides an extensive review of national, state, regional, and local trends that may affect economic development in McMinnville. Key among these trends are national and state economic growth, long-term and large-scale changes in the broader economy, such as increases in labor productivity, growth of entrepreneurship and small businesses, increases in automation, rising energy prices). The EOA documents changes more directly impacting economic growth in McMinnville, such as growing population, aging of the baby boomers, entry of Millennials and younger generations into the job market, changes in income, educational attainment, labor forecast participation, commuting patterns, and tourism.

Chapter 4 of the EOA provides information about McMinnville's community economic development potential. Chief among McMinnville's advantages for economic growth are its location in the Willamette Valley, access to Highway 99W, relatively young and diverse workforce, workforce availability across the region, existing diverse mix of businesses and industries, existing local business entrepreneurship, buying power of markets, comparatively low public utility rates and property tax rates, access to clean water, access to internet services, educational opportunities at Linfield College and Chemeketa Community College, and high quality of life.

McMinnville's disadvantage for economic development including: poor connections to I-5, on-going retail leakage (people traveling out of McMinnville to make retail purchases), comparatively smaller share of college graduates, tentative integration of Latino population into community & business leadership, inadequacy of commercial and industrial buildable lands, environmental constraints on land (such as steep slopes, floodplains, and wetlands), need for additional value-added opportunities for visitors, and relatively slow population growth resulting from a constrained land supply.

FINDING - SATISFIED. The City's EOA meets the requirements of OAR 660-009-015(1) and OAR 660-009-015(4).

Employment Forecast

OAR 660-024-0040(5) provides:

660-024-0040 Land Need

(5) Except for a metropolitan service district described in ORS 197.015(13), the determination of 20-year employment land need for an urban area must comply with applicable requirements of Goal 9 and OAR chapter 660, division 9, and must include a determination of the need for a short-term supply of land for employment uses consistent with OAR 660-009-0025. Employment land need may be based on an estimate of job growth over the planning period; local government must provide a reasonable justification for the job growth estimate but Goal 14 does not require that job growth estimates necessarily be proportional to population growth.

OAR 660-0024-0040(9) provides safe harbors for forecasting employment growth, as follows:

OAR 660-0024-0040(9)
(9) The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

The EOA describes the steps used to develop the employment in Exhibit 48 of the EOA. Those steps include:

- **Set Forecast Time Period and Employment Base.** The time period for the forecast was the 2021-2041 period.

  The base estimated employment was estimated using estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

  Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[2] The EOA estimates that McMinnville had an estimated 20,990 *total* employees within its UGB in 2017 based on Yamhill County's ratios of covered to total employment. (See Exhibit 49 in the EOA).

- **Evaluate UGB Employment Trends.** The prior section of this document describes the employment trends and the site needs.

- **Develop a forecast of employment growth.** The forecast of employment starts with the base of 20,990 total employees in the McMinnville UGB in 2017. The EOA considered a range of employment growth assumptions and settled on the "medium-growth option," using the safe

[2] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

harbor assumption from 660-024-0040(9)(a)(B) that employment in McMinnville will grow at the same rate as population (1.36% an average annual growth rate of 1.36% between 2021 to 2041). This projects that McMinnville will add 6,885 new employees between 2021 and 2041. (See Exhibit 50 in the EOA)

- **Allocate Job Growth by Land Use Type Scenarios.** This step allocated the forecast of 6,885 new employees to five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government. These land-use categories helped align the forecast of employment with the City's economic development direction in the *MAC-Town 2032 Economic Development Strategic Plan.* The allocation of job growth by land use types started with the existing percentage of each land use type in McMinnville in 2017 and adjusted the percentages slightly to better align with the Oregon Employment Department's forecast of employment growth for the Mid-Willamette Valley region, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan. (See Exhibit 51 in the EOA)

- **Allocate Job Growth by Land Development Status.** This step made deductions for employment that will not require vacant land. The City excluded employment growth for government employment, as land needs for government are addressed in the Public and Institutional Land Needs analysis.

  The EOA assumes that 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that do not require new employment land. This assumption is based on analysis of redevelopment information presented to the Project Advisory Committee at their October 10, 2019 meeting, which concluded that little redevelopment occurred in McMinnville between 2000 and 2019.[3] Based on discussion among the Project Advisory Committee about this information, the EOA assumes that 5% of new employment growth (332 new jobs) will be accommodated through infill and redevelopment. This leaves growth of 6,333 jobs over the 20-year period requiring vacant employment land. (See Exhibit 53 in the EOA)

- **Apply Job Density Factors.** The assumptions about employment density, expressed as employees per acre (EPA), were based on empirical analysis of employment density in McMinnville in 2017 and assumptions in the *2013 McMinnville EOA,* as discussed in detail in Appendix B of the EOA. Based on discussion among the Project Advisory Committee about this information, the EOA assumed that future industrial employment growth would occur at an average density of 11 EPA and commercial employment growth would occur at an average of 23 EPA.

  These densities are consistent with the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook,* which states: "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

- **Estimate 20-Year Employment Land Demand.** This step combines the assumptions about employment growth to estimate land demand over the 2021-2041 period. The EOA shows that the 6,333 new jobs will require 351 net acres of land at the density assumptions describe in the prior step, shown in Exhibit 5 (Exhibit 55 in the EOA).

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3 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/us_eoa_pac_3_10-10-2019_agenda_and_packet.pdf

The EOA uses assumptions about land needs for rights-of-way. Empirical analysis of development in McMinnville show that 6% of industrial land is used for rights-of-way and 18% of commercial land is used for rights of way. This results in a land demand for 405 gross acres of land for commercial and industrial land, shown in Exhibit 5 (Exhibit 55 in the EOA).

Exhibit 5. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

FINDING - SATISFIED. The City met the requirements of 660-024-0040(5) in estimating land need. The City used the safe harbor in 660-024-0040(9)(a)(B) to forecast employment growth, using the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development is intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20)

Special Land Needs

OAR 660-009-0020 requires that the City articulate the community's economic development objectives and identify employment uses desired by the community.

OAR 660-009-0020
(1) Comprehensive plans subject to this division must include policies stating the economic development objectives for the planning area. These policies must be based on the community economic opportunities analysis prepared pursuant to OAR 660-009-0015 and must provide the following:

(a) Community Economic Development Objectives. The plan must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Policy objectives may identify the level of short-term supply of land the planning area needs. Cities and counties are strongly encouraged to select a competitive short-term supply of land as a policy objective.

The EOA includes a forecast for additional land needed to address retail leakage and other site needs not accounted for in the forecast of employment growth and land needs. The land needs in this section are beyond those identified in the employment forecast described in the prior section of this report. They are consistent with the *MAC-Town 2032 Economic Development Strategic Plan (*adopted by Resolution No. 2019-16, March 12, 2019). This plan, developed with the aide of data, evaluation, public engagement and adopted city policies, identifies the city's economic development vision, goals, strategies and implementable actions to achieve that vision, 2018 – 2032.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP) (adopted by Ordinance No. 5126, November 8, 2022), which included a retail leakage analysis for the McMinnville area (see Exhibit 7 in the EOA). The purpose of the retail leakage analysis was to quantify the amount of retail sales for households within the McMinnville area that occur outside of McMinnville, in areas such as Salem, Portland, and I-5 corridor markets.

The 2018 analysis characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[4]

The 3MLAP report shows overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by this analysis shows that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

The EOA builds from the 3MLAP report and estimates that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage. This estimate of land need is not accounted for in the EOA report. (See Exhibit 57 of the EOA)

Other Site Needs

The City's *MAC Town 2032 Economic Development Strategic Plan* provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends. Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable.

The land needs described in this section of the EOA are all identified in existing city plans, but are not considered in the employment forecast. For example, when McMinnville's UGB was established in the early 1980s, it was not anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.

The EOA includes an estimate for land need of 49 acres for the following special site needs that are not accounted for in the employment forecast. (See Exhibit 58 in the EOA)

1. Community Center/Recreation Facility
2. Outdoor Stage/ Amphitheater
3. Arts and culture focused event center
4. Evergreen Aviation and Space Museum

[4] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

5. Wings and Waves
6. Conference Center:
7. Food hub and public market
8. Makerspace/innovation hub/ fabrication center

Site Needs, Required Site Types, and Site Characteristics for Required Sites

OAR 660-009-0005 includes the following definition of site characterisics:

> **OAR 660-009-0005**
> *(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.*

OAR 660-009-0015 requires that cities identify required site types:

> **OAR 660-009-0015**
> *(2) Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.*

OAR 660-009-0015 requires that cities identify the number, acreage, and characteristics of sites needed to accommodate employment uses:

> **OAR 660-009-0025**
> *(1) Identification of Needed Sites. The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. Plans do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas. Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.*

Understanding needs for specific types and characteristics of sites requires an understanding of the types of businesses expected to locate in McMinnville over the planning period. The EOA and *MAC-Town 2032 Economic Development Strategic Plan.* The types of industries expected to growth in McMinnville are: advanced manufacturing (such as metals manufacturing, aerospace manufacturing, or agricultural product manufacturing), healthcare services, traded-sector services (such as higher education or insurance), high-tech companies, entrepreneurs, food and beverage processors (such as wineries, agri-tourism, or food processors), and tourism industries (such as hotels, restaurants, locally produced goods).

The employment forecast and employment density factors identified a need for 153 industrial acres. This forecast does not adequately account for the site needs for industrial growth in McMinnville. The EOA identifies needed sites based for the industries above and other employment growth in McMinnville based on existing distribution of employment in McMinnville (Exhibit 60 in the EOA) and site characteristics identified as necessary and typical by Business Oregon (Exhibit 62 in the EOA).

The results of this analysis are identification of needed sites, shown in Exhibit 6. If these sites are appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 6. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac 5@ 1ac	2.5 5.0
1.00-1.99	12	12-24	6@1 ac 6@2 ac	6.0 12.0
2.00-4.99	4	8-20	2@2 ac 2@4 ac	4.0 8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac 5@15 ac	50.0 75.0
20.00-25.00	7	140-175	4@20 ac 3@25 ac	80.0 75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	70 sites	305-521 ac	70 sites	384 ac

FINDING - SATISIFIED. The City met the requirements of 660-0009 in identifying site needs as described above.

Land Sufficiency

Exhibit 7 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 7 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 2).

- **Demand for commercial and industrial land** from Exhibit 5, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.

- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)

- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.

- **Needed site sizes** from Exhibit 6 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Based on all of the above, the EOA, Exhibit 7 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041

Exhibit 7. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Oregon Land Use Goal #10 (Housing)

Goal 10 requires local jurisdictions to provide for the housing needs of its citizens and provide for the appropriate type, location and phasing of public facilities and services sufficient to support housing development in areas developed or undergoing development or redevelopment.

This Housing Needs Analysis (HNA) was initially drafted in 2019/2020, at which time the City of McMinnville notified the Department of Land Conservation and Development of its intent to amend the comprehensive plan to adopt the HNA on May 14, 2020, with a first evidentiary hearing planned for May 20, 2021. The city elected to wait until May 20, 2021, for its first evidentiary public hearing as the state was in the midst of adopting a missing middle housing law and rulemaking to support that initiative which could potentially impact the HNA. At the same time, the McMinnville City Council directed city staff to respond to the court of appeals remand from the 2003 HNA, EOA and UGB expansion effort, which was adopted by the City on December 8, 2020 and approved by the Department of Land Conservation and Development on April 9, 2021. The 2003 analysis was for a planning horizon of 2003 – 2023.

At the same time, the Land Conservation and Development Commission adopted OAR 660-008-0045 on November 12, 2020 (Updated November 23, 2020), directing cities to adopt updated Housing Capacity Analysis (HNA) by December 31st of designated years. McMinnville was directed to adopt an updated HNA by December 31, 2023. Due to the fact that the City already had a draft HNA that had been noticed to the Department of Land Conservation and Development for adoption, the City chose to update that document with the recent UGB amendment and the missing middle housing laws that the state had passed, resulting in this November 2023 McMinnville Housing Needs Analysis.

This proposed Housing Needs Analysis (HNA) accounts for housing needs for the 2021-2041 planning period. The HNA forecasts that McMinnville is planning for 4,657 dwelling units to accommodate an increase of 11,260 people over the 20-year period. McMinnville's housing needs are

for more diverse housing types, with more attached and multifamily dwellings than in the City's current housing stock. In addition, McMinnville needs more housing that is affordable to households with income below 120% of median family income, accounting for 59% of future housing needs.

McMinnville assumes that 8% of the 4,657 dwelling units will be accommodated through infill and redevelopment (8% of new housing). That leaves need for 4,284 new units that require buildable land. McMinnville's vacant and partially vacant buildable residential land has capacity for 3,183 dwelling units. The result is a deficit of land for 1,101 dwelling units.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds that Goal 10 has been addressed, based on the discussion above as well as the findings below.

Buildable Lands Inventory

ORS 197.296(2) requires the City to "demonstrate that its comprehensive plan . . . provides sufficient buildable lands within the urban growth boundary . . . to accommodate estimated housing needs for 20 years." The statutory requirement for a buildable lands inventory, along with direction concerning what lands are to be inventoried as "buildable," is contained in ORS 197.296(3), ORS 197.296(4) and in OAR Division 660-008:

> **ORS 197.296**
> *(3) In performing the duties under subsection (2) of this section, a local government shall:*
>> *(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands;*
>
> *(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:*
>>> *(A) Vacant lands planned or zoned for residential use;*
>>> *(B) Partially vacant lands planned or zoned for residential use;*
>>> *(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and*
>>> *(D) Lands that may be used for residential infill or redevelopment.*
>
> **OAR 660-008-0005**
> *(2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:*
>> *(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
>> *(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
>> *(c) Has slopes of 25 percent or greater;*
>> *(d) Is within the 100-year flood plain; or*
>> *(e) Cannot be provided with public facilities.*
>
> *(12) "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the*

strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

OAR 660-024-0050

(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute.

The HNA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where housing is allowed outright, including land in the following zones: Residential zones R-1, R-2, R-3, and R-4; Commercial zones O-R and C-3; and land within the UGB in County zoning EF-80, VLDR-1, Residential Plan Designation, and Urban Holding Plan Designation.
The HNA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.

- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more than a half-acre of buildable land after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

The HNA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-008-0005(2), shown in Exhibit 8:

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.

- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.

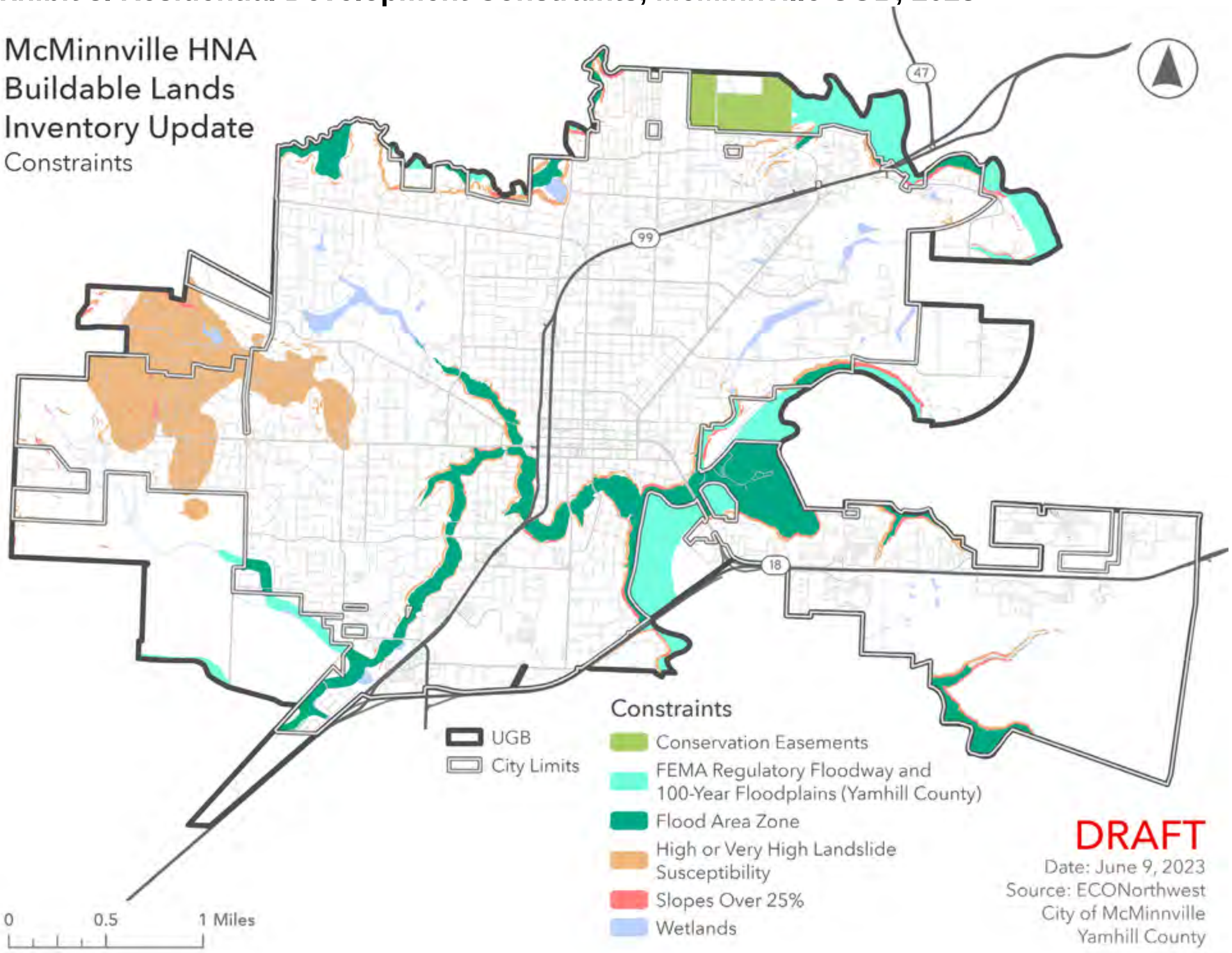
- *Land within landslide hazards*. The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands

with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.

- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

Exhibit 8. Residential Development Constraints, McMinnville UGB, 2023



After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 9 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

Exhibit 9. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 10 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 10 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 11 shows vacant and partially vacant lots with constraints overlaid Exhibit 12 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 11. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

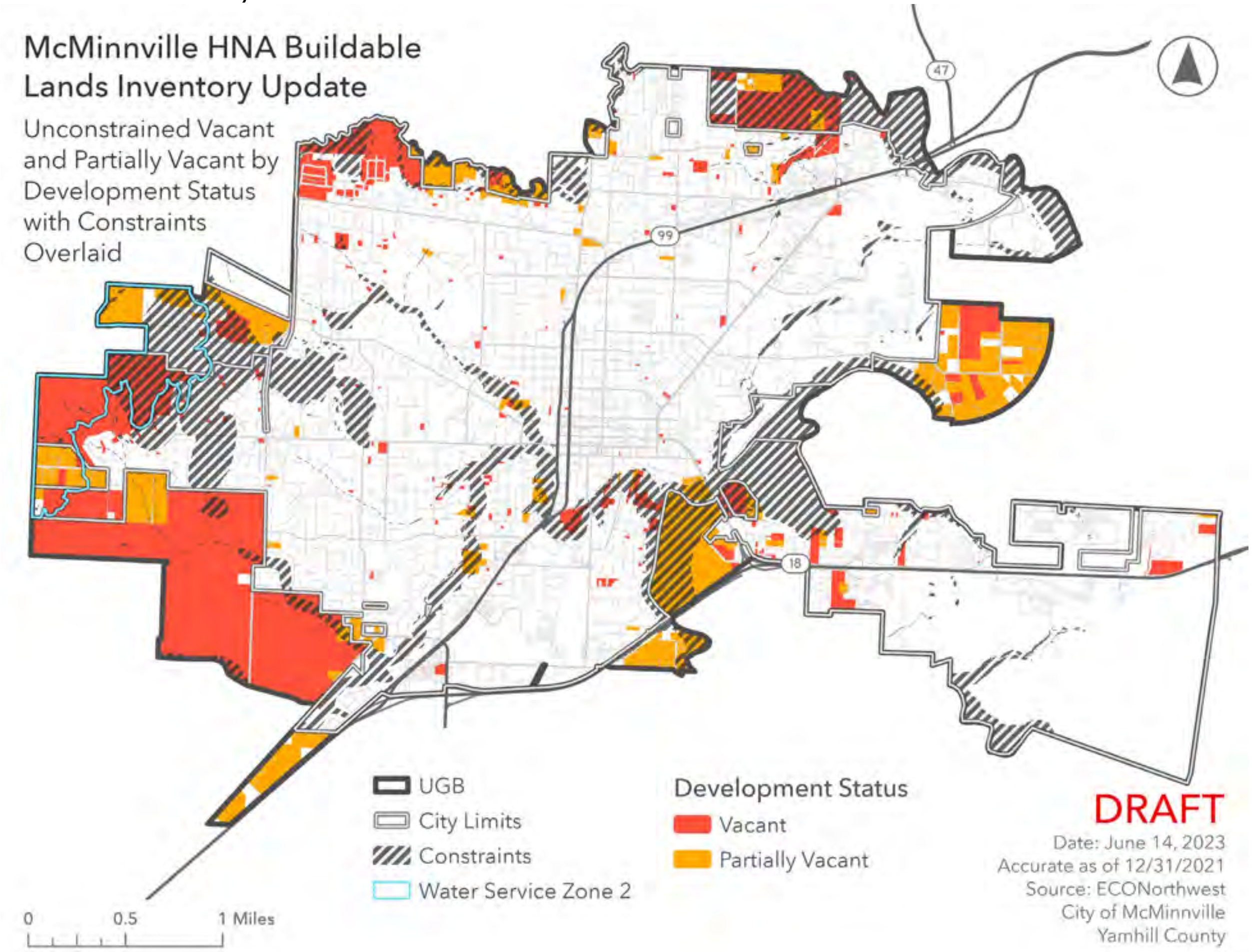
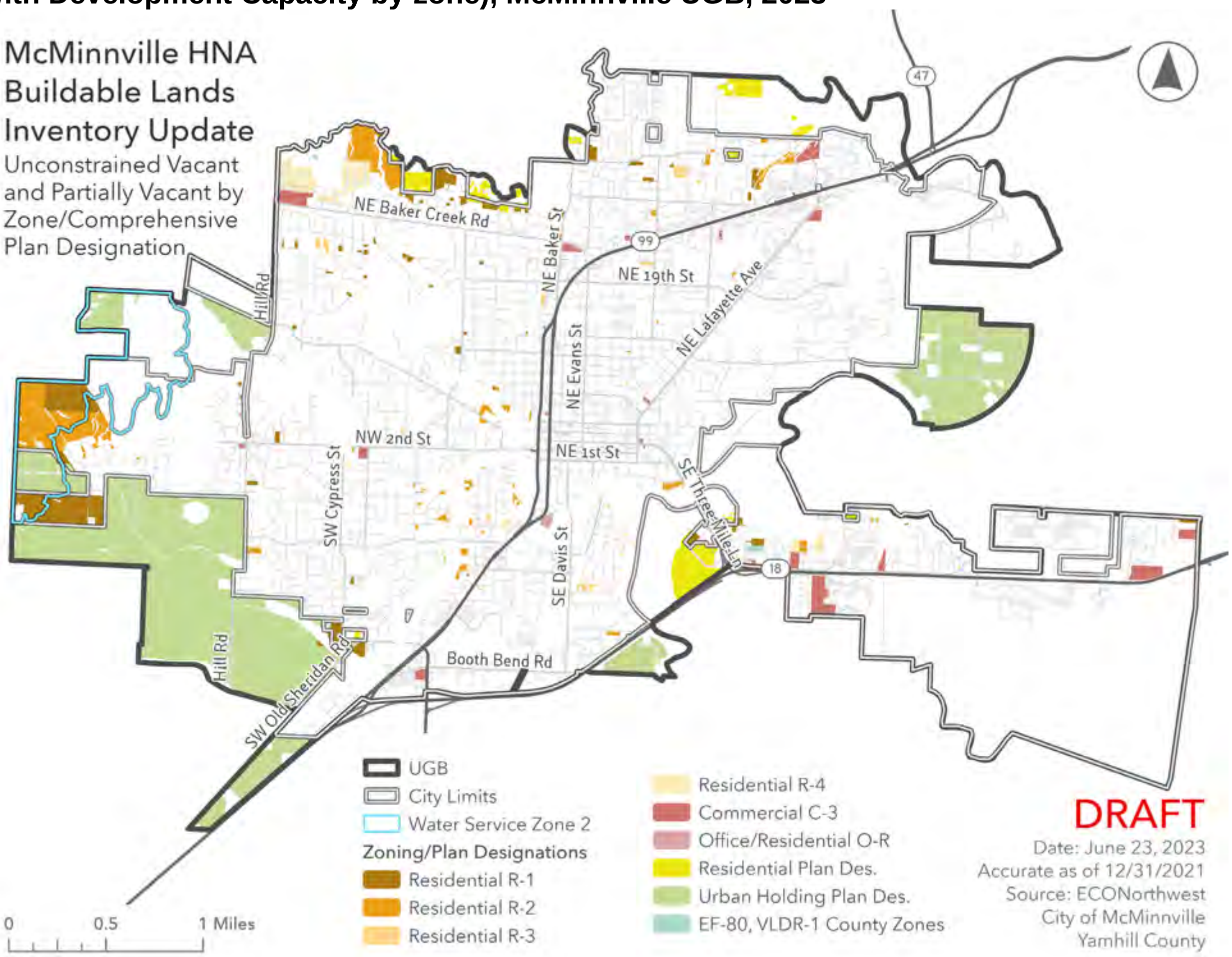


Exhibit 12. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



To account for redevelopment, the HNA assumes that 8% of new dwelling units during the planning period will be accommodated on lands classified as “developed” through infill, redevelopment, or both. This assumption is discussed in more depth later in this analysis.

FINDING – SATISFIED: The buildable lands inventory in the HNA meets the requirements of ORS 197.296, OAR 660-008, and OAR 660-024.

Planning Horizon and Population Forecast

ORS 197.296 establishes the context for planning to provide sufficient buildable lands within the UGB to accommodate estimated housing needs for 20 years. ORS 197.296(2) provides:

> *(2)(a) A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:*
>
> *(A) At periodic review under ORS 197.628 to 197.651;*
>
> *(B) As scheduled by the commission:*
>
> *(i) At least once each eight years for local governments that are not within a metropolitan service district; or*
>
> *(ii) At least once each six years for a metropolitan service district; or*

> *(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.*
>
> *(b) The 20-year period shall commence on the date initially scheduled for completion of the review under paragraph (a) of this subsection.*

In addition, OAR 660-024-0040 requires that the 20-year population forecast be based on the appropriate 20-year forecast in OAR 660-032.

> ***660-024-0040 Land Need***
> *(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.*

OAR 660-032-0020 requires that a city use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

> ***660-032-0020 Population Forecasts for Land Use Planning***
> *(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.*

McMinnville started the process for developing the HNA in 2018, completing a draft of the HNA in early 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA in 2021. McMinnville notified the Department of Land Conservation and Development the intention to amend the comprehensive plan by adopting the HNA on May 14, 2020 with the first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20). These actions are consistent with ORS 197.296(2).

Exhibit 13 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after McMinnville had completed its draft HNA and after it had noticed the Department of Land Conservation and Development. Exhibit 13 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 13. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the HNA.

Residential Land Need

The McMinnville Housing Needs Analysis (HNA), updated in June 2023, presents McMinnville's land need for housing. The HNA is the factual basis for the information presented in this section.

The City of McMinnville has one Residential Land Comprehensive Plan Map Designation and four residential zone classifications (R1, R2, R3 and R4). This is deliberate as the City of McMinnville has a Comprehensive Plan policy and long tradition of encouraging the integration of different housing types throughout its neighborhoods through a planned development land-use process. McMinnville added a fifth residential zone classification (R-5) as an exclusive high-density residential zone to help achieve the city's affordable housing need. McMinnville has no land zoned R-5, as shown in the June 2023 HNA.

Housing Unit Projection

OAR 660-024-0040 provides the following guidance on housing unit projection:

> ***660-024-0040 Land Need***
> *(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.*
>
> *(8) The following safe harbors may be applied by a local government to determine housing need under this division:*
>
> > *(a) A local government may estimate persons per household for the 20-year planning period using the persons per household for the urban area indicated in the most current data for the urban area published by the U.S. Census Bureau.*
> > *(e) A local government outside of the Metro boundary may estimate its housing vacancy rate for the 20-year planning period using the vacancy rate in the most current data published by the U.S. Census Bureau for that urban area that includes the local government.*

Exhibit 14 presents for the forecast for new housing for McMinnville for the 2021-2041 period, based on:

- **Population growth.** The first step in the HNA process is to forecast the number of housing units that will be needed to house the projected population growth over the planning period. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.

- **Household size.** OAR 660-024-0040(8)(a) established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people.[5]

- **Vacancy rate.** OAR 660-0240040(8)(e) established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%.[6]

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[5] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.
[6] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.

Exhibit 14. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

FINDING - SATISFIED. The City used the most recent population forecast from the PRC as the basis for the forecast of housing demand and the most recently available data from the American Community Survey for the household size and vacancy rate.

Needed Housing Types

ORS 197.303 defines "needed housing" as follows:

> *197.303 "Needed housing" defined. (1) As used in ORS 197.286 to 197.314, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:*
>
> > *(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;*
> > *(b) Government assisted housing;*
> > *(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;*
> > *(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and*
> > *(e) Housing for farmworkers.*

OAR 660-024-0040(8) provides the following safe harbors for determination of some needed housing types:

> *(b) If a local government does not regulate government-assisted housing differently than other housing types, it is not required to estimate the need for government-assisted housing as a separate housing type.*
> *(c) If a local government allows manufactured homes on individual lots as a permitted use in all residential zones that allow 10 or fewer dwelling units per net buildable acre, it is not necessary to provide an estimate of the need for manufactured dwellings on individual lots.*
> *(d) If a local government allows manufactured dwelling parks required by ORS 197.475 to 197.490 in all areas planned and zoned for a residential density of six to 12 units per acre, a separate estimate of the need for manufactured dwelling parks is not required.*

The City uses the following housing types in its forecast of future housing need:

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.

- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. Manufactured home park development is an allowed use in the R-3 and R-4 zone, which are the zones that allow six to 12 dwelling units per acre.

The HNA forecasts housing types for single-family detached, single-family attached, and multifamily housing, as defined above (see Exhibits 85 and 91).

FINDING - SATISFIED. The City's forecast addresses the requirements of ORS 197.303 and OAR 660-024-0040(8).

Needed Housing Mix

ORS 197.303 requires the City to consider the following factors when projecting future housing needs:

> *(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last review under ORS 197.296 (2)(a)(B) and the projected future changes in these factors over a 20-year planning period:*
>
> *(a) Household sizes;*
> *(b) Household demographics;*
> *(c) Household incomes;*
> *(d) Vacancy rates; and*
> *(e) Housing costs.*

The HNA presents information on these factors, based on the best available sources of data at the time of development of the HNA, making comparisons to data from 2000 when possible.

- McMinnville's average household size was 2.55 in 2013-2017. average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000. (See Exhibits 48 to 53 in the HNA)

- McMinnville's city limits had 33,665 people in 2017, up from 26,499 people in 2000. (See Exhibits 34 to 47 in the HNA)

    - Population in McMinnville is growing faster than the State and national average since 1990.

    - Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.

  - o The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.

- McMinnville's median household income was $50,299 in in 2013-2017. (See Exhibits 54 to 56 in the HNA)

  - o Median household income and median family income is below County and State median incomes.

  - o While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.

- McMinnville's median household income was $50,299 in 2013-2017. (See Exhibits 54 to 56 in the HNA)

- About 5.4% of housing units were vacant in McMinnville in 2013-2017, compared with 4.7% vacancy in 2000. (See Exhibit 27 in the HNA)

- The median housing sales price in McMinnville in February 2019 was $315,000, an increase of $196,000 since February 2012. The median gross rent in McMinnville was $941 in 2012-2016. (See Exhibits 63 to 67 in the HNA)

In addition, ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

The HNA presents information about historical housing development mix:

- McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period. McMinnville added 3,257 new dwelling units during this 17-year period.

- McMinnville's housing stock is majority single-family detached housing units. According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses). McMinnville's housing mix has not changed substantially since 2000, when 67% of housing was single-family detached, 24% was multifamily, and 8% was single-family attached. (See Exhibits 16 and 17 in the HNA)

- According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017. Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing, 8% single-family housing, and 31% multifamily housing. (See Exhibit 20 in the HNA)

Taken together, these trends suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment

buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

Exhibit 15. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

FINDING – SATISFIED: The City's forecast addresses the requirements of ORS 197.303(2) and ORS 197.296(3)(b).

Housing Accommodated through Infill and Redevelopment

The HNA estimates housing that will be accommodated through infill and redevelopment, then subtracts that housing from the forecast of new housing. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The HNA forecasts that 373 units of new housing (mostly multifamily housing) will be accommodated through infill and redevelopment. Of these units, 37 are forecast to be single-family detached and 335 multifamily. The result is a forecast for need for 4,284 dwelling units on vacant or partially vacant unconstrained land, of which 2,524 will be single-family detached, 559 single-family attached, and 1,202 multifamily. (See Exhibit 91 in the HNA)

Needed Housing Density

ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

ORS 197.296(7) also requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years."

> *(7) Using the housing need analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.*

The preceding section presents the results of the analysis that satisfies the requirements of ORS 197.296(3)(b). In response to ORS 197.296(7), the HNA presents information about historical housing development density:

- Exhibit 16 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

- The HNA shows that density of housing development varied annually since 2000, with years that had larger numbers of multifamily permitted having higher densities (such as 2001 and 2015). (See Exhibit 84 in the HNA)

Exhibit 16. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	**4.0**	12%	**9.5**	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

The HNA converts the historical net densities into gross densities, to account for need for land for future rights-of-ways. The assumptions about land in rights-of-ways is based on empirical analysis development in McMinnville, where an average of 25% of land is used for rights-of-way. The overall average density for McMinnville's future development is 6.6 dwelling units per net acre or 4.9 dwelling units per gross acre.

The HNA adjusted the forecast of needed densities to add 3% to the Historical Densities in Exhibit 16, consistent with the density changes allowed for complying with HB 2001 (2019).[7] This change in needed densities is shown in Exhibit 17.

[7] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Exhibit 17. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

The starting point for the discussion of needed future densities is the historical development densities (Exhibit 16), with the additional 3% increase in density as a result of complying with HB 2001 (2019) (Exhibit 17). The HNA concludes that increases in housing density will be achieved predominantly through the change in needed housing mix, with 55% of new housing to be single-family detached (compared to the average of 68% of McMinnville's housing stock), 12% single-family attached (9% of existing housing stock), and 33% multifamily (23% of existing stock). Taken together, this shift of future housing need will result in overall higher average development densities. This assessment is based on the analysis of factors in ORS 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7). If housing develops at densities consistent with those in Exhibit 17 (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

After adoption of the HNA, the City expects to evaluate land use efficiency measures to further increase residential densities, consistent with ORS 197.296(6). After applying land use efficiency measures, if the City still has an identified deficit of land and must expand its UGB, it is highly probable that the density assumed for the UGB expansion will be higher than 5.46 dwelling units per gross acre.

FINDING – SATISFIED: The City's forecast of needed densities addresses the requirements of S 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7).

Capacity Analysis

Prior sections of the findings document the City's compliance with ORS 197.296 and OAR 660-008 in developing the buildable lands inventory and future needed density. This section applies those densities to vacant and partially vacant unconstrained buildable land to forecast capacity of that land, per the requirements of ORS 197.296(5):

> **ORS 197.296(5)**
> *(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity pursuant to subsection (3)(a) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last review under subsection (2)(a)(B) of this section. The data shall include:*
> *(A) The number, density and average mix of housing types of urban residential development that have actually occurred;*
> *(B) Trends in density and average mix of housing types of urban residential development;*
> *(C) Market factors that may substantially impact future urban residential development; and*

(D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

The capacity analysis in the HNA estimates the development potential of vacant and partially vacant residential land to accommodate new housing based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 10. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.

- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.

- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.

- **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 19 provides more detail about these small lots.

  Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.

- **Needed densities.** The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 17 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

Exhibit 18. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 18 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 19), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 17 by zoning district.

Exhibit 19 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 19 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 19 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 19. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total Capacity (DU)
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

FINDING – SATISFIED: The City's capacity analysis addresses the requirements of ORS 197.296(3) and ORS 197.296(5).

Residential Land Need

The HNA concludes that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

Exhibit 20. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Oregon Land Use Goal #11 (Public Facilities and Services)

Goal 11 requires cities to plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

Housing and employment growth are reliant on utilities and infrastructure to adequately serve residents within the community.

- **Wastewater.** The City's current Wastewater Facilities Master Plan was completed in 2009. The City started updating its Wastewater Facilities Master Plan in September 2022 and expects to complete the update by the end of 2024. The update of the Wastewater Facilities Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Stormwater.** The City's Stormwater Drainage Master Plan was completed in 2009 as a draft plan but never adopted. The City started updating the draft Stormwater Drainage Master Plan May 2023 and expects to adopt the plan by the end of 2025. The adopted Stormwater Drainage Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Water.** McMinnville Water and Light provides municipal water service (including water treatment) to the community of McMinnville. McMinnville Water and Light has water rights in the Yamhill and Nestucca River basins, with sufficient water rights to accommodate expected

growth through 2075. The Scott Water Treatment Plan was upgraded and expanded in 2010 and provides enough treatment capacity to accommodate growth through 2045. McMinnville Water and Light is updating the Water Master Plan to account for service needs to accommodate land brought into the UGB in 2020.

The HNA and EOA do not propose new Goal 11 programs. The development of additional housing and employment uses within McMinnville relies on adequate infrastructure. The City is working on updating and studying its existing and needed infrastructure to accommodate growth.

FINDING – SATISFIED. The City finds that Goal #11 is satisfied.

Oregon Land Use Goal #12 (Transportation)

Goal 12 encourages the provision of a safe, convenient and economic transportation system. This goal also implements provisions of other statewide planning goals related to transportation planning in order to plan and develop transportation facilities and services in coordination with urban and rural development (OAR 660-012-0000(1)).

McMinnville updated its Transportation System Plan in 2010. The plan assumes need to serve 46,220 people and 19,600 employees. As part of its ongoing public facility master planning updates, the City of McMinnville will initiate an update to the Transportation System Plan in 2024, with a goal to adopte an updated plan by the end of 2026 to account for service needs to accommodate land brought into the UGB in 2020.

FINDING – SATISFIED. The City finds that since the adoption of the HNA and EOA are not comprehensive plan map or zoning map updates, Goal #12 is satisfied.

Oregon Land Use Goal #13 (Energy Conservation)

Goal 13 requires land and uses developed on the land to be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principles. Energy consequences will be further evaluated after the City has adopted land use efficiency measures to accommodate unmet residential, commercial, and industrial land needs, if the City requires a UGB expansion. For the HNA and EOA, Goal 13 does not apply.

FINDING – NOT APPLICABLE.

Oregon Land Use Goal #14 (Urbanization)

Goal 14 requires the orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.

Housing and employment growth are directly related to land need in the McMinnville UGB and coincides with the transition of rural lands to urban lands. The City's 2020 expansion of its UGB, which added lands for residential, commercial, industrial, and public land to the UGB, is accounted for in the HNA and EOA. The buildable lands inventories of both studies include land newly added to the UGB.

The HNA identified a deficit of 202 acres to accommodate housing growth over the 2021-2041 period.

The EOA identified a deficit of 29 acres of industrial land and 159 acres of commercial land to accommodate housing growth over the 2021-2041 period. The Public and Institutional Land analysis identified a deficit of 94 acres of land for public or institutional land over the 2021-2041 period.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds the requirements of Goal 14 satisfied.

McMinnville Comprehensive Plan

As described in the Comprehensive Plan, the Goals and Policies of the Comprehensive Plan serve as criteria for land use decisions. The following Goals and Policies from Volume II of the McMinnville Comprehensive Plan are applicable to this request:

CHAPTER II. NATURAL RESOURCES

GOAL II 1 TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

2.00. The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.

9.00 The City of McMinnville shall continue to designate appropriate lands within its corporate limits as "floodplain" to prevent flood induced property damages and to retain and protect natural drainage ways from encroachment by inappropriate uses.

FINDING: SATISFIED. Goal II 1 and policies 2.00 and 9.00 are satisfied by this proposal because the buildable lands inventory removed those lands in the floodplain and with excessive slopes, limiting soil characteristics and natural hazards.

CHAPTER III. CULTURAL, HISTORICAL AND EDUCATIONAL RESOURCES

GOAL III 7 TO PROVIDE FOR THE EDUCATIONAL NEEDS OF MCMINNVILLE THROUGH THE PROPER PLANNING, LOCATION, AND ACQUISITION OF SCHOOL SITES AND FACILITIES.

18.00 The City of McMinnville shall cooperate with the McMinnville School District in the planning for future schools.

FINDING: SATISFIED. Goal III 7 and policy 18.00 is satisfied by this proposal since the future land needs of the school district was incorporated into the EOA as part of Appendix E, Public and Instituional Land.

CHAPTER IV. ECONOMY OF MCMINNVILLE

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMINNVILLE'S ECONOMY IN ORDER TO ENHANCE THE GENERAL WELL-BEING OF THE COMMUNITY AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS.

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMINNVILLE AS THE COMMERCIAL CENTER OF YAMHILL COUNTY IN ORDER TO PROVIDE EMPLOYMENT OPPORTUNITIES, GOODS, AND SERVICES FOR THE CITY AND COUNTY RESIDENTS.*:*

21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.

21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.

1. *The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.*

2. *Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries.* (Ord.4796, October 14, 2003)

21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV, 1 and 2, and policies 21.00, 21.01, 21.02, and 21.05 are satisfied by the adoption of the EOA to ensure adequate land supply and sites to support the community's economic development efforts. Policy 21.05 is satisfied through the retail leakage analysis and incorporation of the acreage needed to reduce the retail leakage in the commercial land need analysis.

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALLY DESIGNATED LANDS, THROUGH APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.

24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV 3, and policies 23.00 and 24.50 are satisfied by the policy decision to not assign housing to the commercially zones sites in the buildable lands inventory in order to protect commercial sites from encroachment by incompatible uses, and that the location, type and amount of commercial activity within the UGB shall be based on the Economic Opportunity Analysis.

GOAL IV 5: TO CONTINUE THE GROWTH AND DIVERSIFICATION OF McMINNVILLE'S INDUSTRIAL BASE THROUGH THE PROVISION OF AN ADEQUATE AMOUNT OF PROPERLY DESIGNATED LANDS.

GOAL IV 6: TO INSURE INDUSTRIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USES, THAT IS APPROPRIATELY LOCATED IN RELATION TO SURROUNDING LAND USES, AND THAT MEETS NECESSARY ENVIRONMENTAL STANDARDS.

49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)

49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

FINDING: SATISFIED. Goal IV 4 and 5, and policies 49.01 and 49.02 are satisfied by the adoption of the EOA.

CHAPTER V. HOUSING AND RESIDENTIAL DEVELOPMENT

GOAL V 1 TO PROMOTE DEVELOPMENT OF AFFORDABLE, QUALITY HOUSING FOR ALL CITY RESIDENTS.

General Housing Policies:

58.00 City land development ordinances shall provide opportunities for development of a variety of housing types and densities.

59.00 Opportunities for multiple-family and mobile home developments shall be provided in McMinnville to encourage lower-cost renter and owner-occupied housing. Such housing shall be located and developed according to the residential policies in this plan and the land development regulations of the City.

60.00 Attached single-family dwellings and common property ownership arrangements (condominiums) shall be allowed in McMinnville to encourage land-intensive, cost-effective, owner-occupied dwellings.

FINDING: SATISFIED. Goal V 1 and the policies 58.00, 59.00 and 60.00 are satisfied with the intention identified in the Housing Needs Analysis to increase the proportional amount of single-family attached housing in the HNA, as well as the proportional increase of multi-family housing in the HNA.

CHAPTER VII. COMMUNITY FACILITIES AND SERVICES

GOAL VII 3: TO PROVIDE PARKS AND RECREATION FACILITIES, OPEN SPACES, AND SCENIC AREAS FOR THE USE AND ENJOYMENT OF ALL CITIZENS OF THE COMMUNITY.

170.05 For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used. (Ord. 4796, October 14, 2003)

FINDING: SATISFIED. Goal VII 3 and policy 170.05 is satisfied since the City of McMinnville's Parks, Recreation and Open Space Master Plan was utilized to project future park and open space needs.

CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT

GOAL X 1 TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

FINDING: SATISFIED. The following activities were provided for citizen involvement. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- ❖ City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 16, 2019
  - September 5, 2019
  - October 10, 2019
  - November 13, 2019
  - January 21, 2020
  - February 27, 2020
  - March 19, 2020
  - May 11, 2020
  - May 8, 2023
  - June 22, 2023

- ❖ Work Sessions:
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
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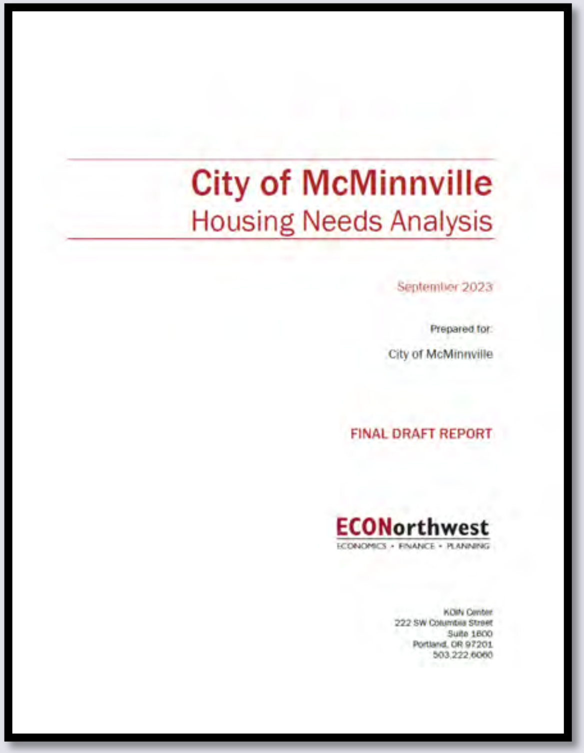
  - Planning Commission, September 21, 2023 (Heard public testimony)

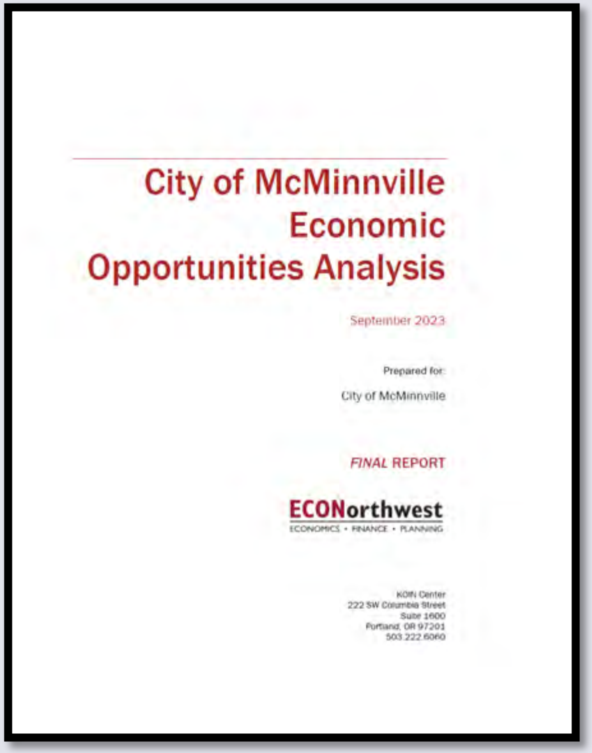
- ❖ City Council Meetings
  - October 10, 2023
  - November 28, 2023
  - February 27, 2024

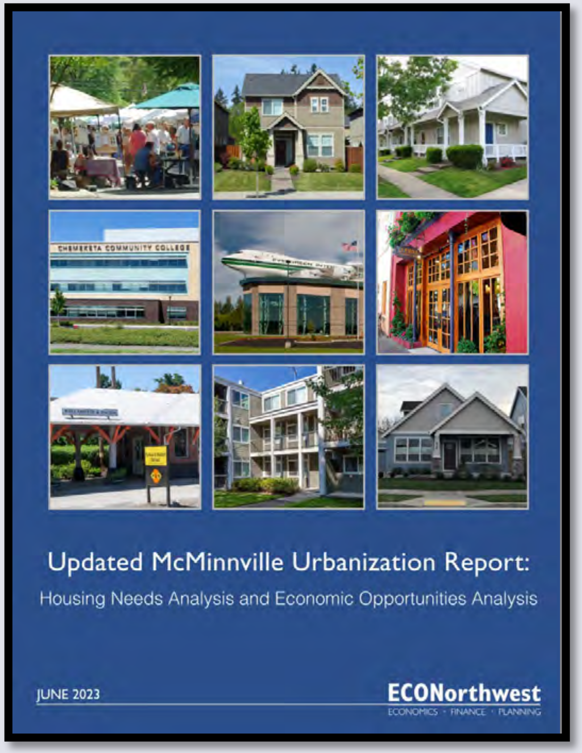
Growing McMinnville MINDFULLY

G 1-20, G 3-20

Tonight’s Consideration – Needs Analysis Adoption







Tonight's Consideration

Second ReadIng of Ordinance No. 5141
(First Reading – November 28, 2023)

1. **Adopts the following documents:**
    - **Urbanization Study, November 2023**
    - **Housing Needs Analysis, November 2023**
    - **Economic Opportunities Analysis, November 2023**
    - **Findings and Decision Document (G 1-20 and G 3-20)**

2. **Amends the Comprehensive Plan, Volume I**

3. **Repeals Ordinances No. 4746 and 4976**

City of McMinnville

Tonight's Consideration

Ordinance	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
5141	**202 Acres**	29 Industrial 159 Commercial **188 Acres**	**32 Acres**	**422 Acres**

Ordinance No. 5141 – Retains commercial acreage land need associated with the *"Retail Leakage"* **and** *"Other Needed Sites Calculated Separately from Average Employment Densities"*

City of McMinnville

Tonight's Consideration

Per ORS 197.296, we need to submit a Housing Capacity Analysis and Buildable Lands Inventory by December 31, 2023.

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

Approved Workplan

Extended to 2/29/24

City of McMinnville

POPULATION FORECAST AND PLANNING HORIZON

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

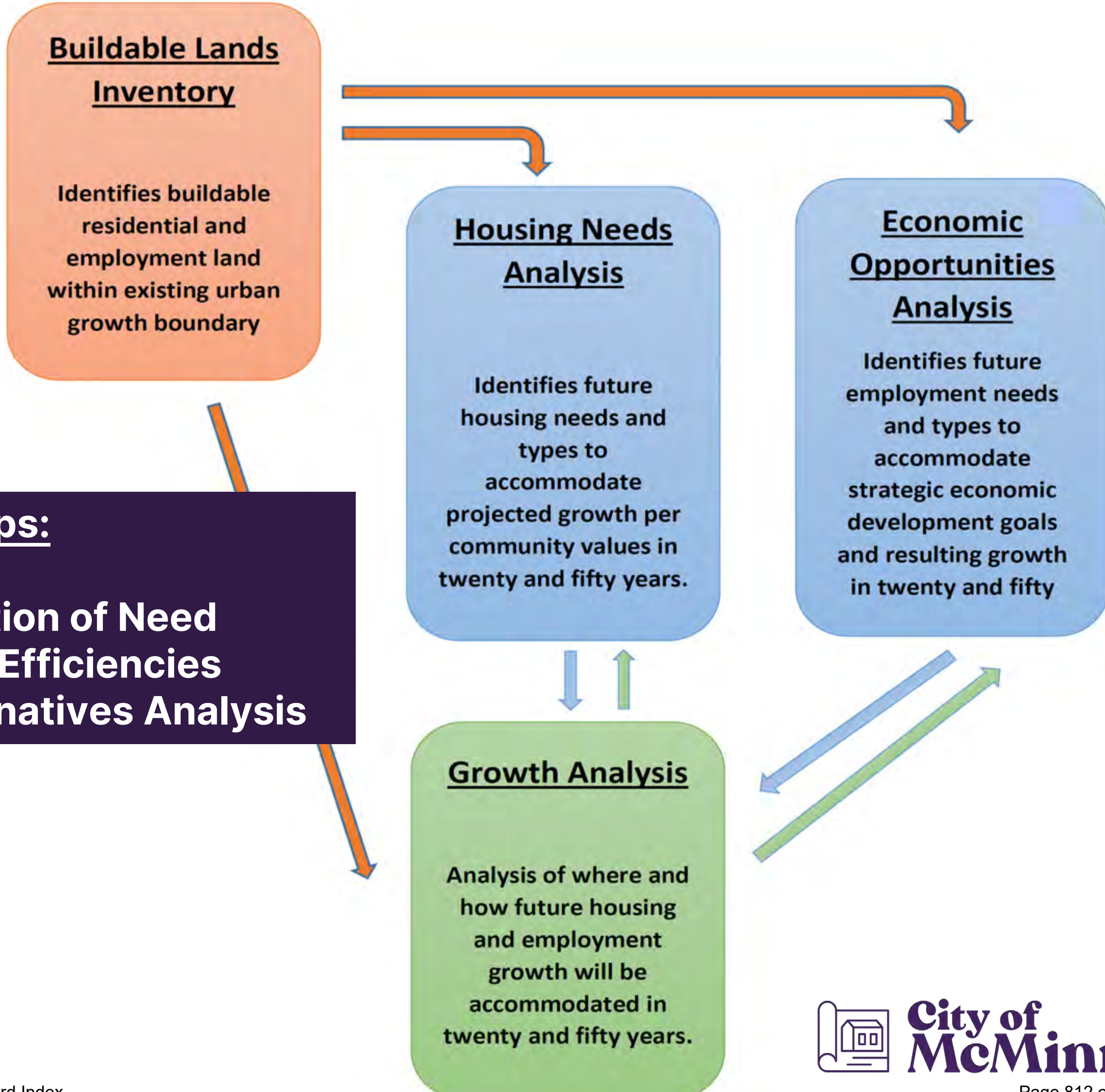
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

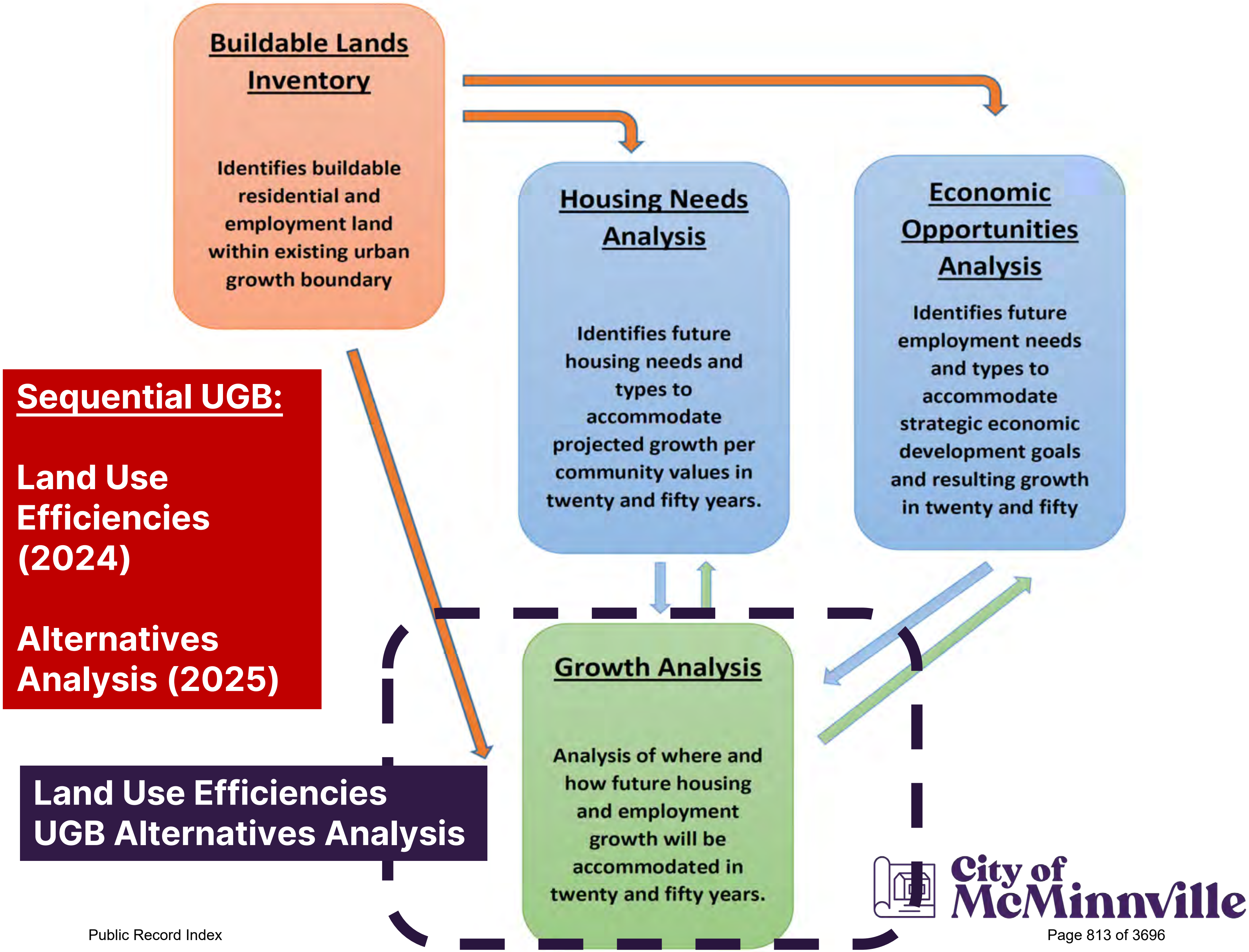
City of McMinnville

Three Steps:

Identification of Need
Land-use Efficiencies
UGB Alternatives Analysis



City of McMinnville


Buildable Lands Inventory
Identifies buildable residential and employment land within existing urban growth boundary
Housing Needs Analysis
Identifies future housing needs and types to accommodate projected growth per community values in twenty and fifty years.
Economic Opportunities Analysis
Identifies future employment needs and types to accommodate strategic economic development goals and resulting growth in twenty and fifty
Sequential UGB:
Land Use Efficiencies (2024)
Alternatives Analysis (2025)
Growth Analysis
Analysis of where and how future housing and employment growth will be accommodated in twenty and fifty years.
Land Use Efficiencies
UGB Alternatives Analysis
City of McMinnville

City Council Strategies

GOAL: HOUSING – Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks and land supply align with market-driven housing needs.

GOAL: GROWTH AND DEVELOPMENT CHARACTER – Guide growth and development strategically, responsively, and responsibly to enhance our unique character.

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

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

QUESTIONS?

Oregon
Tina Kotek, Governor

Department of Land Conservation and Development
Housing Division
635 Capitol Street NE, Suite 150
Salem, Oregon 97301-2540
Phone: 503-373-0050
Fax: 503-378-5518
***.oregon.gov/LCD

December 12, 2023

Heather Richards
Community Development Director
City of McMinnville
503.474.5107

Director Richards,

This letter is to formally acknowledge that the Department of Land Conservation and Development (DLCD) has adjusted the deadline for the City of McMinnville Housing Capacity Analysis (HCA) to December 31, 2024. The deadline is described in OAR 660-008-0045 (1) and Land Conservation and Development Commission will adopt the adjusted deadline as part of the annual schedule update rulemaking during the Commission's first 2024 Session on January 25.

McMinnville has submitted notice of election to enter a sequential Urban Growth Boundary amendment work program per OAR 660-025-0185(1), and DLCD is currently in the process of refining the work program and will need Director approval. McMinnville has been moving to adopt the completed HCA. However, in light of the city opting into the sequential UGB process, DLCD finds it most logical to extend the city's HCA deadline to be in alignment with the forthcoming sequential UGB work plan. The City has requested to delay HCA adoption until after

> (1) the Yamhill County Board of Commissioners meeting taking action on the City's election to proceed with the sequential UGB amendment work program process to be held on 12/21/23, and;
>
> (2) DLCD final approval of the work program

McMinnville expects to adopt the HCA in January following DLCD Director approval of the work program and County action.

Pursuant to the schedule, McMinnville's HCA was slated for a deadline of December 31, 2023. Given ongoing work to enter into to enter a sequential Urban Growth Boundary amendment work program, DLCD finds that a deadline adjustment is permissible per OAR 660-008-0065 and formally defers the city's HCA deadline to a date to be determined by the forthcoming Director-approved UGB work plan and that is not later than December 31, 2024.

If you have questions or would like to further discuss anything referenced in this letter, please contact myself or your Regional Representative Melissa Ahrens at Melissa.ahrens@dlcd.oregon.gov.

Best regards,

Ethan Stuckmayer

Ethan Stuckmayer
Housing Division Manager,
Department of Land Conservation and Development

CC:

Melissa Ahrens, DLCD
Ingrid Caudel, DLCD
Thea Chroman, DLCD
Tom Schauer, City of McMinnville
David Ligtenberg, City of McMinnville
Bill Kabeiseman, City of McMinnville
Jeff Towery, City of McMinnville

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

City Council Meeting Agenda
Tuesday, November 28, 2023
7:00 p.m. – City Council Regular Meeting

Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.

The public is strongly encouraged to relay concerns and comments to the Council in one of three ways:
• Email at any time up to ***12 p.m. on Monday, November 27th*** *to* claudia.cisneros@mcminnvilleoregon.gov
• If appearing via telephone only please sign up prior by ***12 p.m. on Monday, November 27th*** *by emailing the City Recorder at* claudia.cisneros@mcminnvilleoregon.gov *as the chat function is not available when calling in zoom;*
• Join the zoom meeting use the raise hand feature in zoom to request to speak, once your turn is up we will announce your name and unmute your mic. ***You will need to provide your First and Last name, Address, and contact information (email or phone) to the City.***

You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331, Frontier 29 or webstream here:
mcm11.org/live

CITY COUNCIL REGULAR MEETING:
You may join online via Zoom Meeting:
https://mcminnvilleoregon.zoom.us/j/83919780416?pwd=tXbFZxG7maq7TaNhZ9ZDSbjUek9hiJ.1

Zoom ID: 839 1978 0416
Zoom Password: 464255
Or you can call in and listen via Zoom: 1-253- 215- 8782
ID: 839 1978 0416

7:00 PM – REGULAR COUNCIL MEETING – VIA ZOOM AND SEATING AT CIVIC HALL

1. CALL TO ORDER & ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT –
The Mayor will announce that interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. The Mayor will read comments emailed to City Recorded and then any citizen participating via Zoom.

4. PRESENTATIONS
   a. McMinnville Housing Rehabilitation Community Development Block Grant (CDBG) Presentation.

5. ADVICE/ INFORMATION ITEMS
   a. Reports from Councilors on Committee & Board Assignments
   b. Department Head Reports
   c. July 2023 Cash and Investment Report (in packet)

6. CONSENT AGENDA
    a. Consider the request from Team Spirits LLC. for a Commercial, OLCC Liquor License located at 1140 NE Alpine Ave.
    b. Consider the request from Astro-Zombie Bio-Labs, LLC dba: Astro-Zombie Bio-Labs for Brewery-Public House – Primary Location, OLCC Liquor License located at 1245 NE Alpha Drive #1-D.
    c. Consider the Minutes of the April 13, 2021, City Council Work Session & Regular Meeting.
    d. Consider the Minutes of the April 21, 2021, City Council Work Session Meeting.

7. RESOLUTION
    a. Consider **Resolution No. 2023-63:** A Resolution of the City of McMinnville, Electing to Use the Sequential Urban Growth Boundary Amendment Process in ORS 197.626(3).
    b. Consider **Resolution No. 2023-65:** A Resolution adopting a budget amendment for fiscal year 2023-24 in the General Fund and Information Services Fund.

8. ORDINANCES
    a. Consider the first reading with a possible second reading of **Ordinance No. 5139:** An Ordinance Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing Ordinances No. 4746 and 4976. **OR** Consider the first reading with a possible second reading of **Ordinance No. 5141:** An Ordinance Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing Ordinances No. 4746 and 4976.

9. ADJOURNMENT OF REGULAR MEETING

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

CITY OF McMINNVILLE
MINUTES OF CITY COUNCIL MEETING
Held via Zoom Video Conference and at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, November 28, 2023 at 7:00 p.m.

Presiding: Remy Drabkin, Mayor

Councilors:

Present	Absent
Adam Garvin, Council President	
Kellie Menke	
Zack Geary	
Sal Peralta	
Chris Chenoweth	
Jessica Payne	

Also present were City Manager Jeff Towery, City Attorney David Ligtenberg, Special Legal Counsel Bill Kabeiseman, City Recorder Claudia Cisneros, Finance Director Jennifer Cuellar, Public Works Director Anne Pagano, Community Development Director Heather Richards, Information Service Director Scott Burke, and *members of the News Media Phil Guzzo, McMinnville Community Media, and Scott Unger, News-Register.*

1. CALL TO ORDER: Mayor Drabkin called the meeting to order at 7:11 p.m. and welcomed all in attendance.

2. PLEDGE OF ALLEGIANCE

Fire District members led the pledge of allegiance.

3. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT

City Recorder Cisneros said the Council received an email from Jisun Lee.

Bill Bordeaux, McMinnville community member, thought Council needed to explain to citizens why they were in a deficit and clarify if there was a surplus. He thought the City Service Charge should be eliminated. Citizens wanted to vote on financial decisions, including the $1.50 taxing authority.

Brian Zawada, Amity community member, spoke about the homeless situation on Marsh Lane and safety issues for his business. He thought they should privatize the street to remove the large homeless camp to address the issue. He requested that it be put on the December meeting agenda.

Denise Wilson, McMinnville community member, emphasized the danger on Marsh Lane, especially with the recent shootings across the street from businesses.

4. PRESENTATIONS

4.a. McMinnville Housing Rehabilitation Community Development Block Grant (CDBG) Presentation.

Community Development Director Richards and Mark Irving, Housing Rehabilitation Specialist with the Housing Authority of Yamhill County, spoke about an opportunity to apply for a $500,000 grant for the CDBG housing rehab program for low income. These funds had been used previously for the repair of manufactured homes, but this time all housing types would be eligible. They explained the 2019 program and the repairs that were done. The true value in providing this assistance was keeping this very vulnerable population safely housed until a more sustainable form of affordable housing was developed. They discussed the household income of families served, area housing costs, what they were doing to address the issue, 2024 McMinnville CDBG program, and how life-changing the grants were.

There were questions about the grant program, allocation, and cost to the City.

5. ADVICE/ INFORMATION ITEMS

5.a. Reports from Councilors on Committee & Board Assignments

Councilor Peralta reported on the MCM-TV Board meeting.

Councilor Geary reported on the Affordable Housing Committee meeting. The Stormwater and Wastewater Project Advisory Committee meeting would be meeting on Tuesday.

Councilor Menke said there was a meeting tomorrow for the Fox Ridge Road Project Advisory Committee and on Thursday there was a meeting for the Third Street Project Advisory Committee. She reported on YCAP and interview process for a new Finance Director.

Mayor Drabkin announced a volunteer opportunity for the Point in Time Count.

Councilor Garvin said the Fire District Intergovernmental Agreement (IGA) would come before Council in December. They were in contract negotiations with the new Fire Chief.

5.b. Department Head Reports

City Manager Towery said this was Public Works Director Pagano’s last meeting. He reported on the last Visit McMinnville meeting.

Community Development Director Richards said the tree lighting was managed by the Community Development Department in their off hours. She discussed recruitment for two planner positions.

Finance Director Cuellar said applications for Budget Committee members were due by November 30. There were two vacancies on the Committee.

City Recorder Cisneros said the Council Goal Setting Retreat was scheduled for December 9.

6. CONSENT AGENDA

a. Consider the request from Team Spirits LLC. for a Commercial, OLCC Liquor License located at 1140 NE Alpine Ave.
b. Consider the request from Astro-Zombie Bio-Labs, LLC dba: Astro-Zombie Bio-Labs for BreweryPublic House – Primary Location, OLCC Liquor License located at 1245 NE Alpha Drive #1-D.
c. Consider the Minutes of the April 13, 2021, City Council Work Session & Regular Meeting.
d. Consider the Minutes of the April 21, 2021, City Council Work Session Meeting.

Councilor Peralta MOVED to adopt the consent agenda as presented; SECONDED by Councilor Menke. Motion PASSED unanimously.

7. RESOLUTIONS

7.a. Consider **Resolution No. 2023-63**: A Resolution of the City of McMinnville, Electing to Use the Sequential Urban Growth Boundary Amendment Process in ORS 197.626(3).

Community Development Director Richards said this resolution stated the City would elect to use the sequential Urban Growth Boundary amendment process, which was a new process in Oregon. She had created a draft work program and DLCD supported it. She discussed the cost and a grant from the State to help. It also had to be approved by the Yamhill County Commission.

Councilor Menke MOVED to adopt Resolution 2023-63; SECONDED by Councilor Chenoweth. Motion PASSED unanimously 6-0.

7.b. Consider **Resolution No. 2023-65**: A Resolution adopting a budget amendment for fiscal year 2023-24 in the General Fund and Information Services Fund

Finance Director Cuellar said this was a budget amendment for the Fiscal Year 2023-24 budget for a half-time Emergency Manager position and Community Development grants.

Councilor Menke MOVED to adopt Resolution 2023-65; SECONDED by Councilor Geary. Motion PASSED unanimously 6-0.

8. ORDINANCE

8.a. Consider the first reading with a possible second reading of **Ordinance No. <u>5139</u>**: An Ordinance Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing Ordinances No. 4746 and 4976.

<u>OR</u>

Consider the first reading with a possible second reading of **Ordinance No. <u>5141</u>**: An Ordinance Adopting the November 2023 "McMinnville Urbanization Report", and Updating the McMinnville Comprehensive Plan, Volume I, by Adopting the November 2023 "McMinnville Housing Needs Analysis" and the November 2023 "McMinnville Economic Opportunities Analysis", and Repealing Ordinances No. 4746 and 4976.

Mayor Drabkin asked if any Councilor needed to declare an actual or potential conflict of interest or recuse themselves regarding this ordinance. There was none.

Community Development Director Richards said tonight the Council would consider adoption of the Housing Needs Analysis and Economic Opportunities Analysis to become part of the Comprehensive Plan Volume 1. The Council would choose one ordinance to approve. She explained what each ordinance adopted and the differences between them. Ordinance 5139 removed the commercial acreage land need associated with the "retail leakage" and "other needed sites calculated separately from average employment densities" which reduced the commercial land need by 61 acres. Ordinance 5141 retained the commercial acreage land need. She gave a background on the past Council direction for what action to pursue, Planning Commission recommendation, population forecast and planning horizon, document review, growth planning steps, decision making process, public engagement, Planning Commission hearings, two additional items for consideration from the Planning Commission, response to Friends testimony, potential costs of defending an appeal, and ordinance exhibits.

There was discussion regarding potential litigation costs and risk, how the amount of commercial did not take into account the Three Mile Lane Area Plan, and differences between the ordinances.

Councilor Chenoweth MOVED to move forward with Ordinance No. 5141; SECONDED by Councilor Payne. Motion PASSED 4-2 by the following vote:

Aye – Councilors Garvin, Menke, Chenoweth, and Payne
Nay – Geary and Peralta

City Attorney Ligtenberg read by title only Ordinance No. 5141.

Councilor Chenoweth MOVED to pass Ordinance No. 5141 to a second reading; SECONDED by Councilor Garvin. Motion PASSED 4-2 by the following vote:

Aye – Councilors Garvin, Menke, Chenoweth, and Payne
Nay – Geary and Peralta

Mayor stated Ordinance No. 5141 passed with dissent on its first reading and will be brought back for a second reading at the December 12th City Council Meeting.

9. ADJOURNMENT: Mayor Drabkin adjourned the Regular City Council Meeting at 8:34 p.m.

Claudia Cisneros, City Recorder

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

STAFF REPORT

DATE: **November 28, 2023**
TO: **Mayor and City Councilors**
FROM: **Heather Richards, Community Development Director**
SUBJECT: **Ordinance No. 5139 and Ordinance No. 5141 – Adopting a Housing Needs Analysis and Economic Opportunity Analysis as Addendums to the McMinnville Comprehensive Plan (Dockets G 1-20, and G 3-20)**

STRATEGIC PRIORITY & GOAL:

GROWTH & DEVELOPMENT CHARACTER Guide growth & development strategically, responsively & responsibly to enhance our unique character.	HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM) Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

OBJECTIVE/S: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks for land supply align with market-driven housing needs

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Report in Brief:

This is the consideration of Ordinance No. 5139 or Ordinance No. 5141, adopting the McMinnville Urbanization Report (November 23), and the 2023 Housing Needs Analysis (November 23) and Economic Opportunity Analysis (November 23) as addendums to the McMinnville Comprehensive Plan, Volume 1. (The McMinnville Comprehensive Plan has three volumes: 1) Data; 2) Goals and Policies; and 3) Implementing Zoning Ordinance, Chapter 17 of the McMinnville Municipal Code).

Ordinance No. 5139 adopts the documents and findings with a reduced commercial land need removing acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" for a total residential, employment and public land deficit of 361 acres.

Ordinance No. 5141 adopts the documents and findings with the acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" retained in the land need for a total residential, employment and public land deficit of 422 acres.

2021 – 2041, 47,498 Population.
Land Deficiency Identified (gross buildable acres):

Ordinance	*Housing Land Need*	*Employment Land Need*	*Public / Institutional Land Need*	*Total*
5139	*202 Acres*	*29 Industrial* *98 Commercial* *127 Acres*	*32 Acres*	*361 Acres*
5141	*202 Acres*	*29 Industrial* *159 Commercial* *188 Acres*	*32 Acres*	*422 Acres*

Background:

Per ORS 197.296, the City of McMinnville needs to submit a Housing Needs Analysis to Department of Land Conservation and Development (DLCD) by December 31, 2023. Working with a Project Advisory Committee, the City also updated its Economic Opportunity Analysis.

This proceeding is a legislative land-use item for the City Council. The City Council is the final decision maker for this land-use action since it is an amendment to the McMinnville Comprehensive Plan.

The Planning Commission hosted a public hearing and heard public testimony on September 7 and September 21, 2023, and voted to recommend adoption of the two documents with the following amendments:

- Reduce park land need by 62 acres in Appendix E of the Economic Opportunity Analysis.

- Consider removal of 49 acres of commercial land need associated with the site specific needs identified in the MAC Town 2032 Economic Development Strategic Plan, and consider removal of the 12 acres of commercial land need associated with the retail leakage analysis in the Economic Opportunity Analysis.

Three people provided testimony at the Planning Commission public hearing: 1) Mark Davis representing himself; and 2) Sid Friedman and Rob Hallyburton representing Friends of Yamhill County. Mark Davis also provided two written letters of testimony as did Friends of Yamhill County and Thousand Friends of Oregon. All testimony provided by Mark Davis, Friends of Yamhill County and Thousand Friends of Oregon expressed concerns with elements of the two documents, either in terms of legal compliance or the assumptions and data used by the Project Advisory Committee to make their recommendation to the Planning Commission.

The Planning Commission considered the testimony provided, advice from the City's legal counsel, Bill Kabeiseman from Bateman Seidel, advise from the City's consultant, Beth Goodman of ECONorthwest and city staff to make their recommendation to the City Council. The reduction in park land need was based on a mathematical error pointed out by Mark Davis in his public testimony. The consideration of the other two elements of the Economic Opportunity Analysis was based on a risk analysis of successful litigation if challenged by Friends of Yamhill

County and Thousand Friends of Oregon. (A further analysis of the public testimony received is provided in the "Discussion" section of this staff report).

The project website with the public record can be found at: G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCD April 2021) urban growth boundary (UGB) amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years per OAR 660-038-0170(6)(b).

There are three steps in planning for growth relative to land supply:

1) **Needs Analysis** – Identification of how much land is needed for housing, industrial, commercial and public land to support population growth for twenty years.

2) **Land-Use Efficiencies Analysis** – is there a way to reduce the additional land need by densifying the development within the existing urban growth boundary.

3) **Urban Growth Boundary Alternatives Analysis** – an evaluation of land within 1-mile radius of the existing urban growth boundary to identify the best land for the City's urban growth boundary expansion that is the least impactful to prime farm and forest land.

This is the consideration of the first step in the process – the needs analysis. Step 2 will follow in 2024, and Step 3 will follow in 2025 if warranted.

The planning horizon is 2021-2041, planning for a population of 47,498.

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

The documents discuss the different applicable statutory requirements and local policies that framed the discussion and recommendations of the project advisory committee as well as the decisions made by the project advisory committee that best reflected community values in terms of housing density, employment land needs and public land needs. The committee evaluated local data and planning scenario with the assistance of the consultant team and evaluated those scenarios within the regulatory framework of state laws, administrative rules and local comprehensive plan policies. and adopted policies to determine .

If a needs analysis shows a need for additional land, typically the City would be required to submit with the needs analysis how it was addressing that additional land need – either through land-use efficiencies that created higher density development within the existing urban growth boundary or an expansion of the urban growth boundary or both. However, the state recently passed statutory provisions that allow for a sequential UGB analysis providing cities with additional time to evaluate land-use efficiencies and a potential UGB expansion after submitting a needs analysis (OAR 660-025-0040).

In this case, the needs analysis showed the additional land need for approximately 422 or 361 additional acres for housing, industrial, commercial, and public development needs to meet the projected population growth in the 2021 – 2041 planning horizon, dependent upon the policy choices made by the City Council.

Discussion:

Two ordinances are provided for the City Council to consider.

- **Ordinance No. 5139** adopts the documents and findings with a reduced commercial land need removing acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" for a total residential, employment and public land deficit of 361 acres.

- **Ordinance No. 5141** adopts the documents and findings with the acreage associated with the "Retail Leakage" analysis and the acreage associated with "Other Needed Sites Calculated Separately from Average Employment Densities" retained in the land need for a total residential, employment and public land deficit of 422 acres.

The difference between the two ordinances is 61 acres of commercial land need associated with the Retail Leakage analysis (12 acres) and the site-specific analysis associated with implementing the MAC Town 2032 Economic Development Strategic Plan - for those economic development projects that have been identified as unique to McMinnville but with very low job density (41 acres) and are discussed in the Economic Opportunities Analysis (Attachment C of both ordinances).

The Planning Commission discussed these two items at length with legal counsel and the consultant – Retail Leakage (Exhibit 57 of the Economic Opportunity Analysis) and Site Specific Needs Identified in the MAC Town 2032 Economic Development Strategic Plan (Exhibit 58 of the Economic Opportunity Analysis). FRIENDS argued that the City used a safe harbor to calculate the employment forecast based on population growth and then added to it these two additional elements. Although Goal 9 of the Oregon land use system very clearly states that cities must plan for enough land to meet their economic development needs based, including site specific needs based on their local economic development strategy, staff recommended removing these two items as there is not adequate case law to determine the legal risk if challenged. Planning Commission elected to defer this decision to the City Council. The removal of these two items reduce the commercial land need by 61 acres

Both items were challenged for their legal veracity by 1000 Friends of Oregon and Friends of Yamhill County in public testimony. Bill Kabeiseman, contracted legal counsel from Bateman Seidel and Beth Goodman from ECONorthwest feel that the analysis meets the requirements of state and local regulations, but warn that there is no legal precedent in the Oregon land use system as to how the analysis would fare within an appeal.

1000 Friends of Oregon and Friends of Yamhill County raised 13 issues that they had with the Housing Needs Analysis, Economic Opportunity Analysis and Buildable Lands Inventory.

Product	Friends # of Issues Raised
Housing Needs Analysis	**7 Issues**
Economic Opportunity Analysis	**3 Issues**
Buildable Lands Inventory	**3 Issues**

All of the issues raised were evaluated by city staff, the consultant and legal counsel and it was concluded that the argument was mostly persuasive argument to change the outcome of the analysis in terms of assumptions and decisions made by the project advisory committee during the development of the plans, and none had significant legal noncompliance issues except for the two issues identified by the Planning Commission that do not have legal precedence. (Please see response memorandum dated September 18 in the public record on the project website at G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon).

Much of the Friends of Yamhill County / Thousand Friends of Oregon (FRIENDS) persuasive arguments centered around encouraging the City to use the "safe harbors" in the laws. Safe Harbors are presumably not appealable in a challenge to the analysis. However, the laws also allow cities to make assumptions based on the best available data relative to the local conditions in their communities to ensure that future land need is meeting community values and needs. Both the safe harbors and local data scenarios were provided to the Project Advisory Committee for consideration. In most cases, the PACs chose to use local data for their recommendations.

FRIENDS had concerns about the data used by the PAC to make their recommendations. However, as is noted in both a Bateman Seidel memorandum and a ECONorthwest memorandum, the data used by the PAC is legally legitimate, and the best data available to them at the time.

Per OAR 660-024-0040(1), *The 20-year need determinations are estimates which, although based on the best available information and methodologies, **should not be held to an unreasonably high level of precision**. (Emphasis added)*

Attachments:

Ordinance No. 5139
- Exhibit A: *McMinnville Urbanization Study*, November 2023
- Exhibit B: *McMinnville Housing Needs Analysis*, November 2023
- Exhibit C: *McMinnville Economic Opportunities Analysis*, November 2023
- Exhibit D: Decision Document and Findings

Ordinance No. 5139
- Exhibit A: *McMinnville Urbanization Study*, November 2023
- Exhibit B: *McMinnville Housing Needs Analysis*, November 2023
- Exhibit C: *McMinnville Economic Opportunities Analysis*, November 2023
- Exhibit D: Decision Document and Findings

Additional Documents Located on the Project Website: G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon

Fiscal Impact:

The initial drafts of the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $165,000 in consultant fees plus staff support at $75,000.

Thus far, the estimate for the City's public hearing support, findings development and public testimony rebuttal is approximately $15,000 for consultant and legal fees plus staff support of $5,000.

The anticipated costs for the housing planning in 2024 – 2025 necessitated by state mandates is $500,000, $335,000 in consultant support and $165,000 in staff support. Please see table below. The City is requesting $200,000 in grant funds for consultant support, matching the grant funds with $135,000 for consultant support and $165,000 in-kind staff support, for a match of 60%. $90,000 is currently budgeted in the FY 23/24 long-range planning fund.

The City recently received $185,000 in grant funds from the Department of Land Conservation and Development to offset the costs.

Product	Consultant Expenses	In-Kind Staff Support	Total (Consultant + In-Kind Staff)
Housing Production Strategy (Required by HB 2003 (2019)) Deadline: December 31, 2024	$35,000	$15,000 (.15 FTE)	$50,000
Land-Use Efficiencies (Required by HB 2003 (2019)) Deadline: December 31, 2024	$50,000	$50,000 (.50 FTE)	$100, 000
UGB Amendment (Required by HB 2003 (2019)) Deadline: December 31, 2025	$250,000	$100,000 (.75 fte)	$350,000
TOTAL	$335,000	$165,000	$500,000

City Council Options:

Per Section 17.72.130 of the McMinnville Municipal Code, the City Council has the following options:

1) Adopt Ordinance No. 5139 or Ordinance No. 5141 adopting the *McMinnville Urbanization Study (November 2023)*, and amending the *McMinnville Comprehensive Plan, Volume 1* by adopting the *McMinnville Housing Needs Analysis (November 2023)*, and the *McMinnville Economic Opportunities Analysis (November 2023)*.

2) Adopt Ordinance No. 5139 or Ordinance No. 5141 with amendments to the *McMinnville Urbanization Study (November 2023)*, and the *McMinnville Housing Needs Analysis (November 2023)*, and the *McMinnville Economic Opportunities Analysis (November 2023),* providing findings for the amendments.

3) Do not adopt Ordinance No. 5139 or Ordinance No. 5141, electing not to adopt the *McMinnville Urbanization Study (November 2023)*, and amend the *McMinnville Comprehensive Plan, Volume 1* by adopting the *McMinnville Housing Needs Analysis (November 2023)*, and the *McMinnville Economic Opportunities Analysis (November 2023)*.

ORDINANCE NO. 5139

AN ORDINANCE ADOPTING THE NOVEMBER 2023 "MCMINNVILLE URBANIZATION REPORT", AND UPDATING THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "MCMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 23 "MCMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS", AND REPEALING ORDINANCES NO. 4746 AND 4976.

RECITALS:

WHEREAS, the McMinnville City Council adopted McMinnville's first Housing Needs Analysis on May 22, 2001 (Ordinance No. 4746) as part of the City's work to determine future housing land needs for the planning horizon of 2000 - 2020; and

WHEREAS, the City Council amended McMinnville's Housing Needs Analysis on October 14, 2003 (Ordinance No. 4796) as part of the City's McMinnville Growth Management and Urbanization Plan work to determine future housing land needs for the planning horizon of 2003 - 2023; and

WHEREAS, per ORS 197.296, the City of McMinnville needs to submit an updated Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023; and

WHEREAS, the City of McMinnville developed an updated Housing Needs Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the McMinnville Housing Needs Analysis to the McMinnville City Council on September 21, 2023, by an unanimous vote of 8 - 0; and.

WHEREAS, the McMinnville City Council adopted McMinnville's first Economic Opportunities Analysis on October 14, 2003, (Ordinance No. 4795) as part of the City's McMinnville Growth Management and Urbanization Plan to determine future commercial and industrial land needs for the planning horizon of 2003 - 2023; and;

WHEREAS, the McMinnville City Council approved Ordinance No. 4976 updating the McMinnville Economic Opportunity Analysis on February 25, 2014; and

WHEREAS, in conjunction with its work to update the Housing Needs Analysis in 2020, the City of McMinnville developed an updated Economic

Opportunities Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the 2023 McMinnville Economic Opportunity Analysis with amendments to the McMinnville City Council on September 21, 2023, by a unanimous vote of 8 - 0; and

WHEREAS, on October 10, 2023, the McMinnville City Council considered the McMinnville Planning Commission's recommendation and directed city staff to draft documents that adopted the 2023 McMinnville Housing Needs Analysis as recommended by the McMinnville Planning Commission, with the exception of amending the 2023 McMinnville Economic Opportunities Analysis by increasing the amount of acreage associated with the parkland brought into McMinnville's urban growth boundary by Ordinance No. 5098 (adopted December 8, 2020) by 62 acres due to a calculation error and to remove 62 acres of parkland need from the deficit in Appendix E, and to remove 61 acres of commercial land need associated with the "Retail Leakage" and the "Other Needed Sites Calculated Separately from Average Employment Densities" components of the Economic Opportunities Analysis; and

WHEREAS, the amendments result in the identification of land deficits for the planning horizon of 2021-2041 in the manner of 202 gross buildable acres of residential land, 29 gross buildable acres of industrial land, 98 gross buildable acres of commercial land, and 32 gross buildable acres of public or institutional land for a total land deficit of 361 gross buildable acres within the city's existing urban growth boundary; and

WHEREAS, per ORS 197.626(3) and OAR 660-025-0185(1) and (2), the City will elect to use the Sequential Urban Growth Boundary Amendment Process to evaluate land use efficiency measures by December 31, 2024, and propose an urban growth boundary amendment, if deemed necessary, by March 1, 2026; and

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. The City adopts Exhibit A to this ordinance, the *McMinnville Urbanization Report, dated November 2023*.

2. The City adopts Exhibit B to this ordinance, the *McMinnville Housing Needs Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

3. The City adopts Exhibit C to this ordinance, the *McMinnville Economic Opportunity Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

4. The City adopts Exhibit D to this ordinance, which includes findings of fact that support the development and conclusions reached for preparing and adopting the *McMinnville Urbanization Report*, *dated November 2023*, the *McMinnville Housing Needs Analysis*, *dated November 2023*, and *the McMinnville Economic Opportunities Analysis, dated November 2023,* demonstrating a land deficit of 361 gross buildable acres in the city's urban growth boundary to meet the residential, employment and public land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

5. That Ordinances Nos. 4746 and 4976 are hereby repealed in their entirety.

6. This Ordinance will take effect 30 days after passage by the City Council.

Passed by the McMinnville City Council this 28th day of November, 2023 by the following votes:

Ayes: ____

Nays: ____

____
MAYOR

Approved as to form: Attest:

_________________________ _________________________
City Attorney City Recorder

EXHIBITS:

A. McMinnville Urbanization Report, November 2023
B. McMinnville Housing Needs Analysis, November 2023
C. McMinnville Economic Opportunities Analysis, November 2023
D. Findings of Fact and Conclusionary Findings

EXHIBIT A TO
ORDINANCE NO. 5139







Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

NOVEMBER 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The official population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population
11,260

New Employment
6,885

New Housing Units
4,657

MCMINNVILLE NEEDS 361 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth, McMinnville will need 127 gross acres for employment for the 2021 to 2041 period (29 industrial acres and 98 commercial acres). Finally, McMinnville will need an additional 32 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(32)	(335)
Industrial	(29)	Not forecast for 2041-2067*
Commercial	(98)	(416)
Total	**(361)**	**(2,048)**

Source: ECONorthwest
*Note: This analysis does not estimate demand for industrial land for the 2041-2067 period.

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 by 2041— a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

Overview

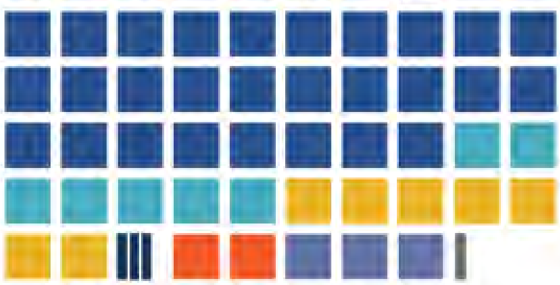
The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legistlature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023

763 total acres 1 square represents 16 acres



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land are in industrial designations and about 154 vacant acres are in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023

508 total acres 1 square represents 15 acres

Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

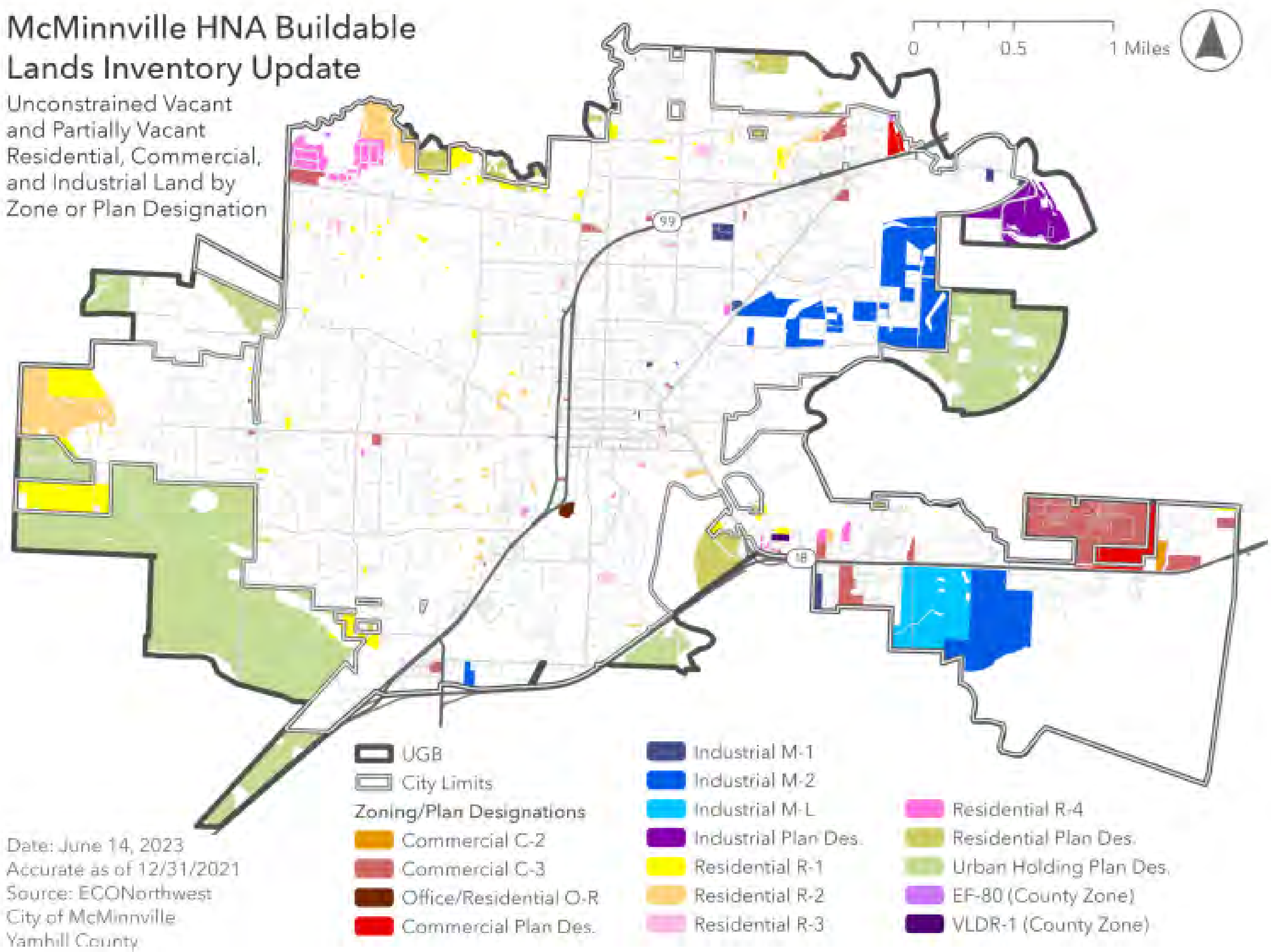
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up a about one-third of Yamhill County's total population, McMinnville has grown at a much faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

McMinnville's population has historically grown faster than both the county and state.

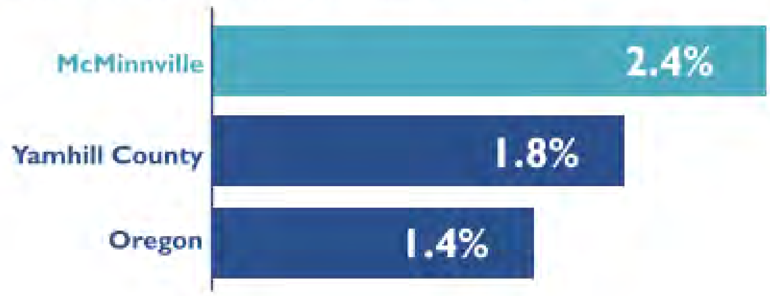
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

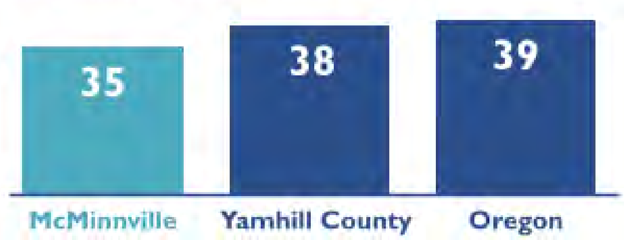
Source: Portland State University, Population Research Center

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

MEDIAN AGE, 2016

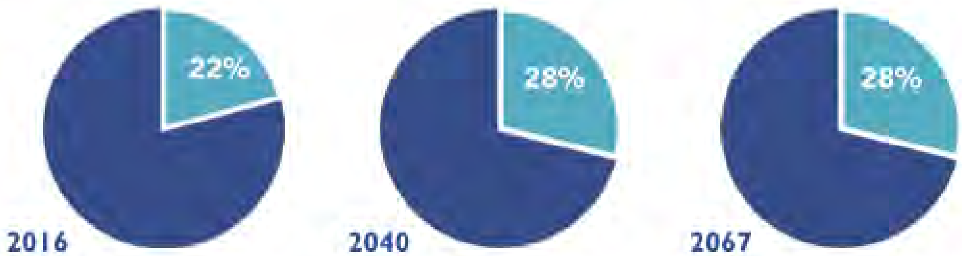
Source: Portland State University, Population Research Center



MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

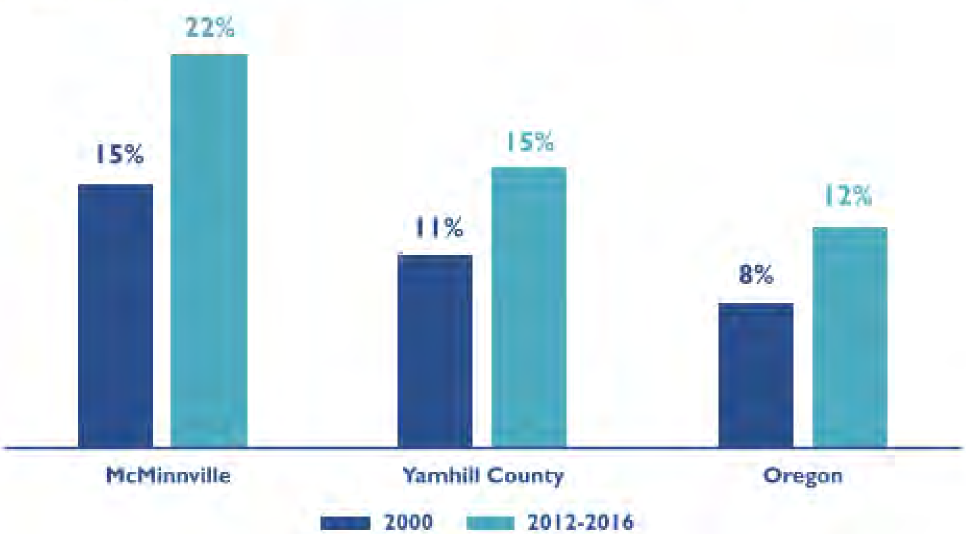


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

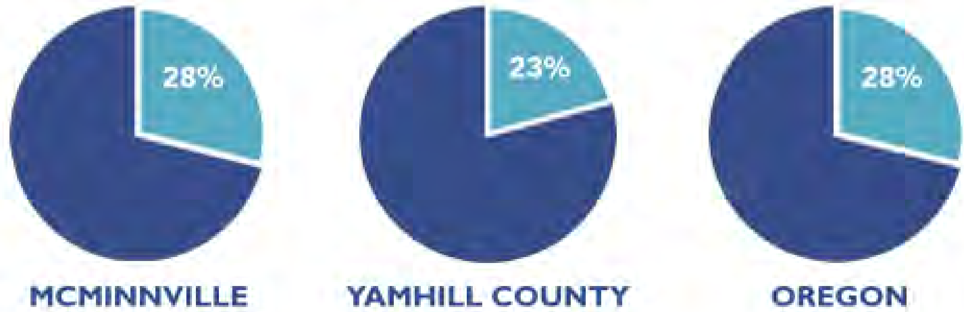
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

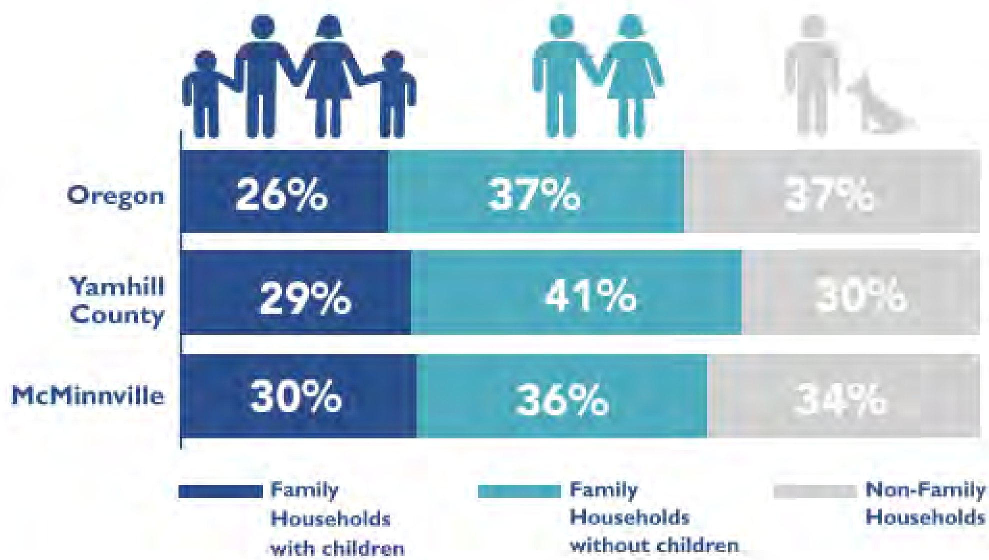


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

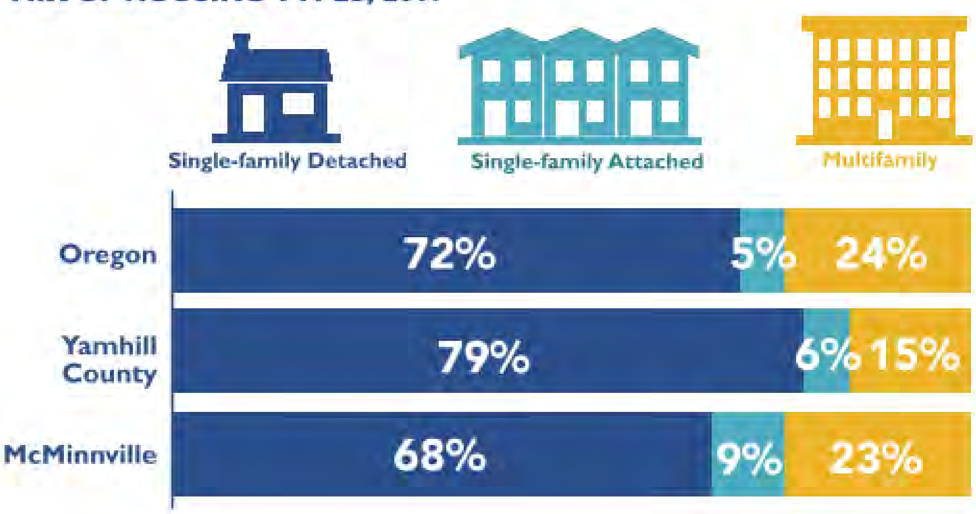
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

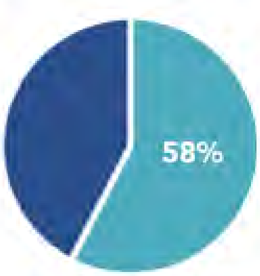
Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

MIX OF HOUSING TYPES, 2017

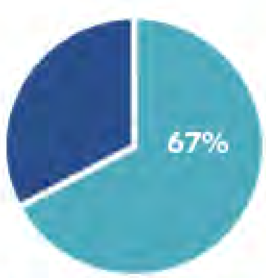


Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

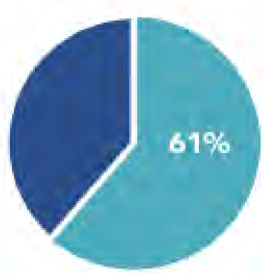
PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



MCMINNVILLE



YAMHILL COUNTY



OREGON

A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

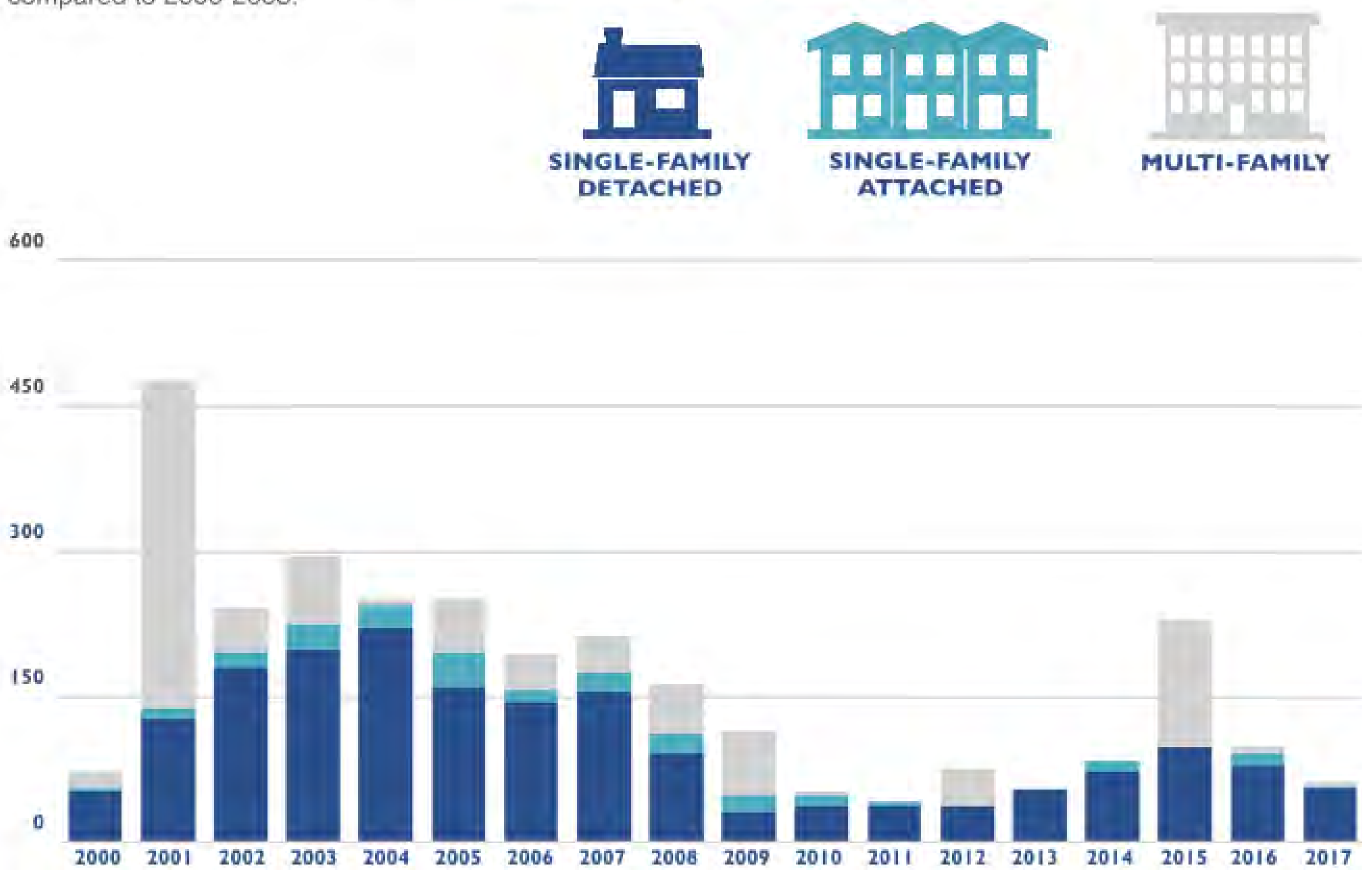
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

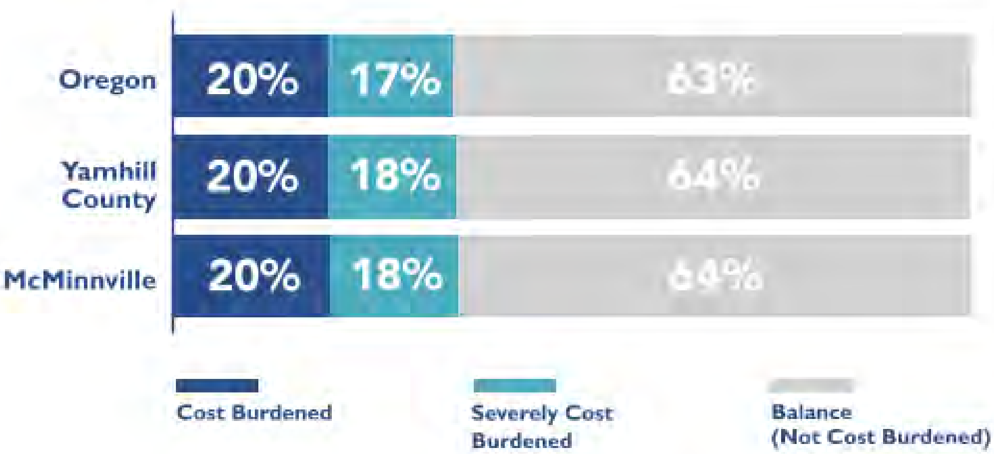


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



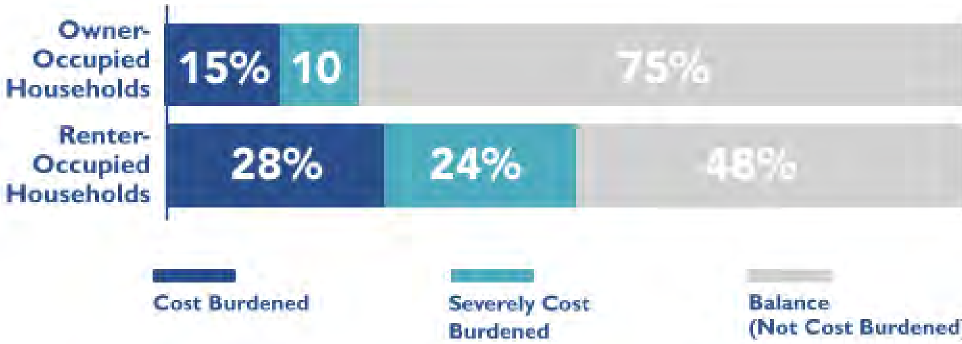
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

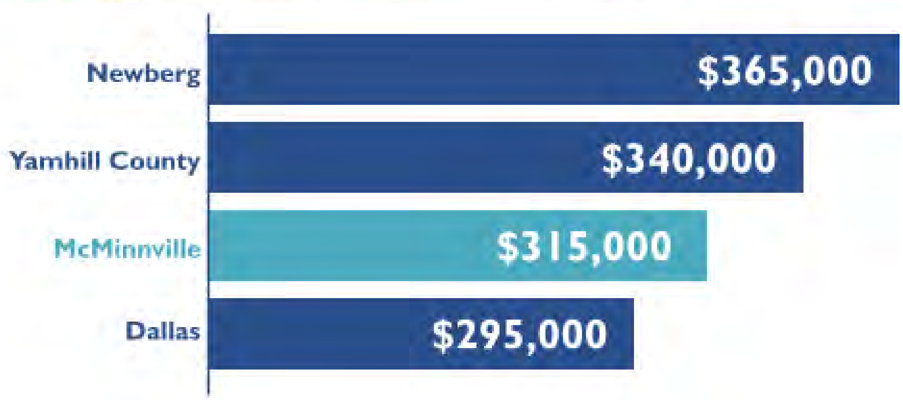
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



MEDIAN MONTHLY RENTS, 2016

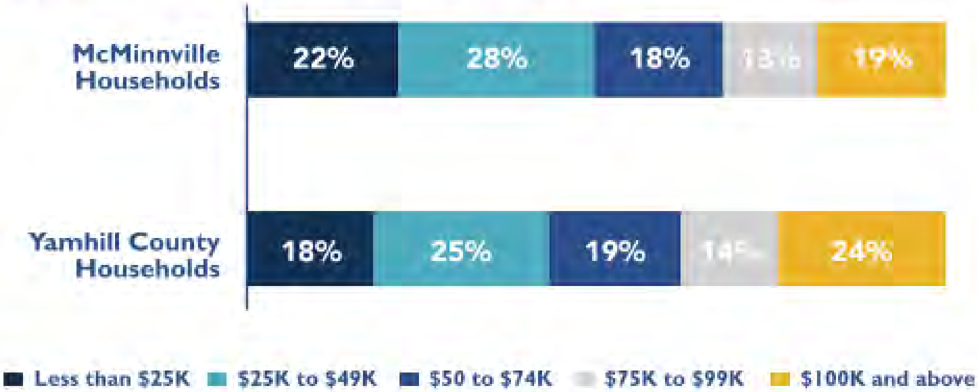
MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSING AFFORDABILITY

HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

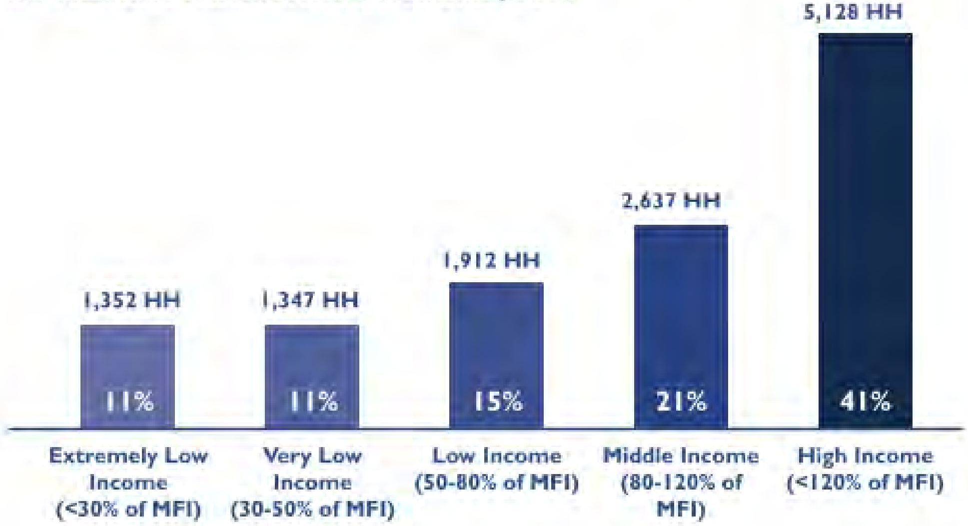
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

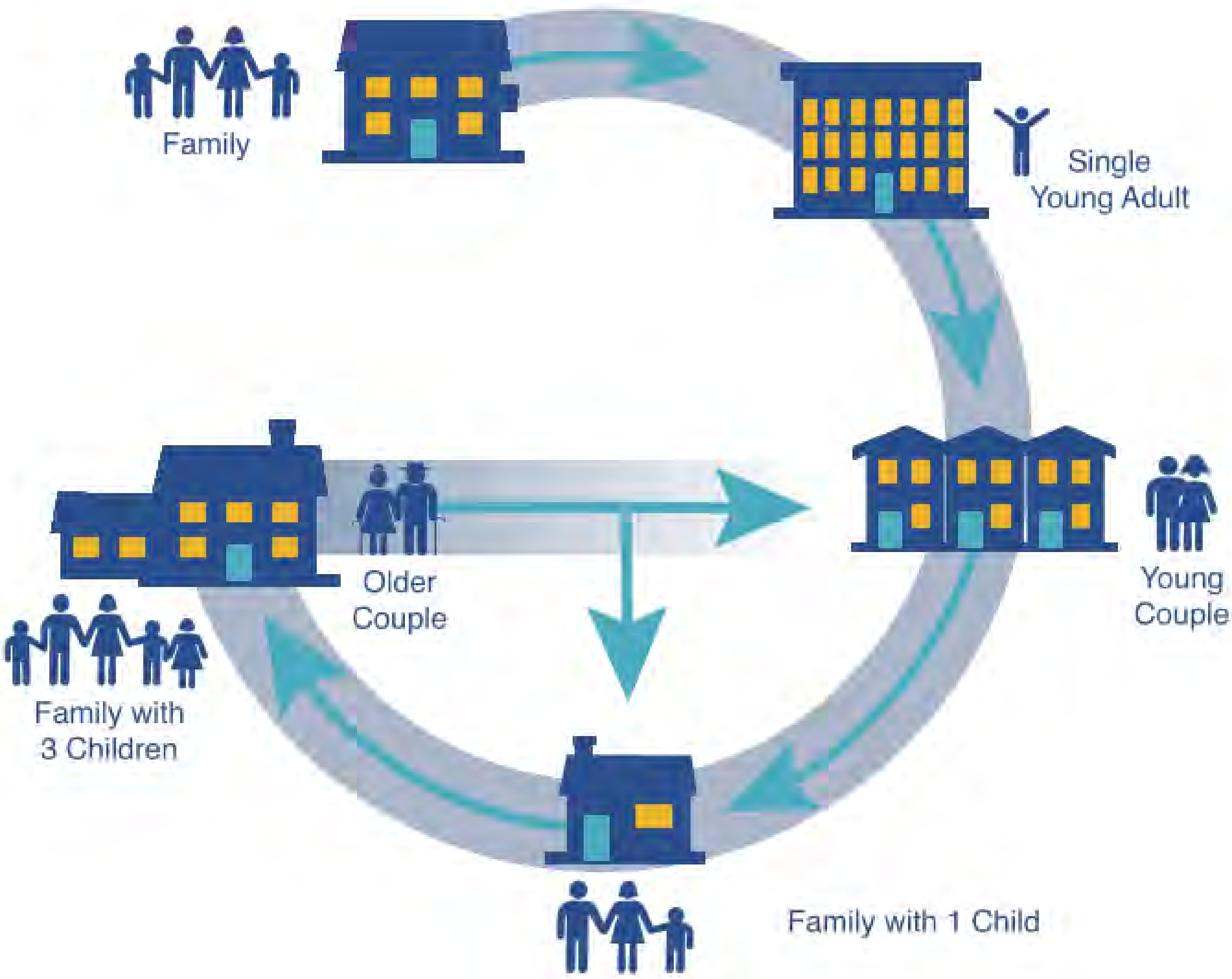
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes
(more 1 person households)

Homeownership Rates
(especially 75 years old)

Income

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes
(as they form families)

Homeownership Rates

Income

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

Homeownership Rates
(Hispanics/Latino households have higher homeownership rates at younger ages)

Continued Lower-Than-Avg. Income

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

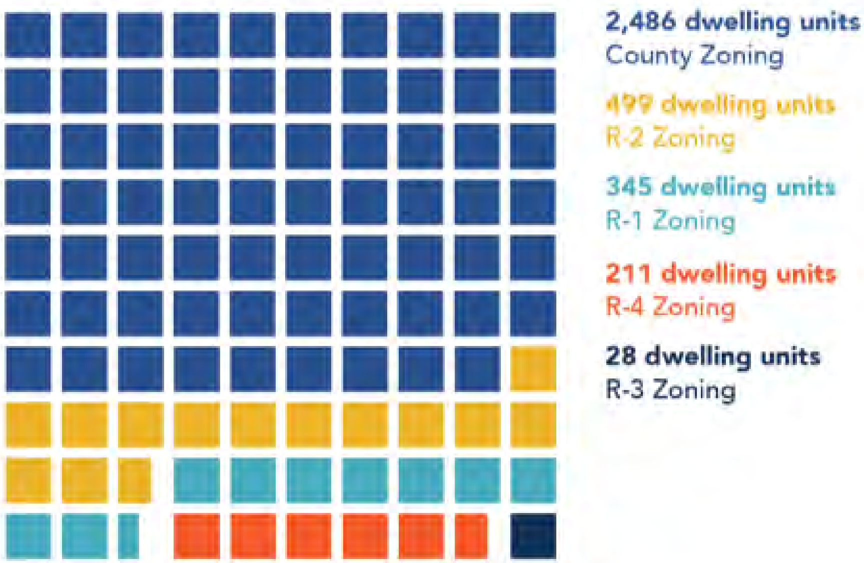
Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

3,611 total dwelling units 1 square represents 36 dwelling units



DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISTLATURE)

3.19	**4.43**	**4.94**	**6.28**
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.49	**22.56**	**5.05**
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

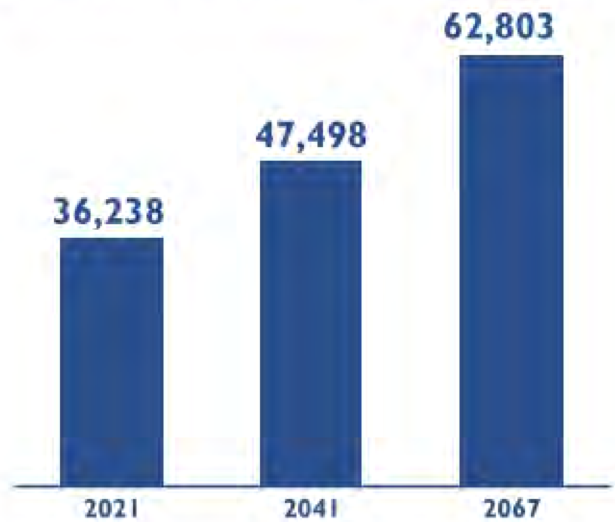
ACCOMMODATING NEEDED HOUSING

Demand For Residential Land, By Housing Type

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at needed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

1,268 GROSS ACRES
at needed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill – these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) – an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem – possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area
1.2 Establish a Framework Plan for the URA
1.3 Identify an Expanded UGB per the URA
1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities
1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)
1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas
1.7 Update Goal 7 Hazards Planning & Policies, Incl. Landslide Susceptibility
1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.
1.9 Implement Great Neighborhood Principles
1.10 Create a Diverse Housing Zone
1.11 Develop a High-Density Residential Zone
1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone
2.2 Develop a High-Density Residential Zone
2.3 Provide Density Bonuses to Developers
2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards
2.5 Update Infrastructure Plans for Infill Development
2.6 Implement Great Neighborhood Principles
2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill
3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements
3.4 Develop Infrastructure Allocation Policies
3.5 Identify Areas with Underutilized Infrastructure Capacity
3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy
4.2 Evaluate Three Mile Lane for Residential Development
4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards
5.2 Implement Other Code Amendments Prioritized by the PAC.
5.3 Streamline Zoning Code and Other Ordinances
5.4 Implement the Great Neighborhood Principles
5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
5.6 Evaluate Code for Fair Housing Act Best Practices
5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence)
6.2 Financial Incentives Supporting Inclusionary Zoning
6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing
6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)
6.5 SDC Financing and Credits
6.6 Parcel assembly
6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)
6.8 Sole Source SDCs
6.9 Grants or Loans
6.10 Vacant Property Tax.
6.11 Fee for Demolition of Affordable Home for Expensive Home

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds
7.2 Community Land Trust (CLT)
7.3 Affordable Housing Property Tax Abatement
7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

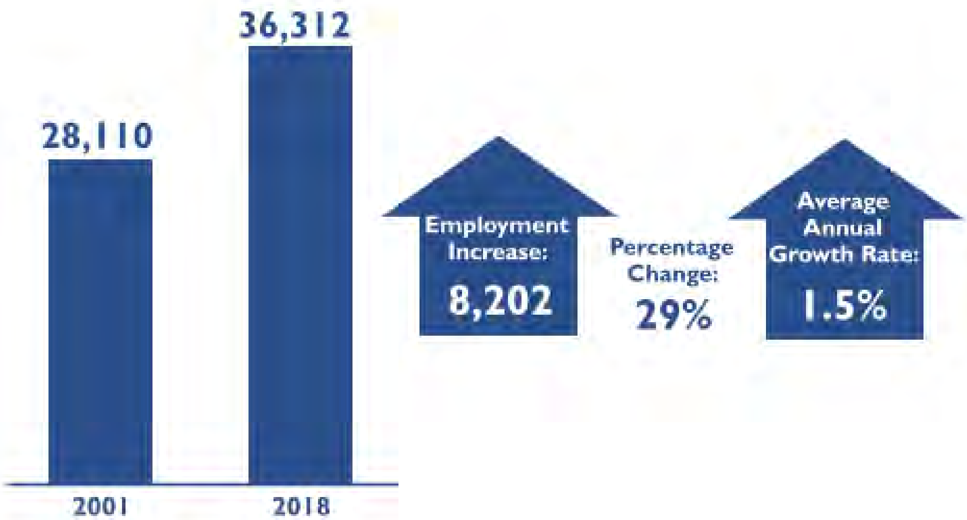
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

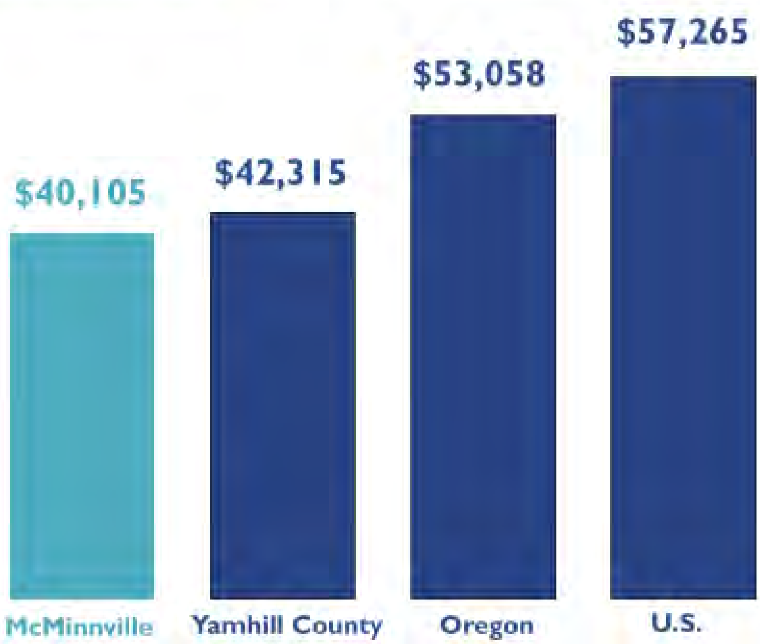


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

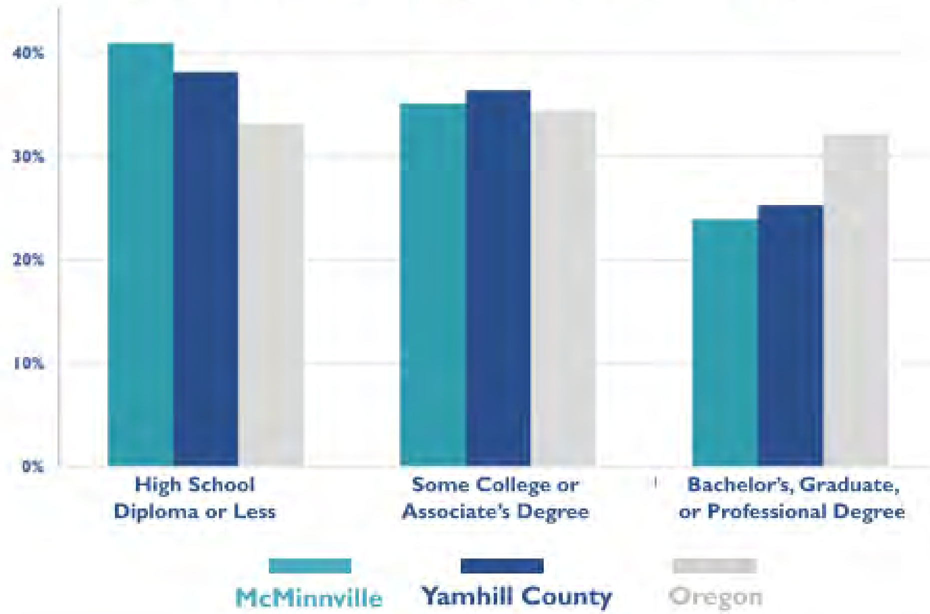


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

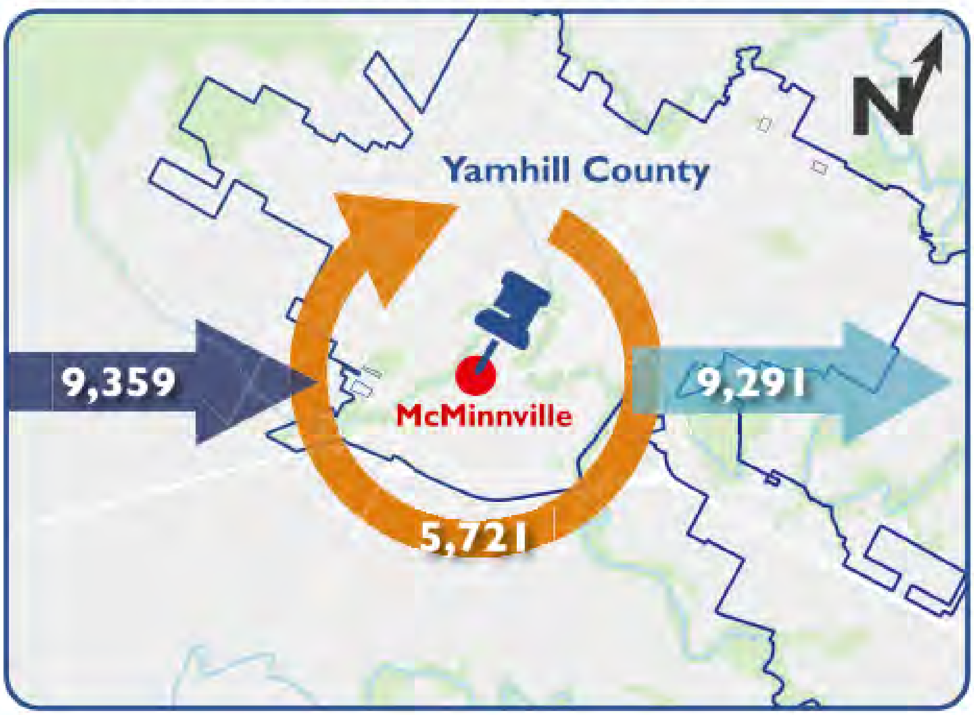
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721	9,359	9,291
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1square represents 500 jobs

Government: 2,082 employees / **14%**

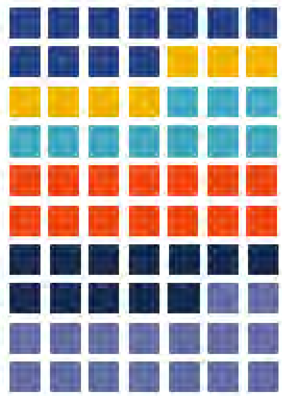
Accommodation & Food Services: 1,503 employees / **10%**

Retail Trade: 2,170 employees / **15%**

Health Care & Social Assist.; Private Education Services: 3,159 employees / **21%**

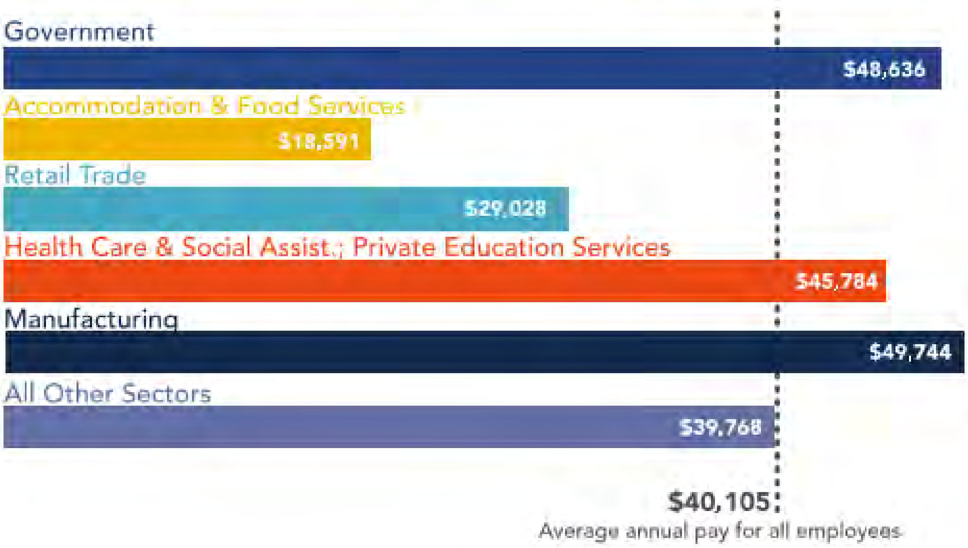
Manufacturing: 2,277 employees / **15%**

All Other Sectors: 3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 635 acres of land between 2021 and 2041. For commercial land, demand will continue to grow through 2067, resulting in total commercial land demand of 570 acres between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

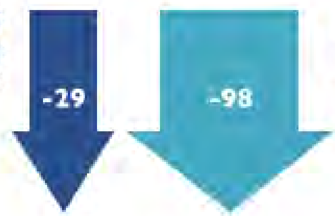
635 total acres 1 square represents 12 acres

384 acres, Industrial **252 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 98 acres of commercial land.

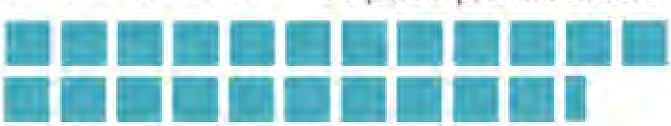
29 GROSS ACRES of industrial land



98 GROSS ACRES of commercial land

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

570 commerical acres 1 square represents 25 acres



570 acres, Commercial

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial employment growth over the next 46 years. The City has a deficit of about 416 acres of commercial land. This analysis does not estimate demand for industrial land for the 2041-2067 period.

416 GROSS ACRES of commercial land

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories…". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 444 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	315	392	(77)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	444	477	(32)

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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EXHIBIT B TO
ORDINANCE NO. 5139

City of McMinnville
Housing Needs Analysis

November 2023

Prepared for:

City of McMinnville

FINAL REPORT

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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank those who helped develop the McMinnville Buildable Lands Inventory and Housing Needs Analysis. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

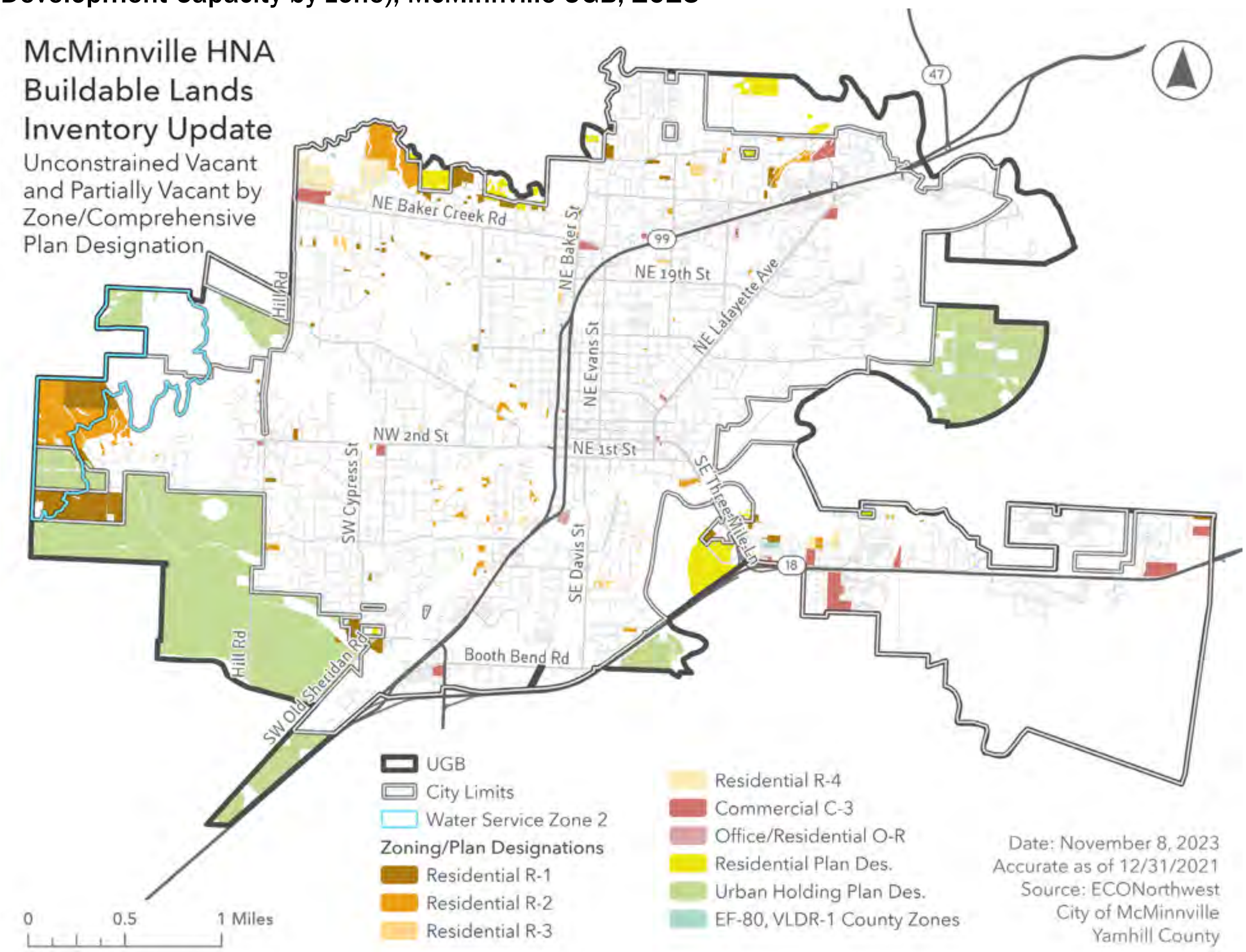
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2 shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type 20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
  - Accounting for land brought into the urban growth boundary in 2021
  - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
  - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

---

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

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[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term "needed housing," however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn't provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville's future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

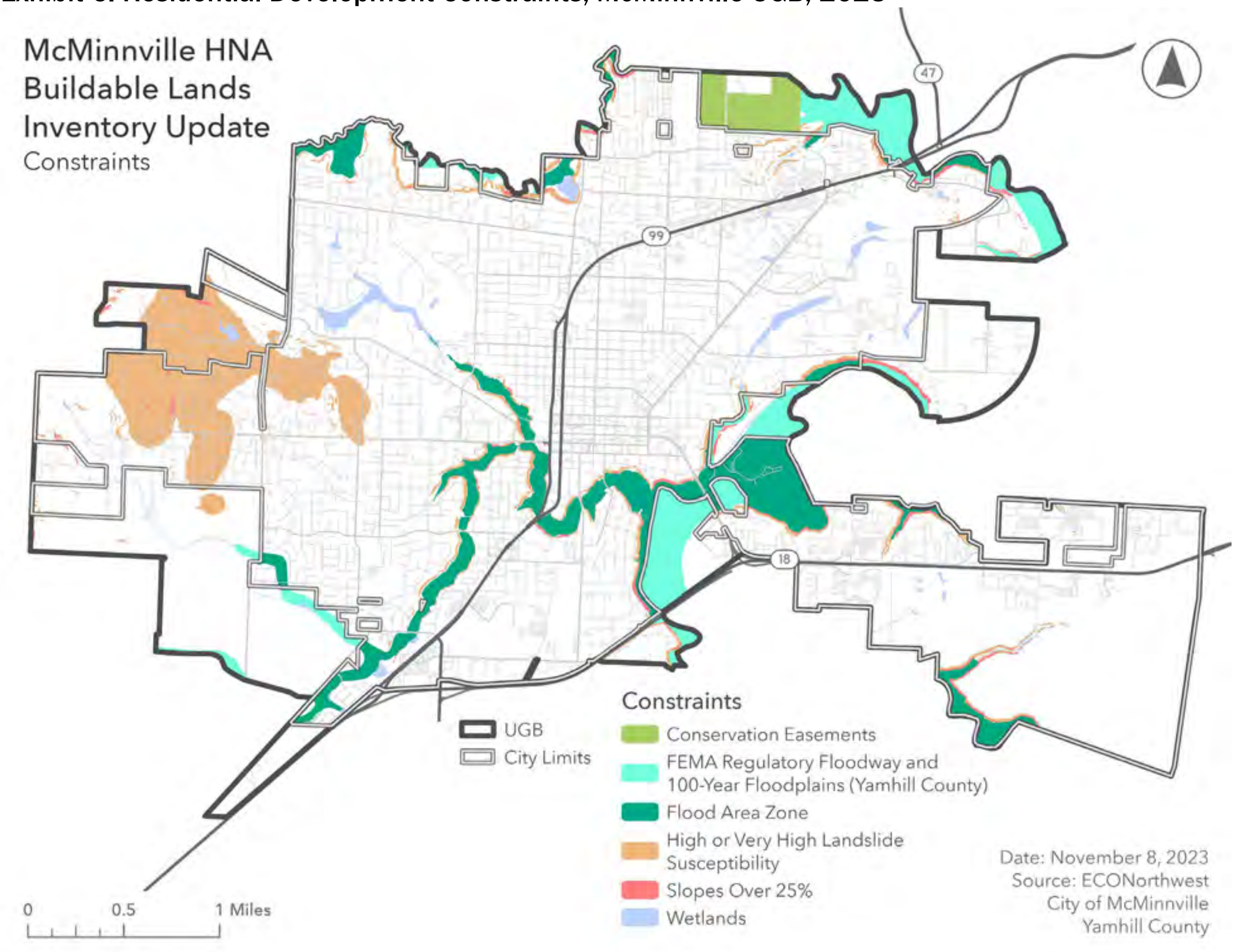
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

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[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023

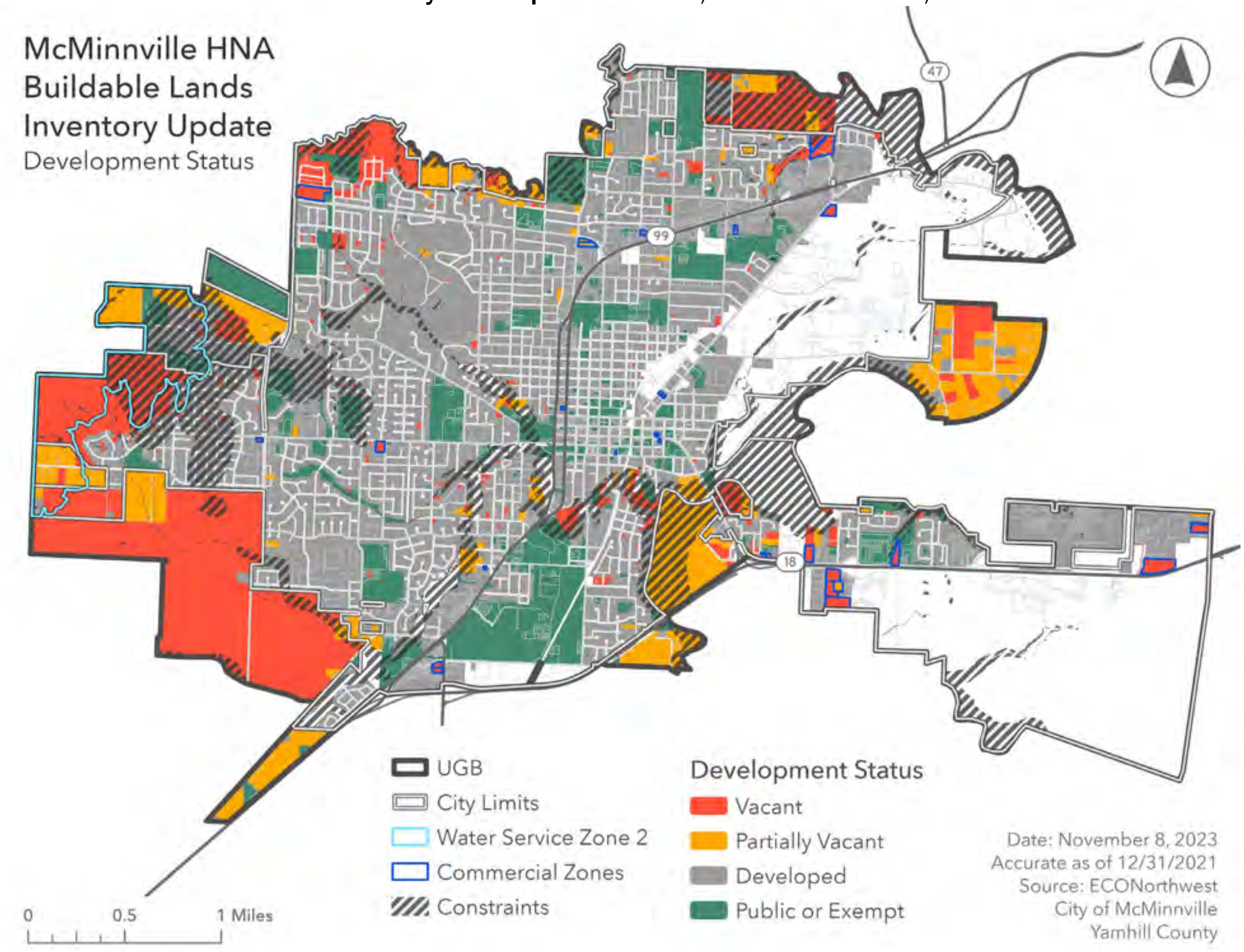
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

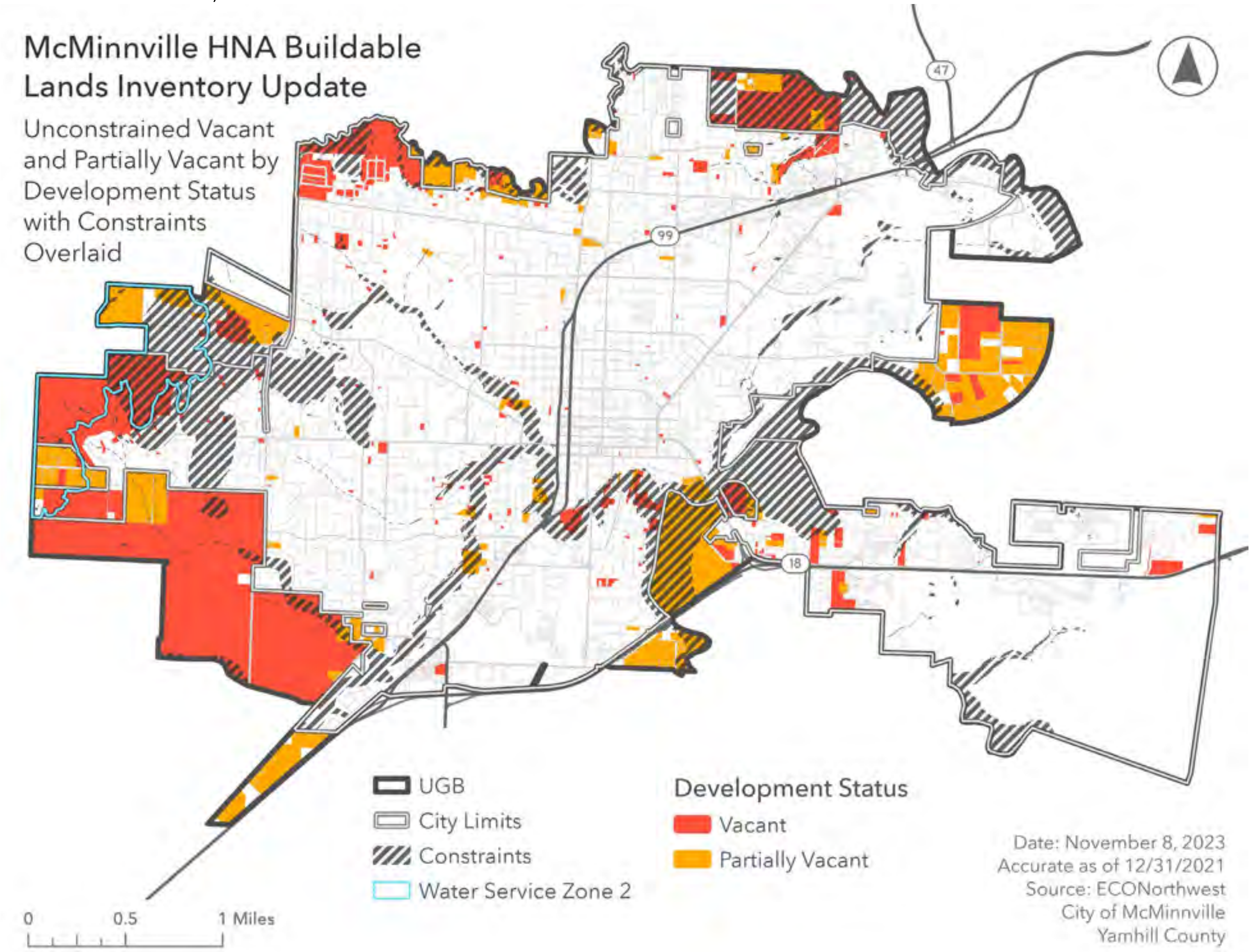


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

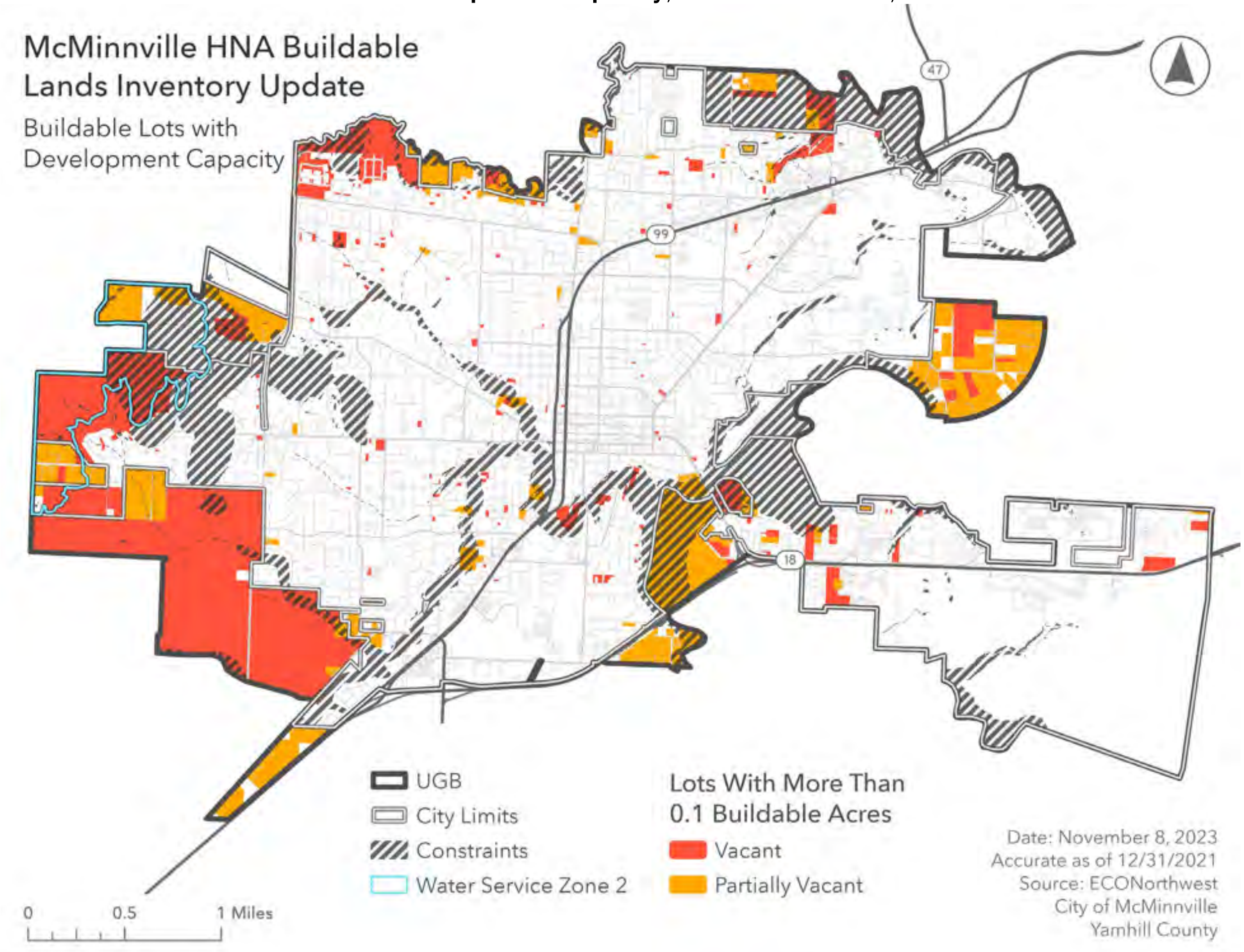
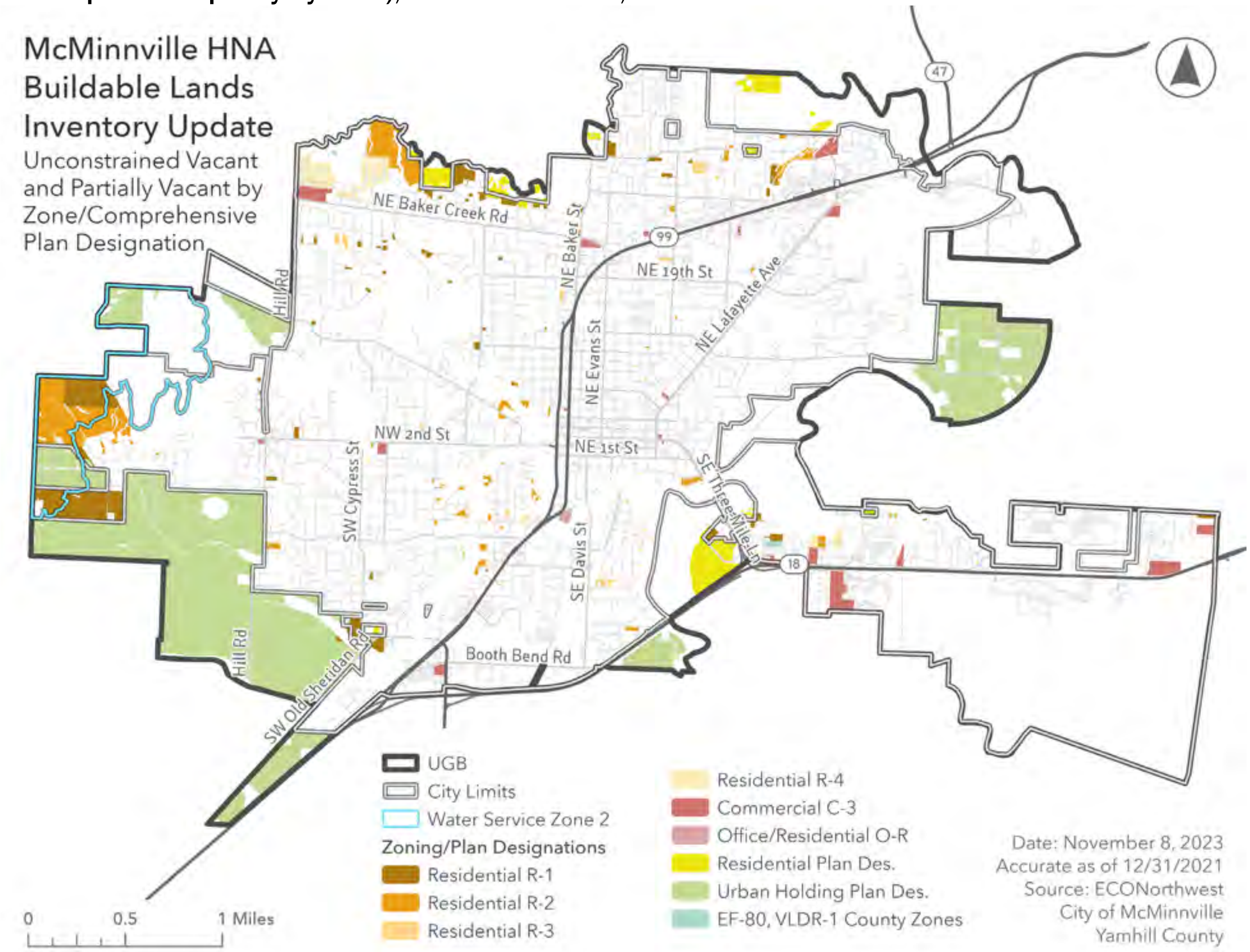


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the strong likelihood that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
    - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
    - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don't differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

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[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

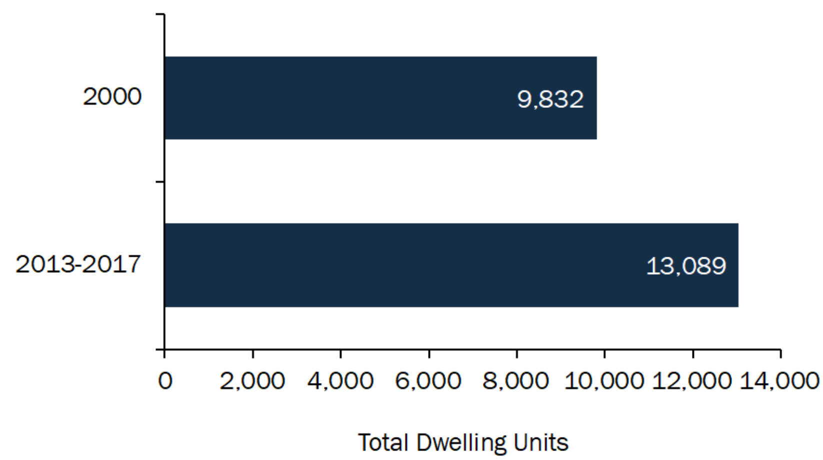
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

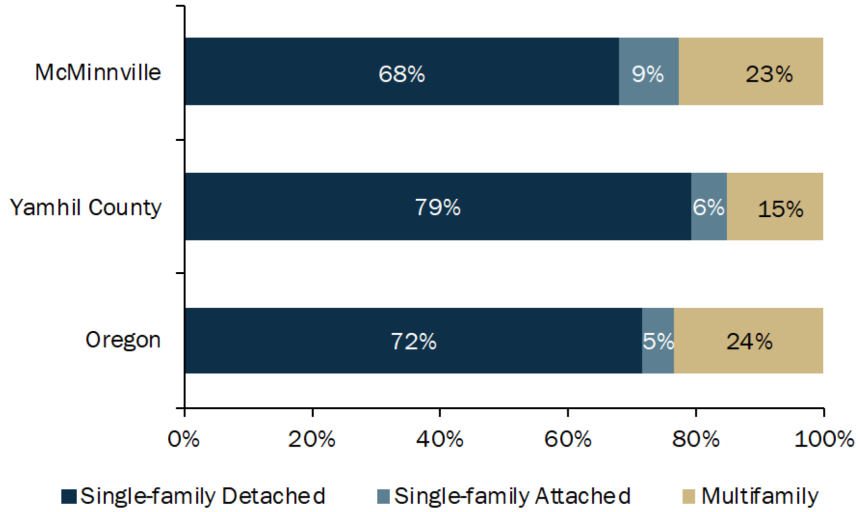
Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.



About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

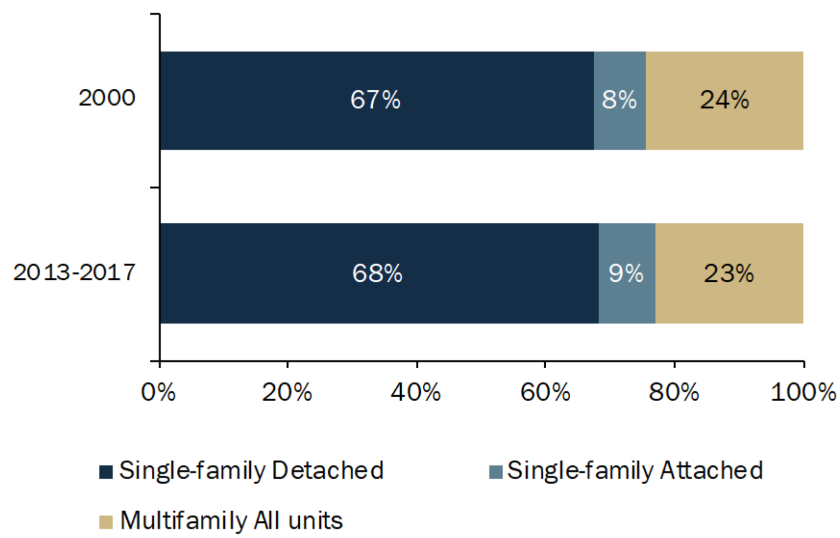
Exhibit 16. Housing Mix, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25024.



The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

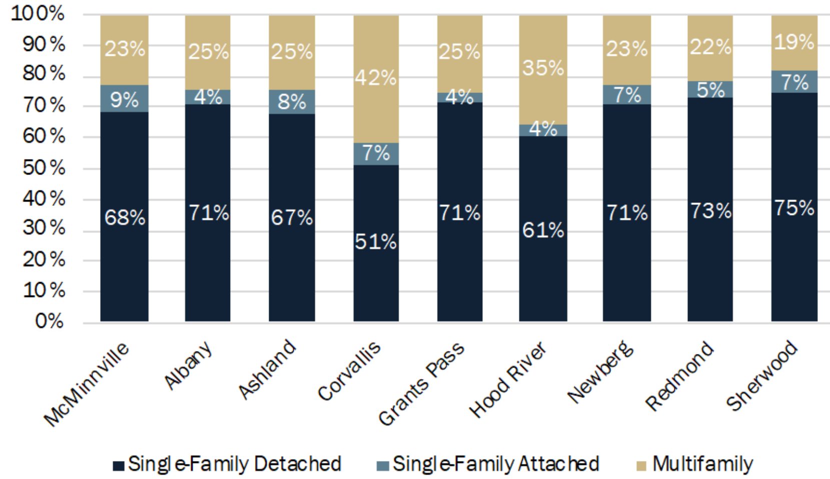
Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

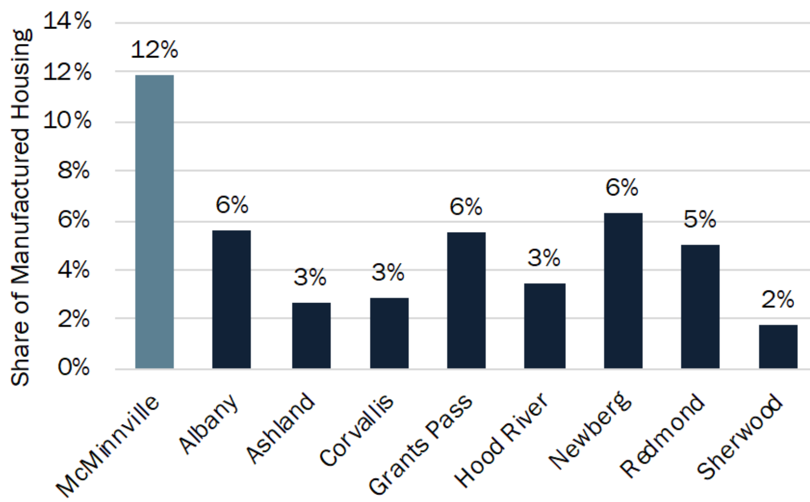


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



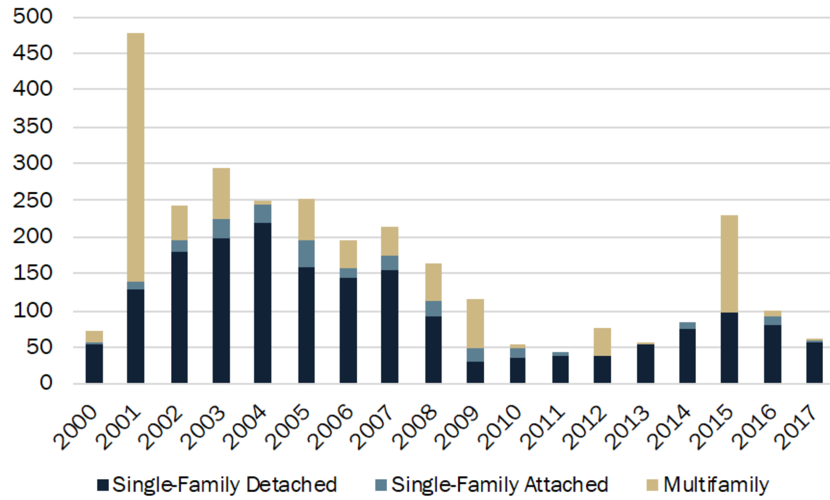
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

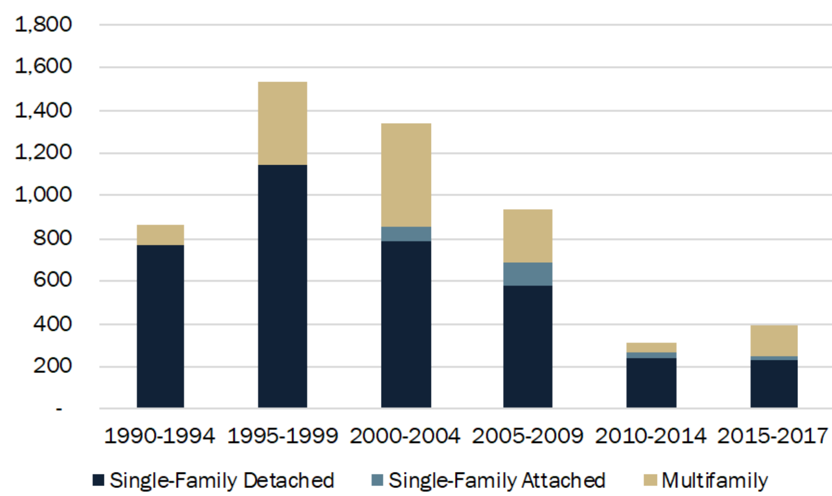
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

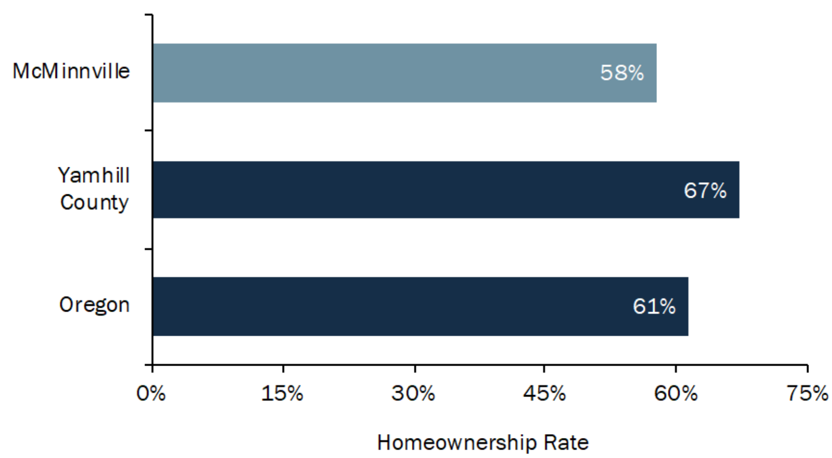
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

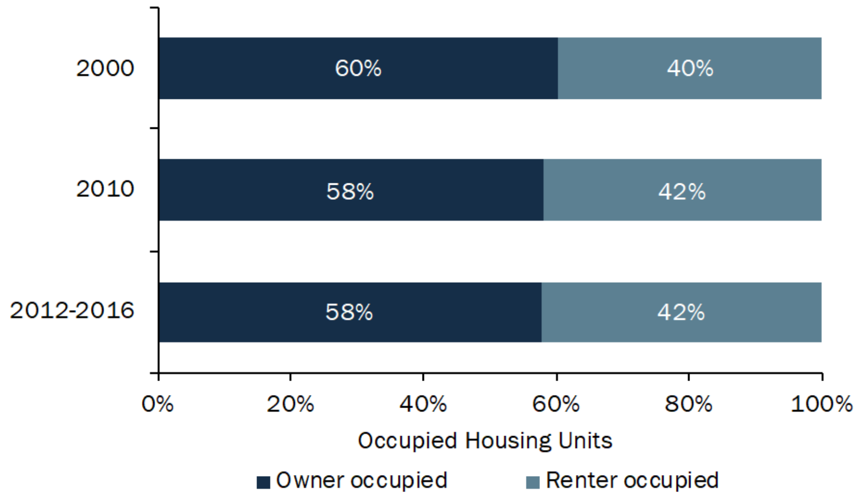
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

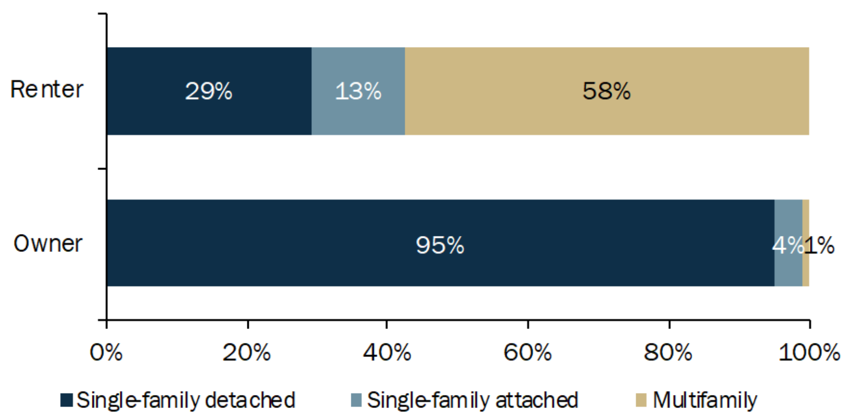
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

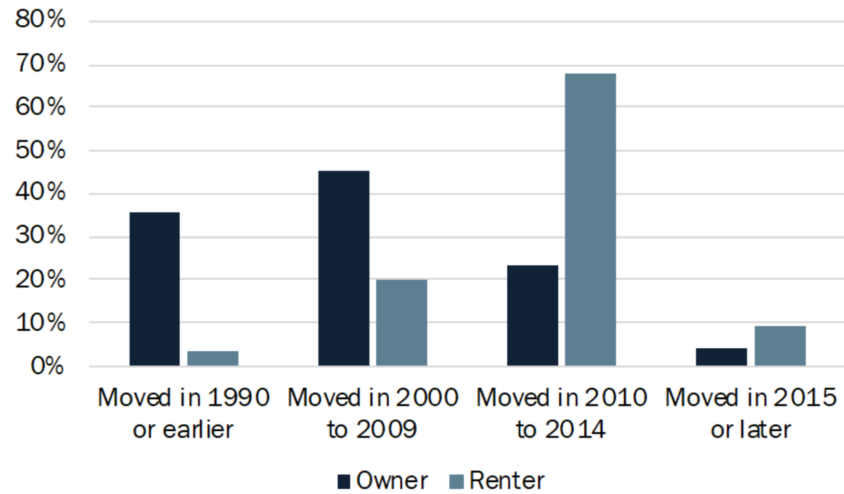
Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

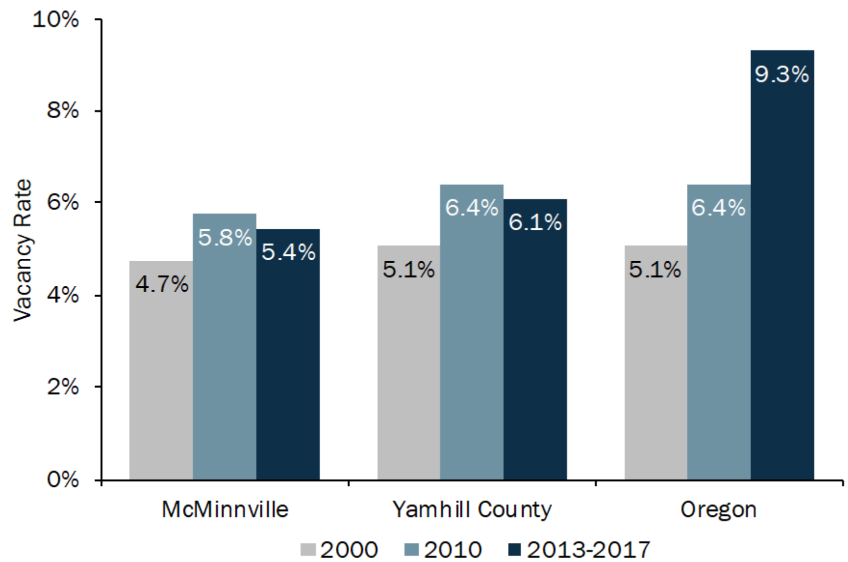
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



Short-Term Rentals and Seasonal Housing

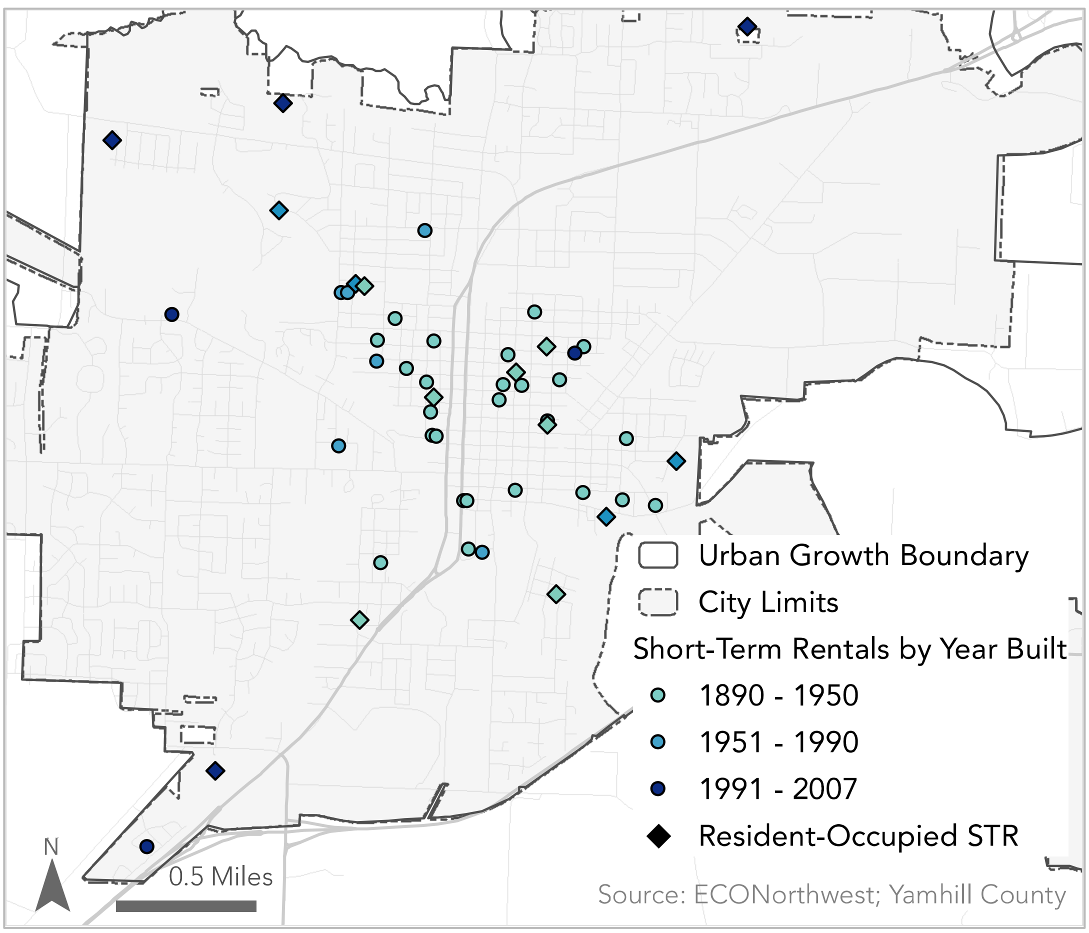
McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

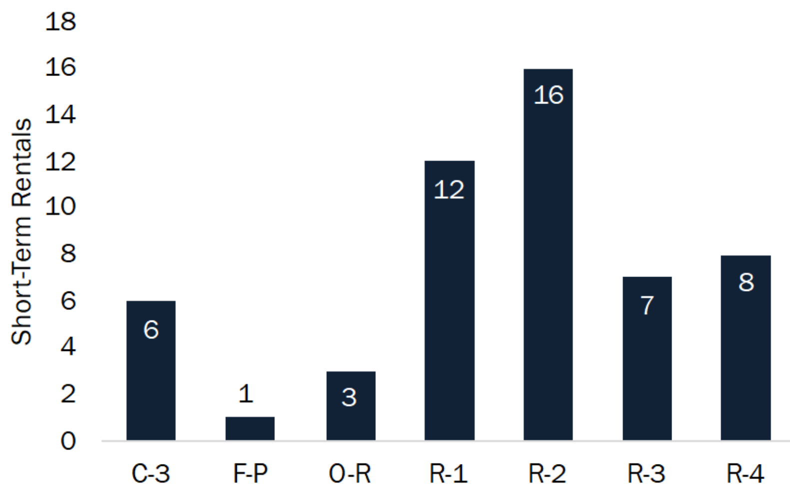


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	**52 Units**	**74 units**	**222%**
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.

- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
    - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
    - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
    - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
    - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
    - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
    - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
  - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
  - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

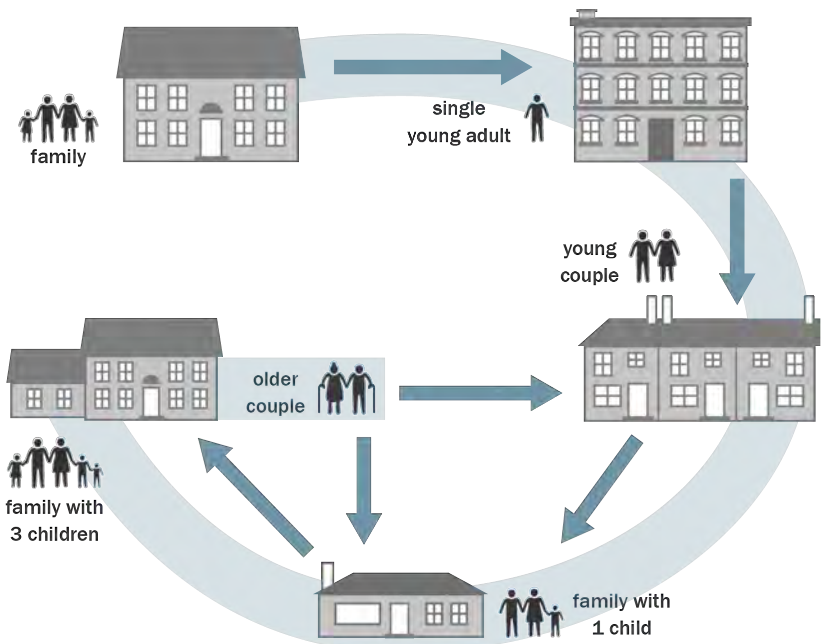
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

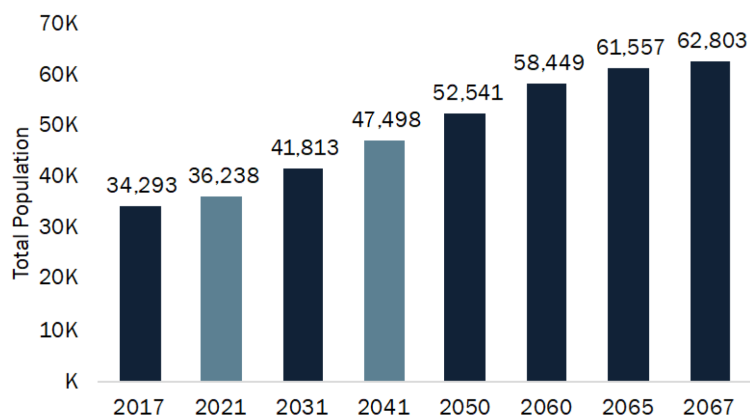
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

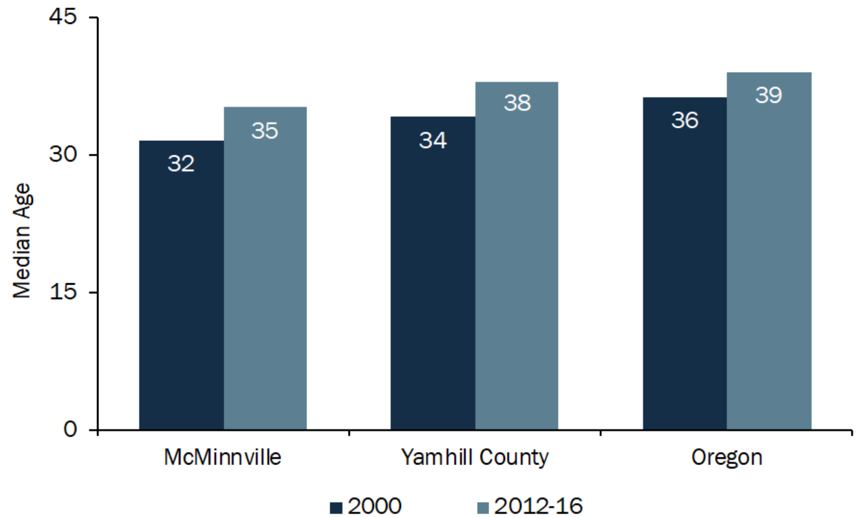
[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.
Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

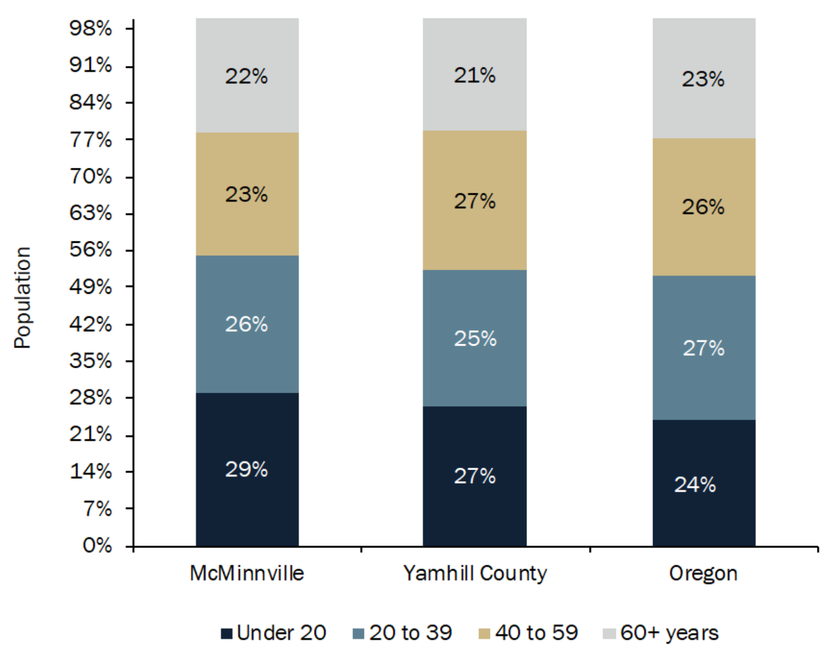
From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



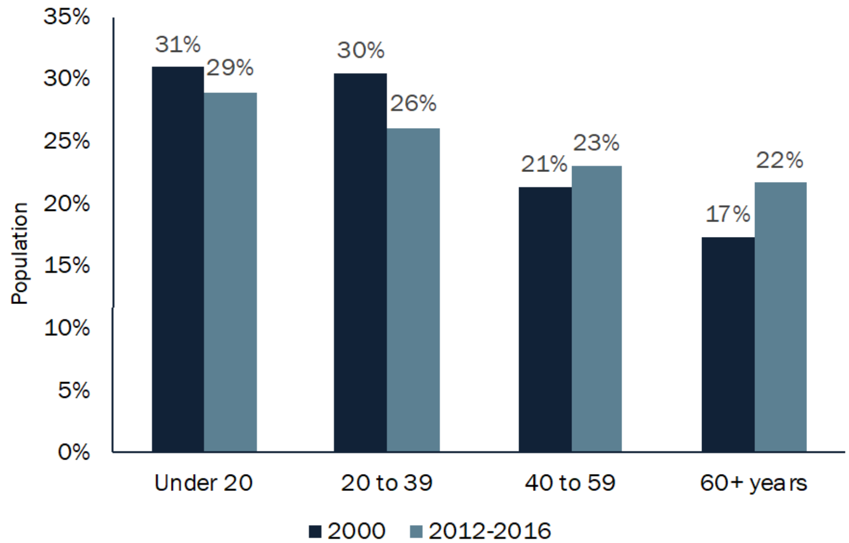
Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040
Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

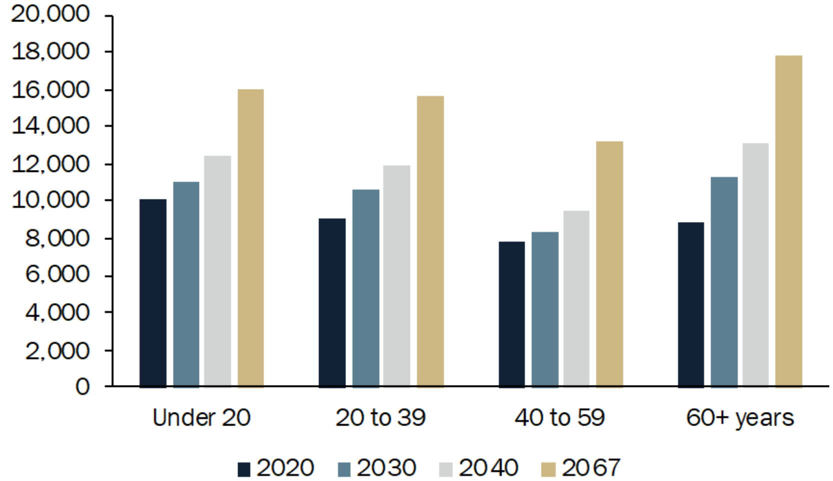
19%	**22%**	**28%**	**56%**
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

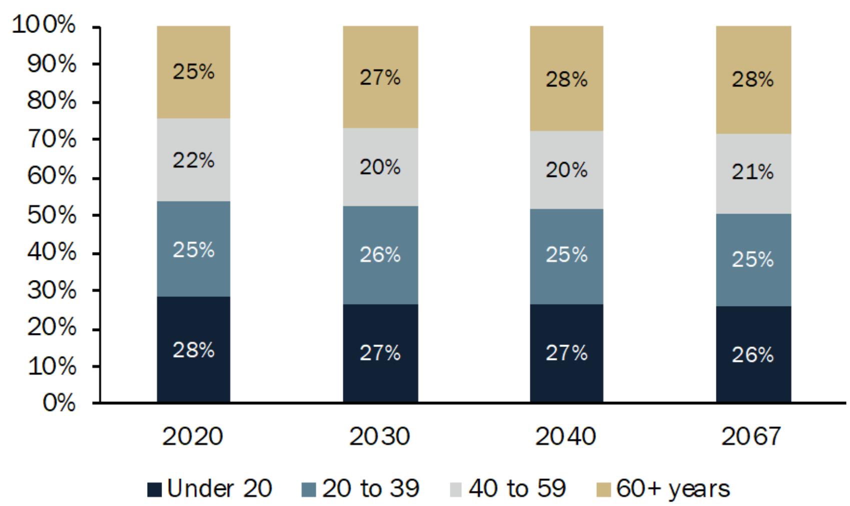
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

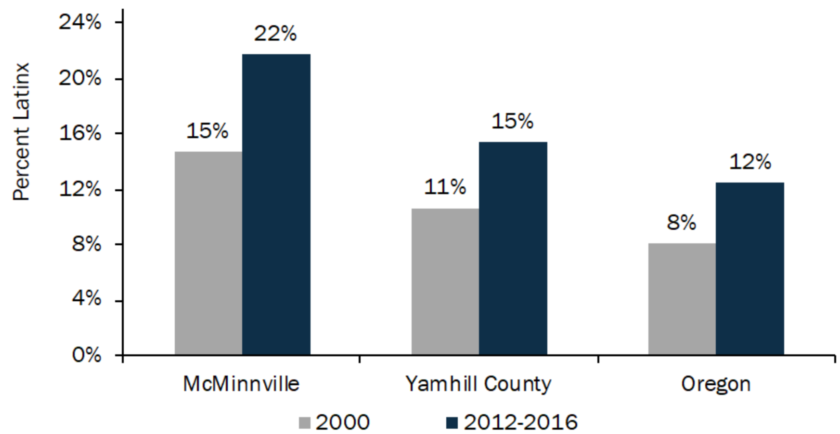
McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	**89%** White	**1%** Black/African Am.	**2%** Asian	**8%** Other races
Yamhill Co.	**89%** White	**1%** Black/African Am.	**1%** Asian	**9%** Other races
Oregon	**85%** White	**2%** Black/African Am.	**4%** Asian	**9%** Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018

Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

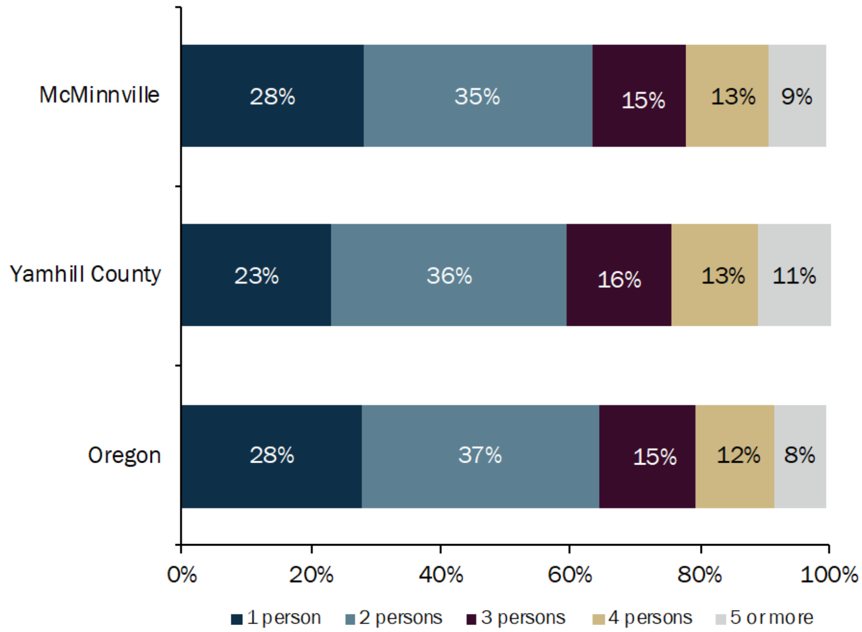
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25009

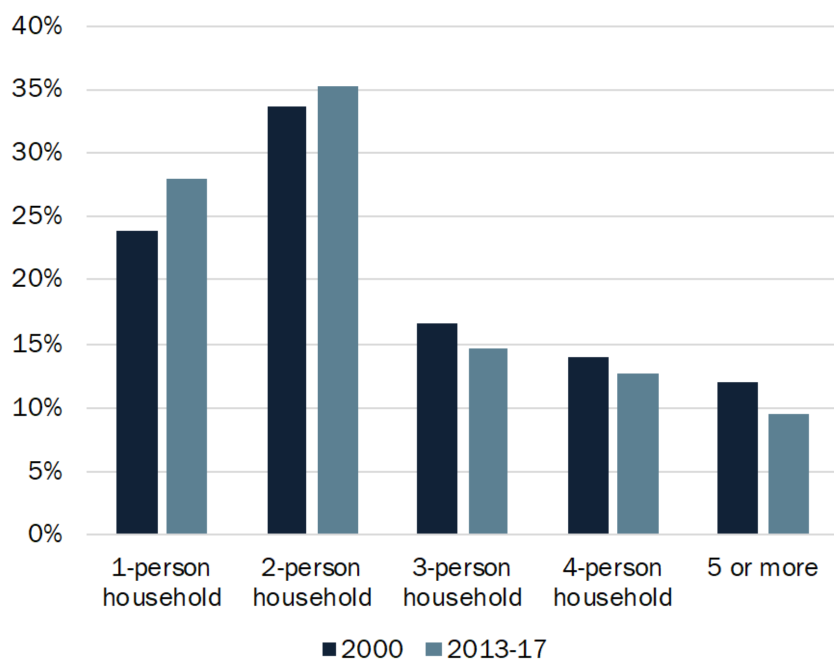


McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17

Source: US Census Bureau, 2013–2017 ACS, Table B25009.

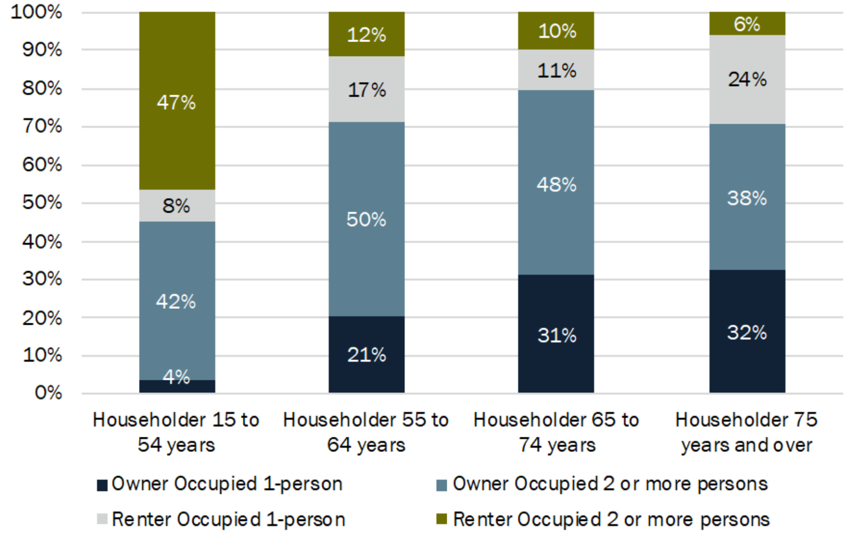


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

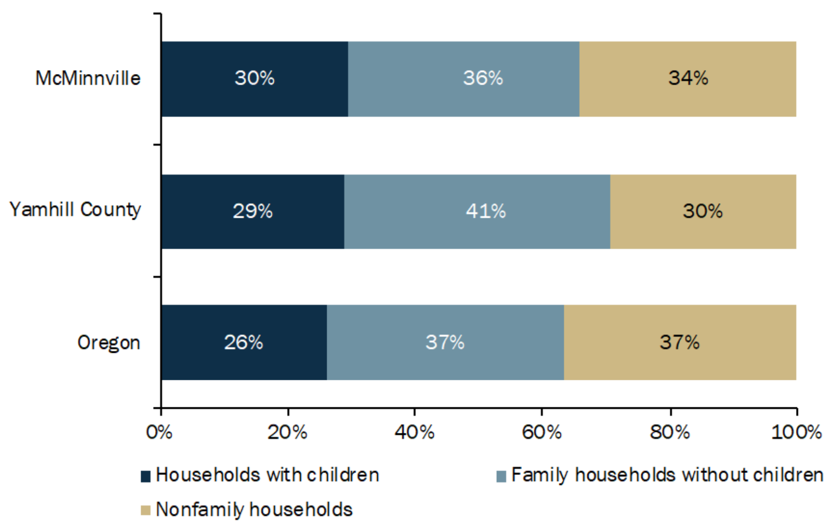


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

Exhibit 52. Household Composition, McMinnville, 2013–2017

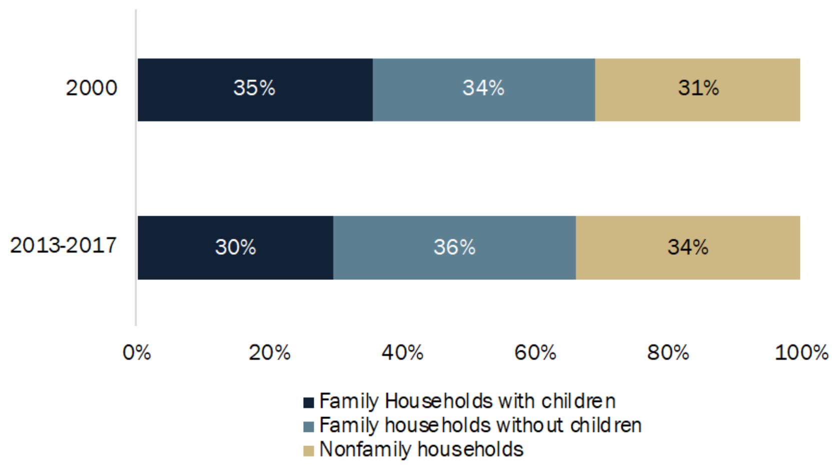
Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017

Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.

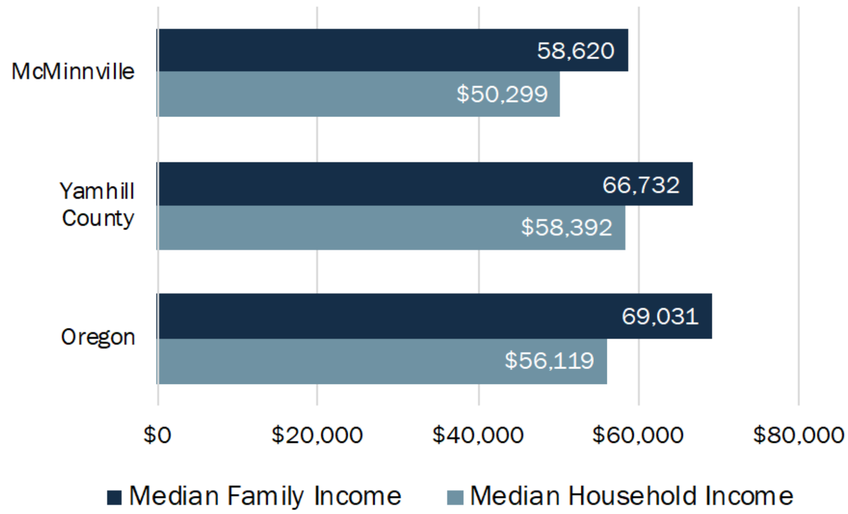


Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

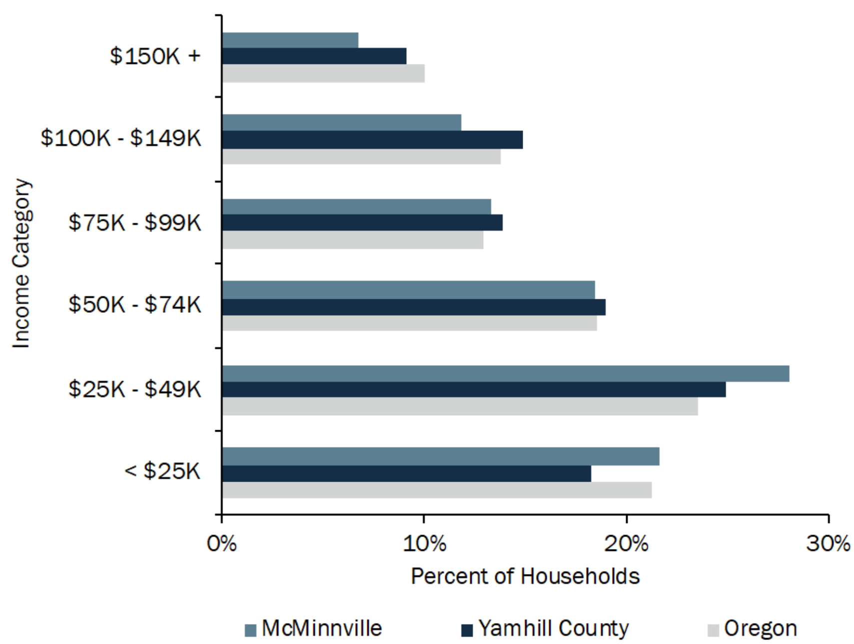
Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.



Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B19001.

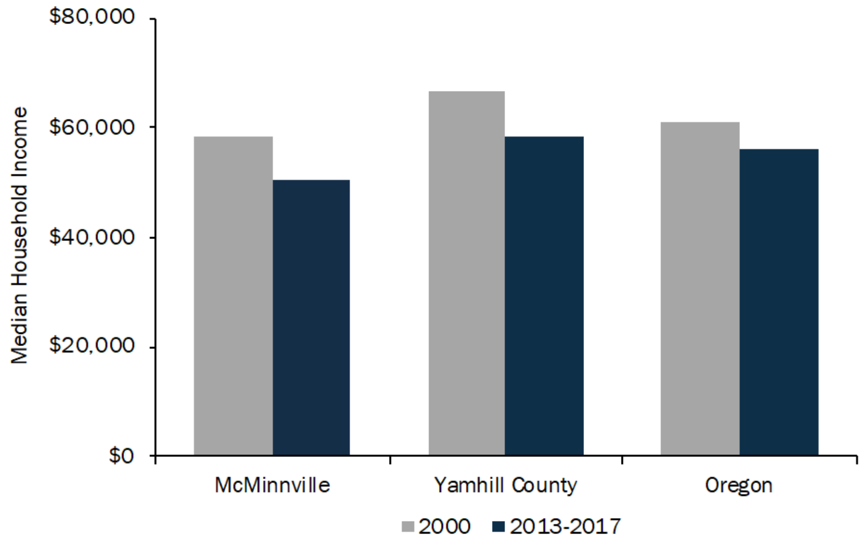


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015

Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015

Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015

Source: US Census Bureau, Census On the Map.

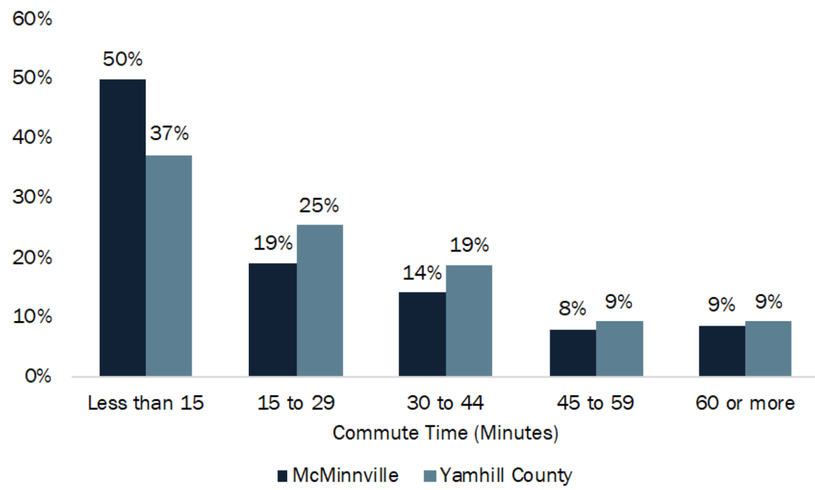
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

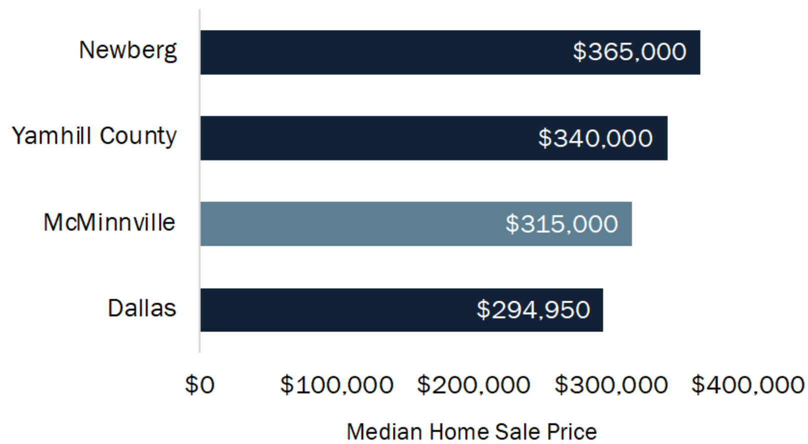
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.

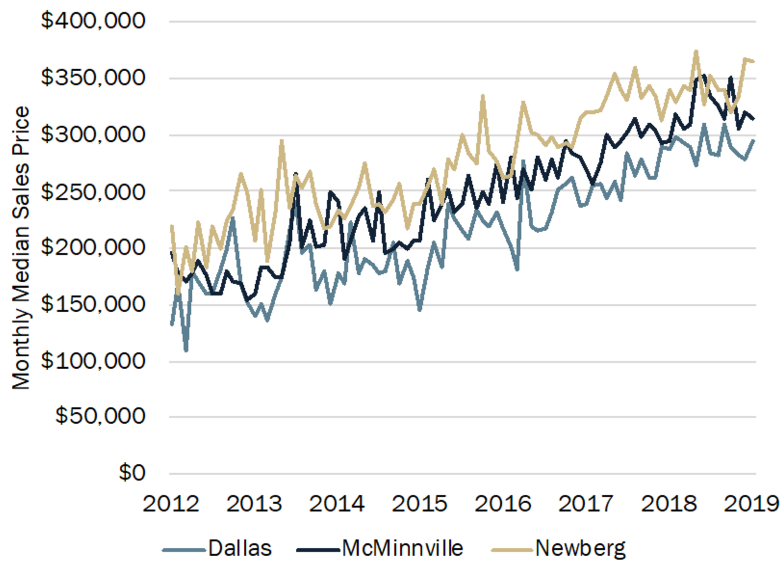


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019

Source: Redfin Median Sales Data 2018.

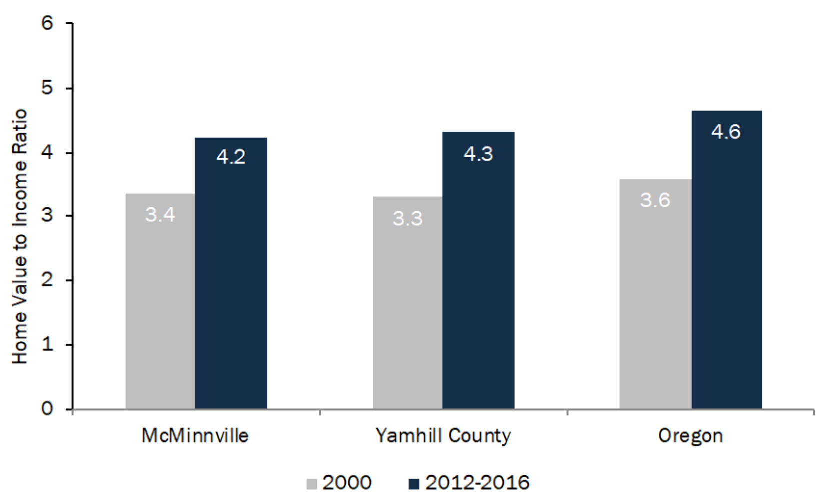


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

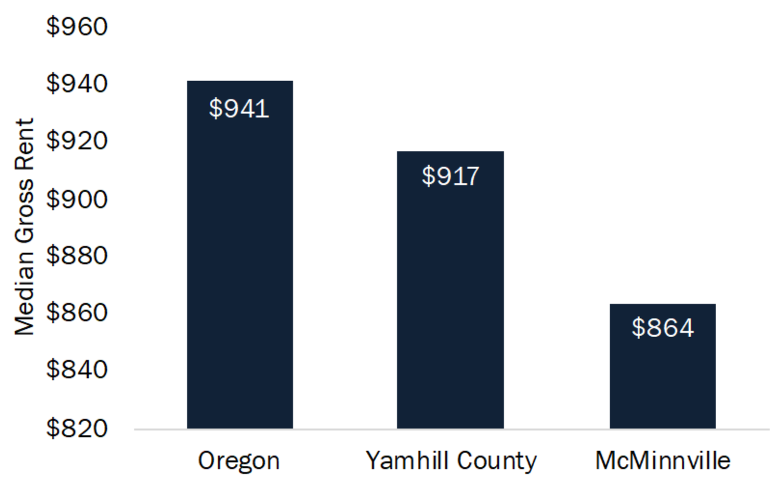
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

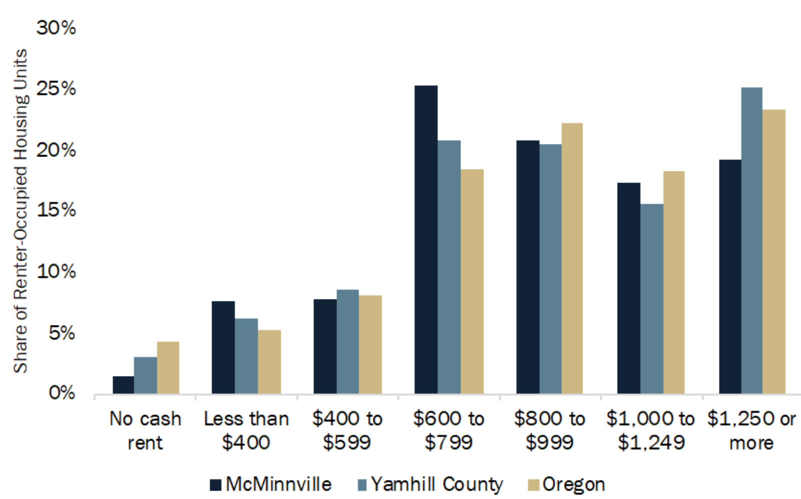


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

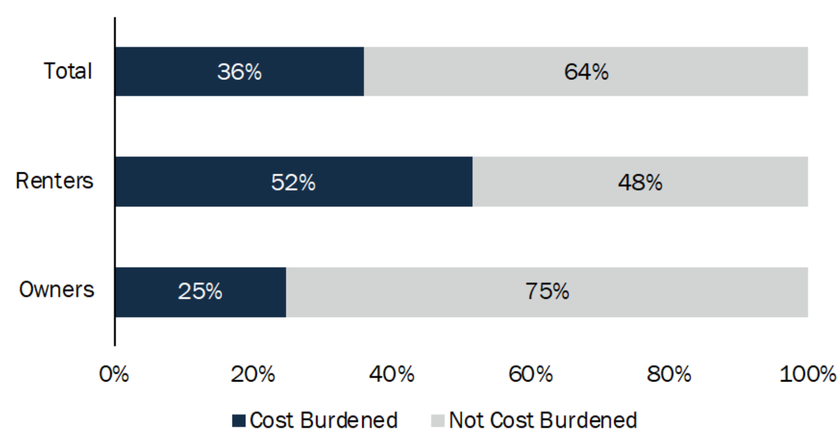
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016

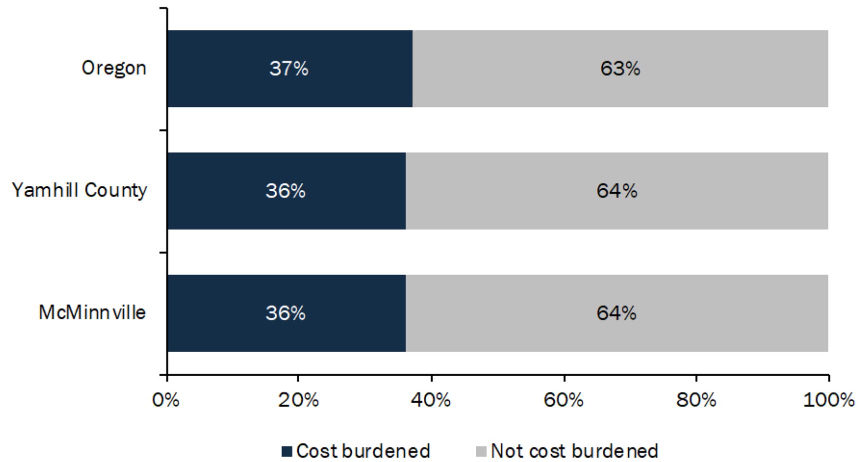
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016

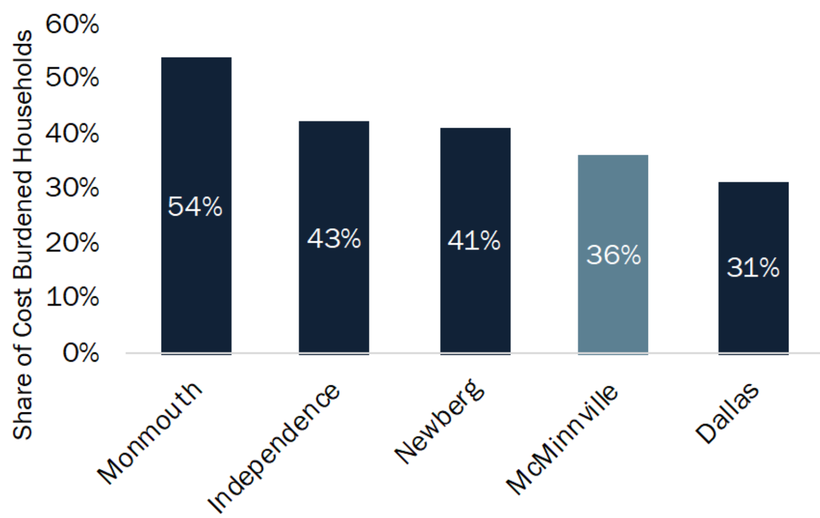
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Other communities in the region have a larger share of cost-burdened households than McMinnville does.

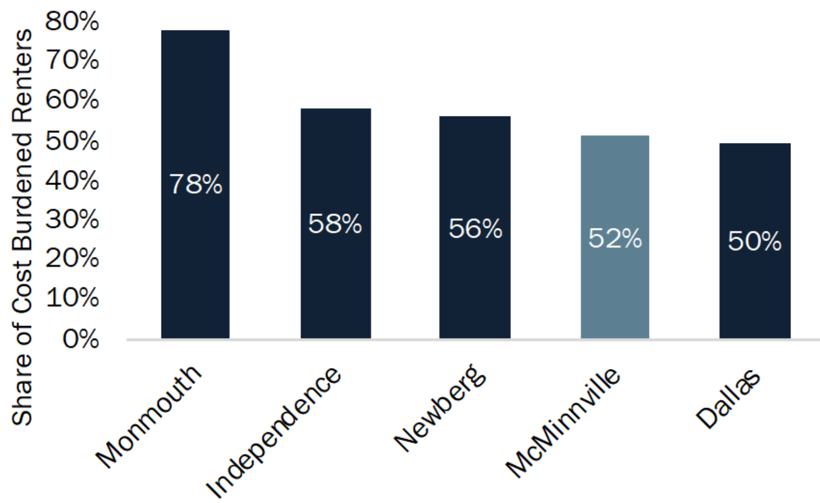
Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



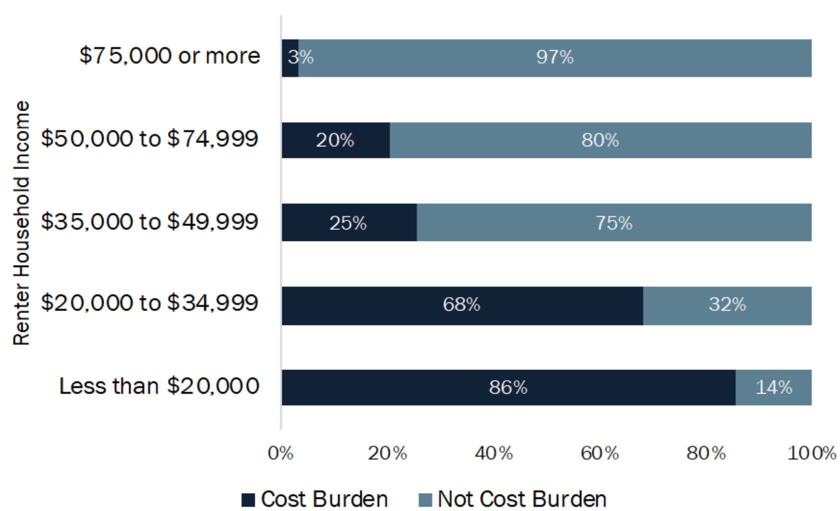
Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018
Source: US Department of Housing and Urban Development.

$1,026	$1,132	$1,330	$1,935	$2,343
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

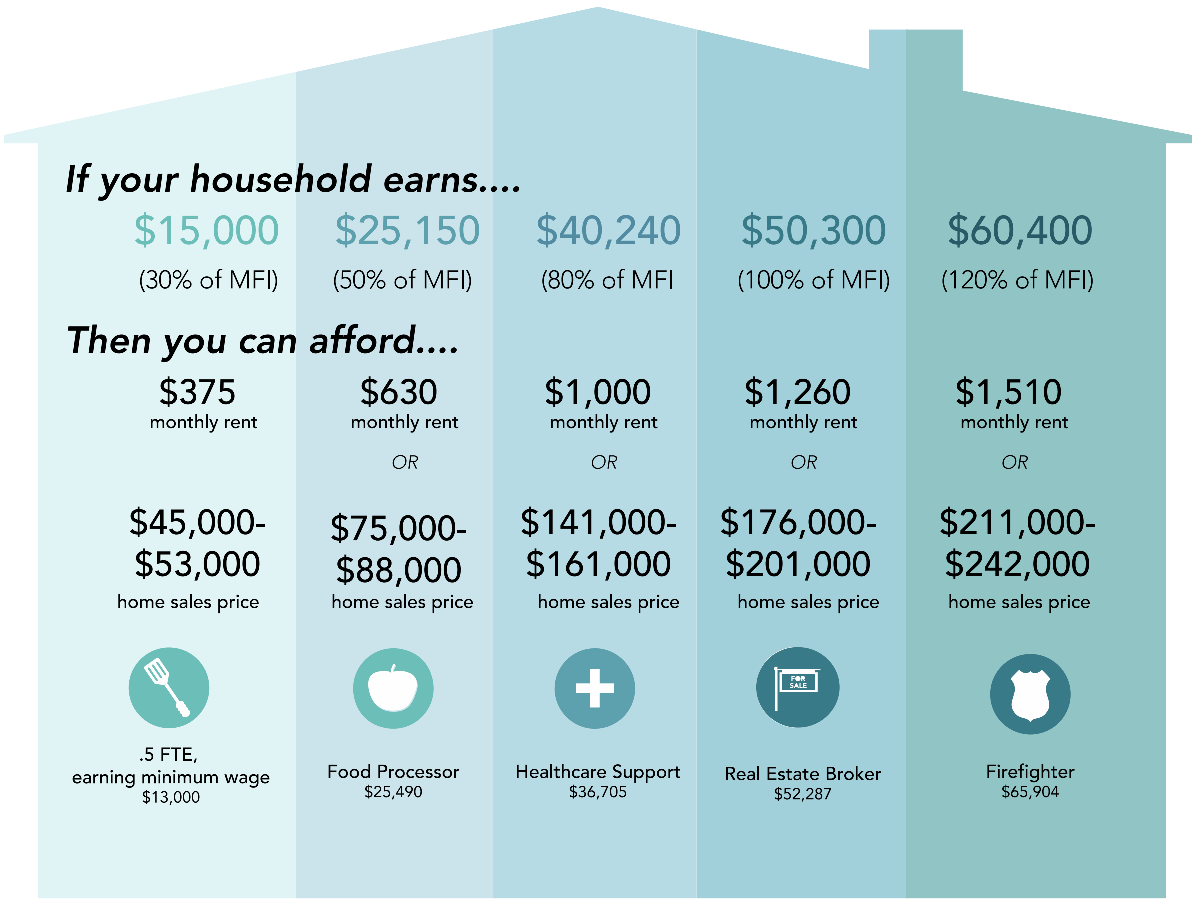
A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$25.58/hour
Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

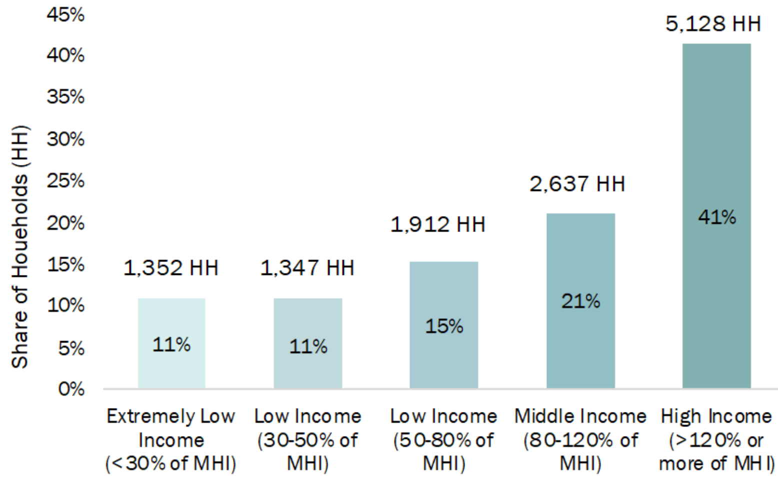
A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

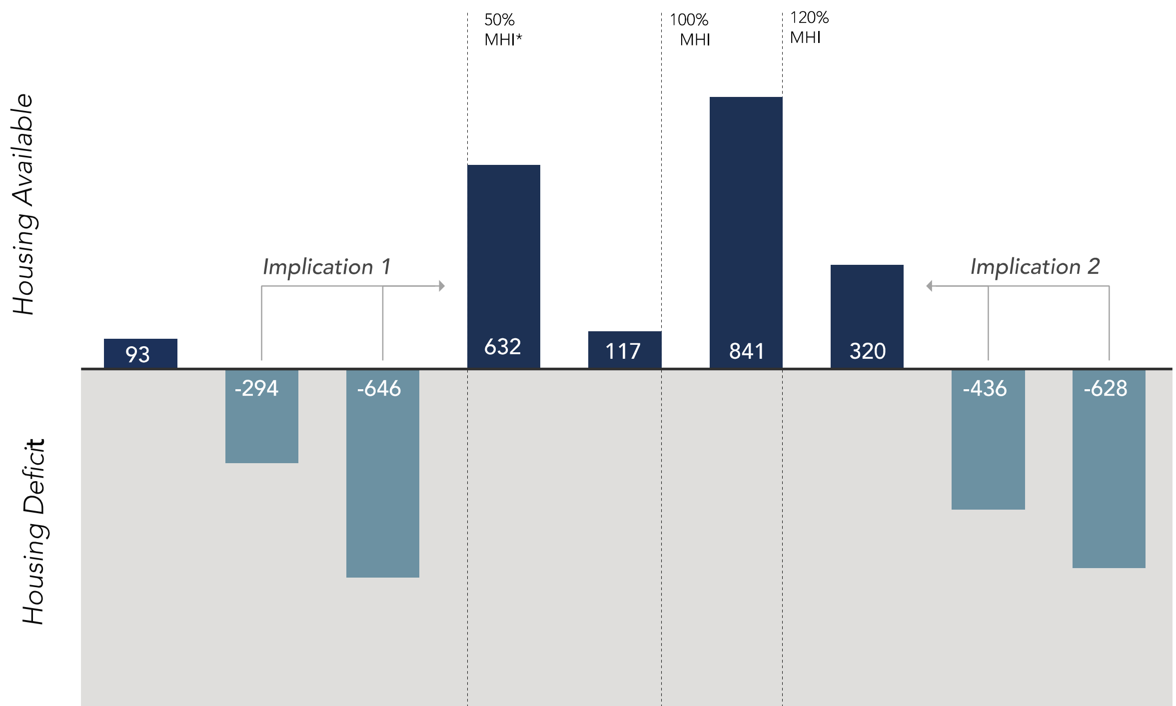
Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017

Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

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[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

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[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

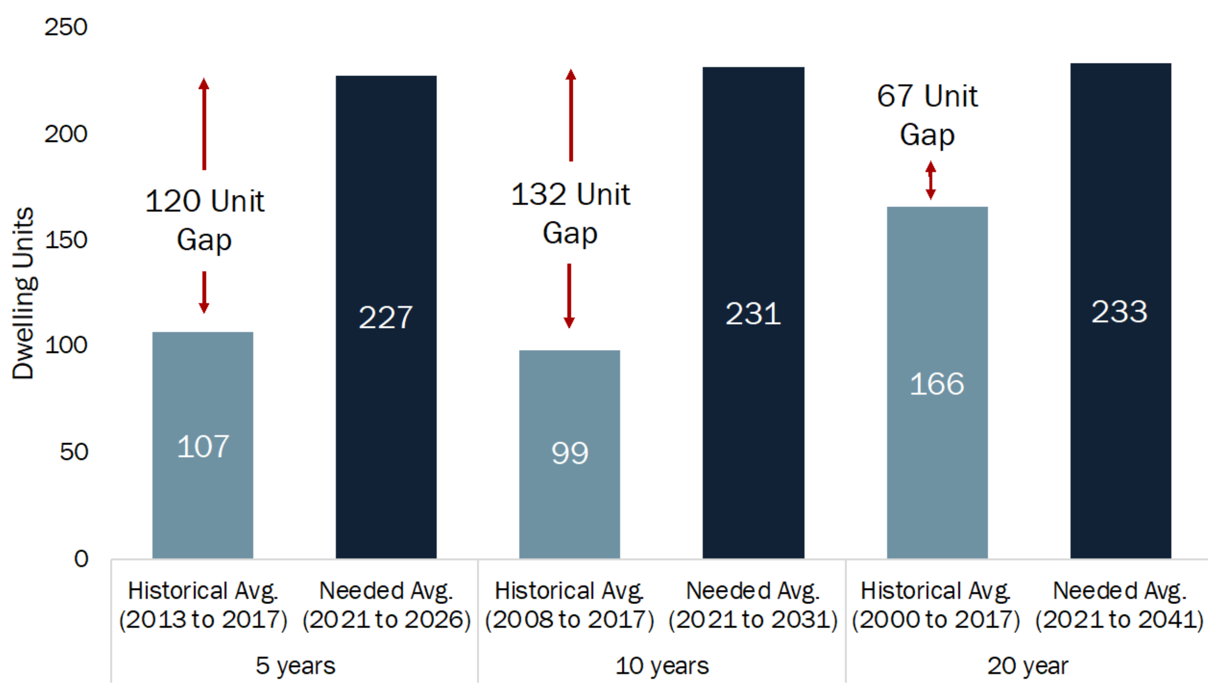
Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

> (a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:
>
> (A) the number, density, and average mix of housing types of urban residential development that have actually occurred;
>
> (B) trends in density and average mix of housing types of urban residential development;

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

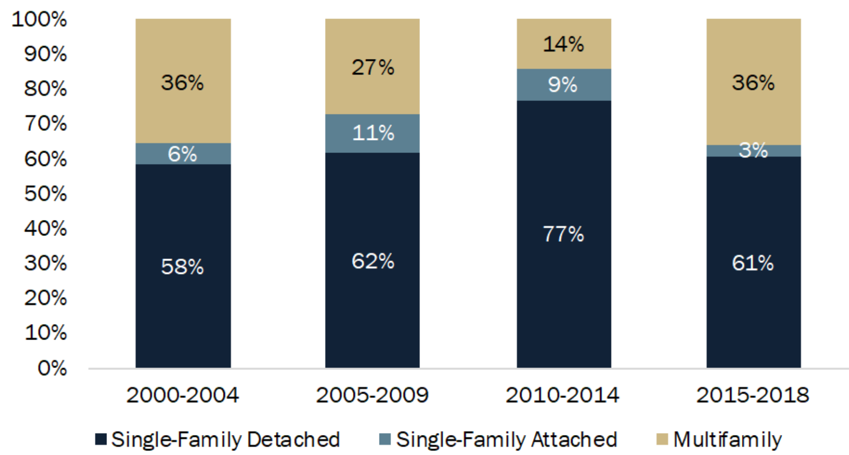
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

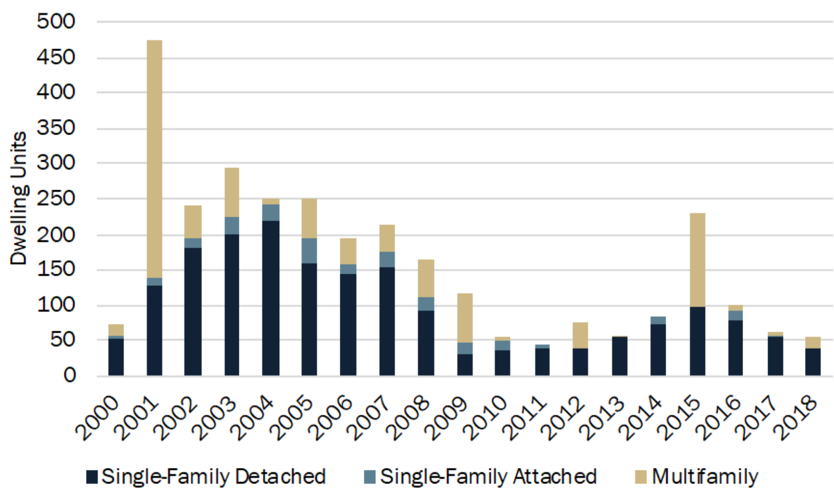
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

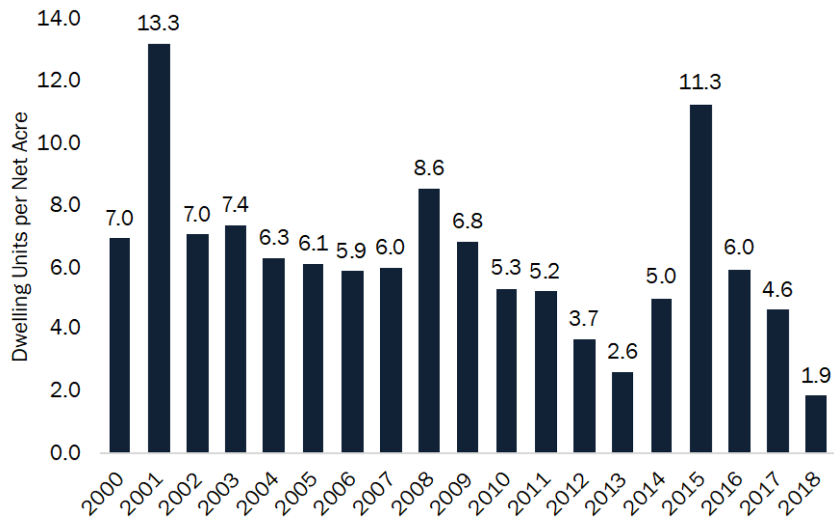
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
  - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
  - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

    - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

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[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
  - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
  - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
  - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
Housing Type	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

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[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

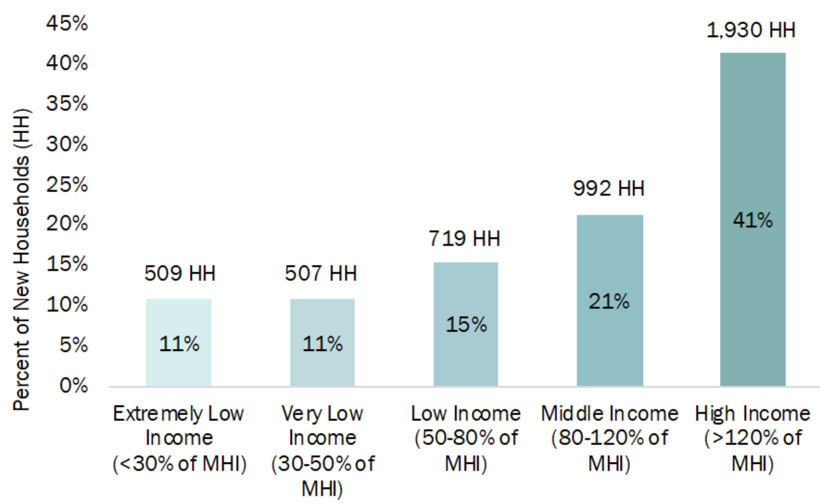

Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households 5-Year (2021 to 2026)	New Households 10-Year (2021 to 2031)	New Households 20-Year (2021 to 2041)	New Households 46-Year (2021 to 2067)	% of Households
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
    - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

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[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
  - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

    Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

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[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

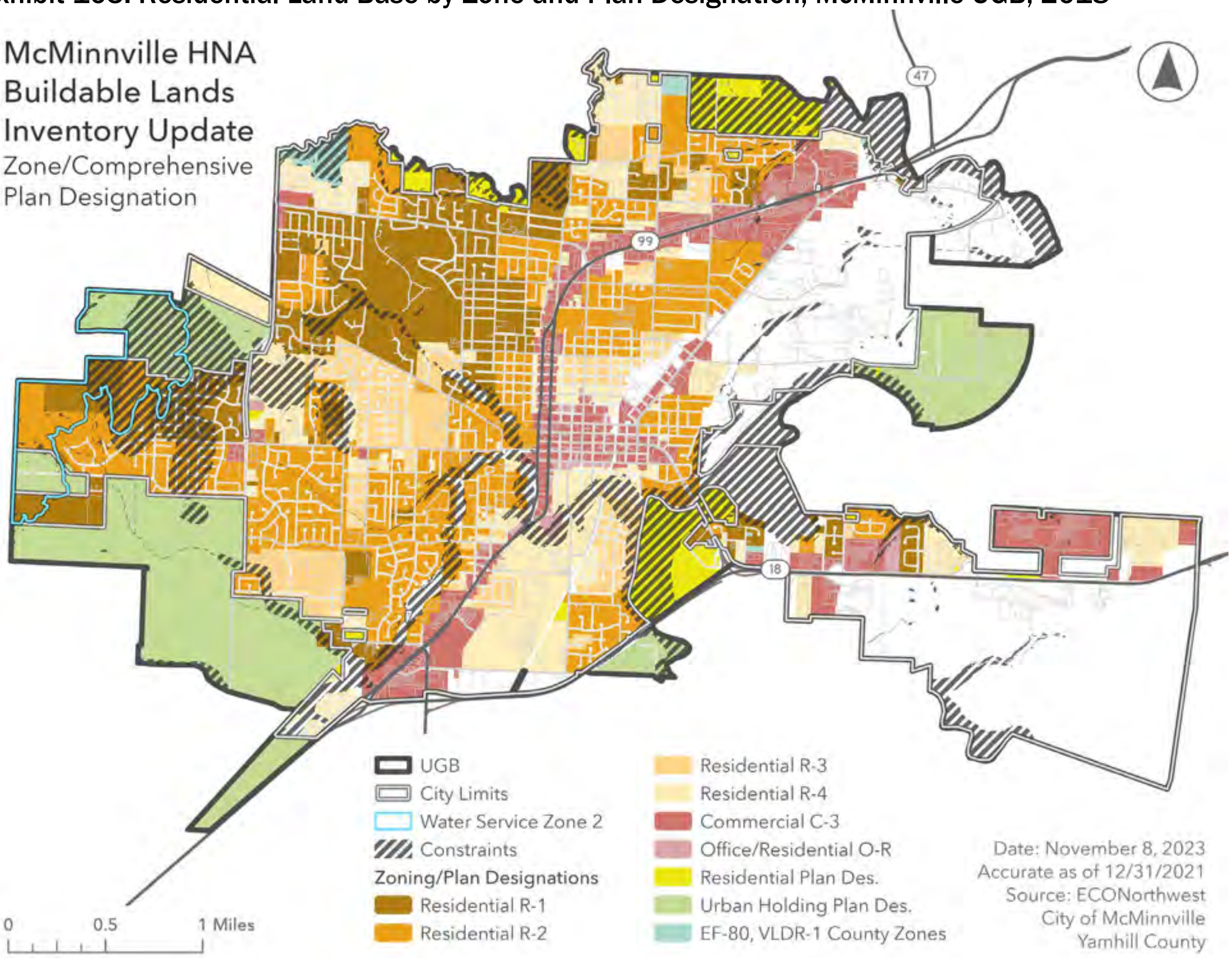
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067
Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

EXHIBIT C TO
ORDINANCE NO. 5139

City of McMinnville Economic Opportunities Analysis

November 2023

Prepared for:

City of McMinnville

FINAL **REPORT**

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City thank the many people who helped to develop the McMinnville Economic Opportunities Analysis.

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For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com. For more information about this report, please contact:

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to "Planned Development" overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

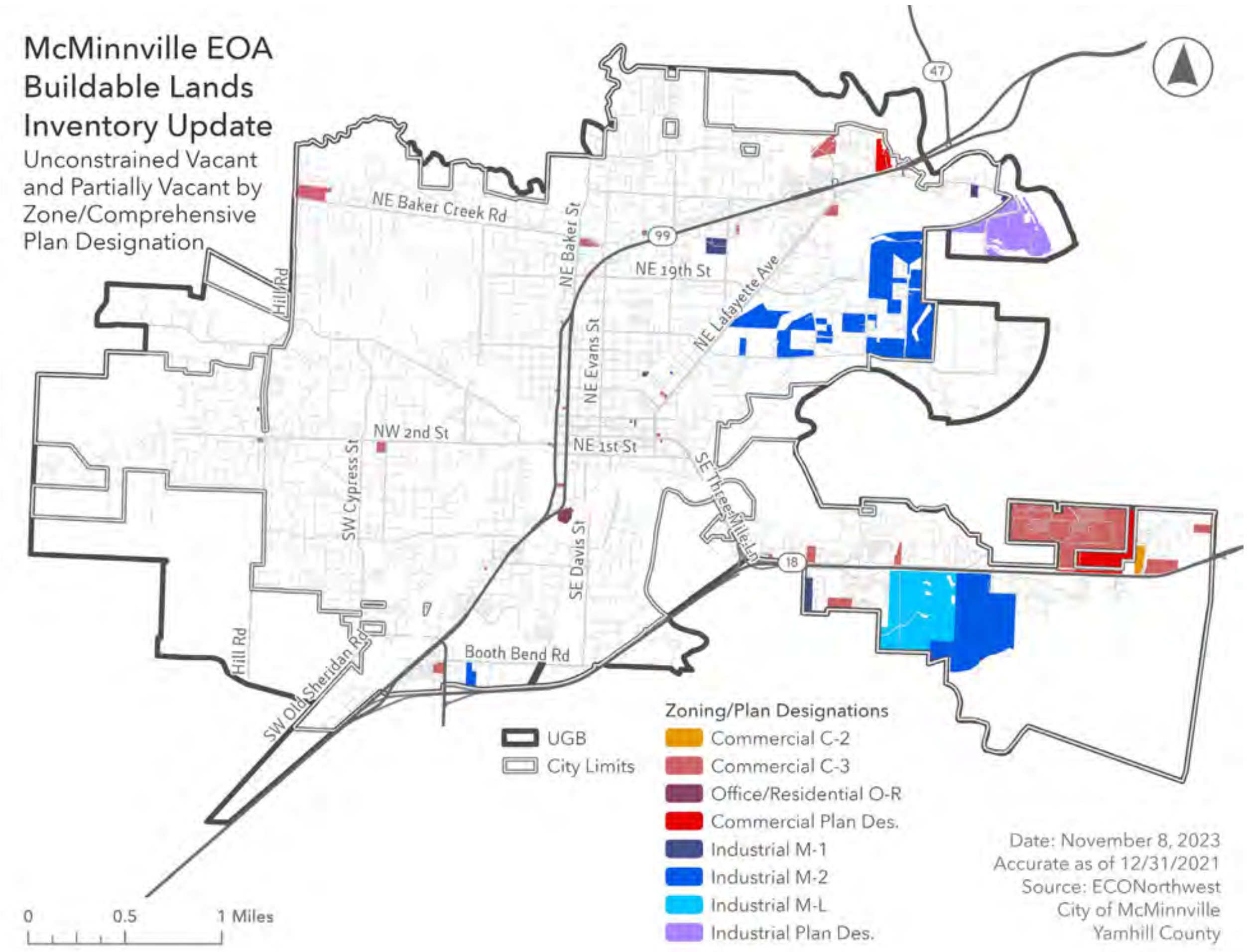
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 635 gross acres (384 industrial and 252 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	**Not forecast for 2041-2067**		
Commercial	154	63	91	154	126	28	154	252	(98)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional
Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need 20-Year (2021-2041)	Additional Land Need 46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 444.5 acres, including about 62 acres for Joe Dancer Park. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Note: Park land in the UGB expansion includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
  - Accounting for land brought into the urban growth boundary in 2020
  - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

> Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

> Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.
>
> Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.
>
> Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

> Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.
>
> Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes five appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

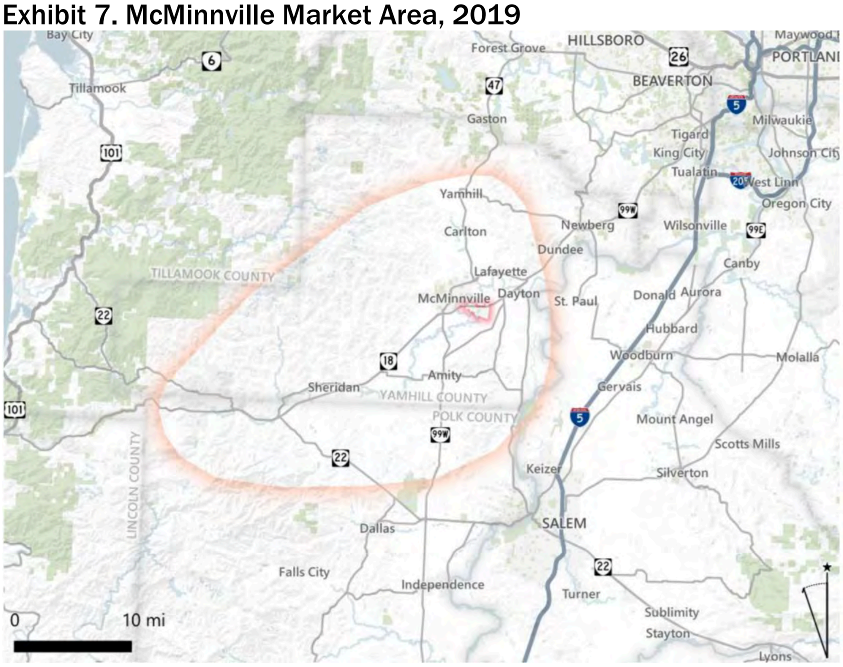
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

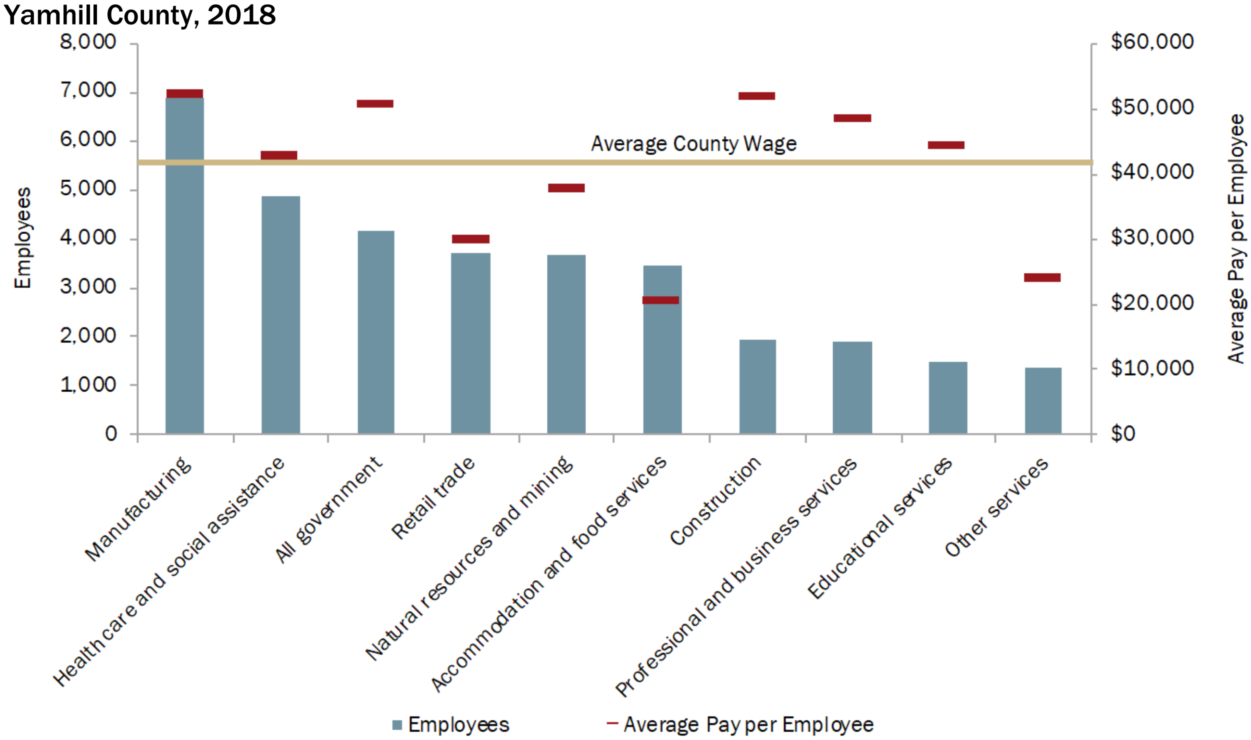
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

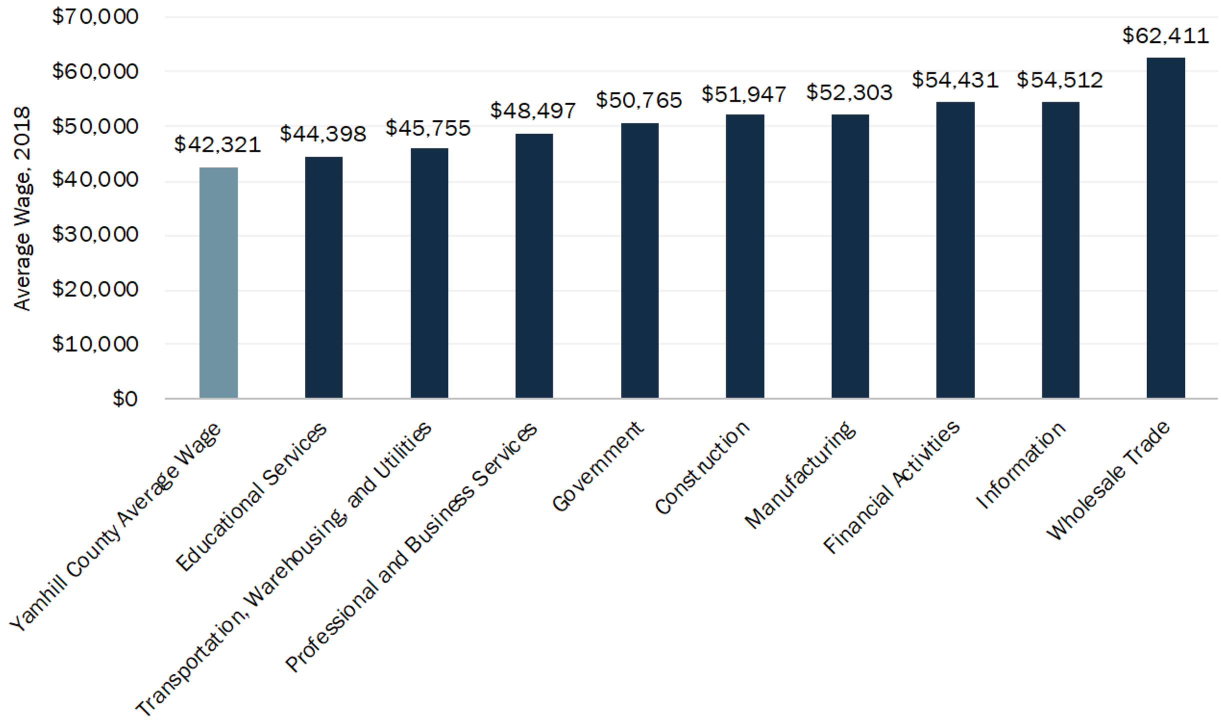
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

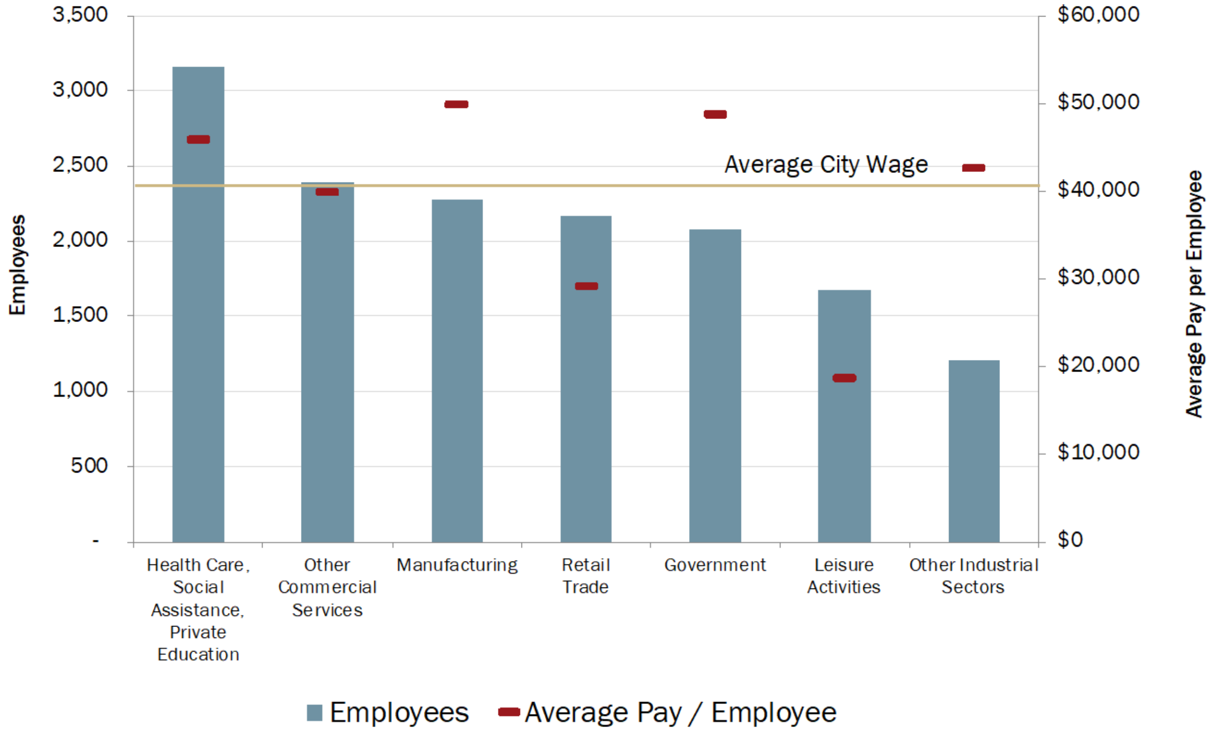
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

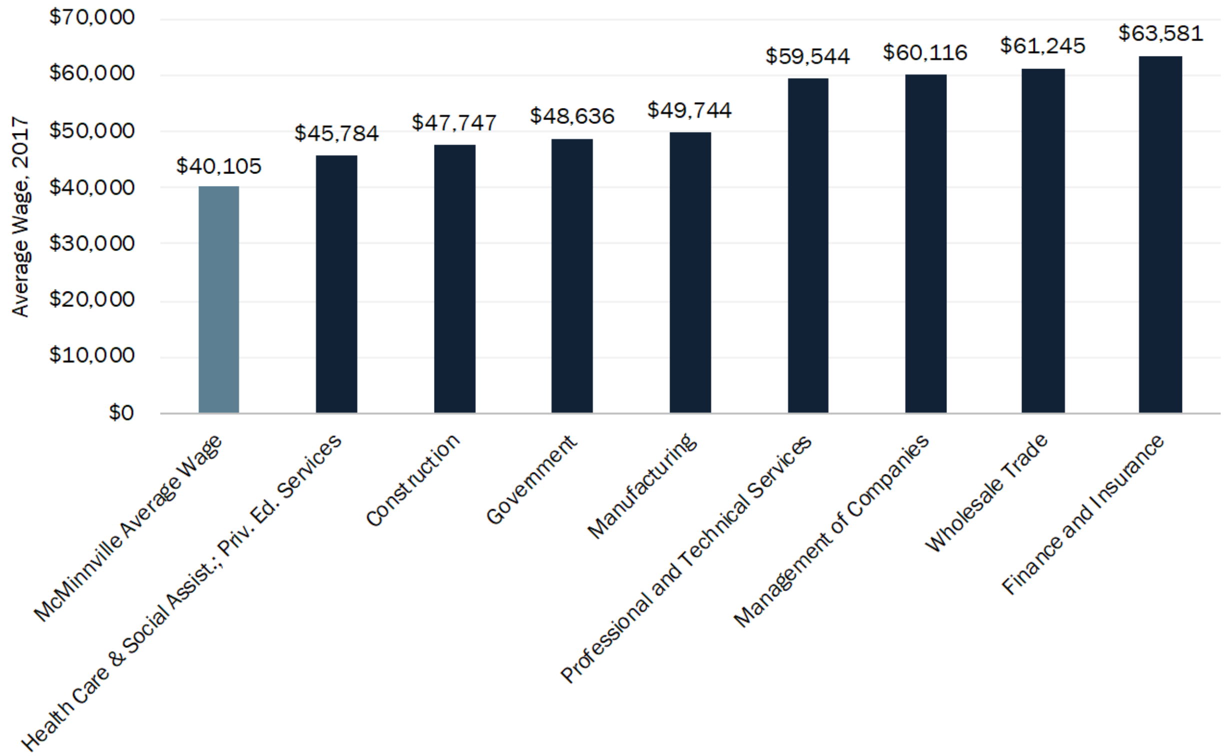
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

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[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

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[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

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[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

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[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam’s Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments.”[28] It specifically describes the difference between “experiential consumerism” and other types of retail that are more likely to directly compete with e-commerce. Examples of “experiential consumerism” include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

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[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. “Three Trends Shaping Retail’s Great Transformation.” *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here’s What’s Killing Malls.” The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see,* for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

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[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]
- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]
- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

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[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

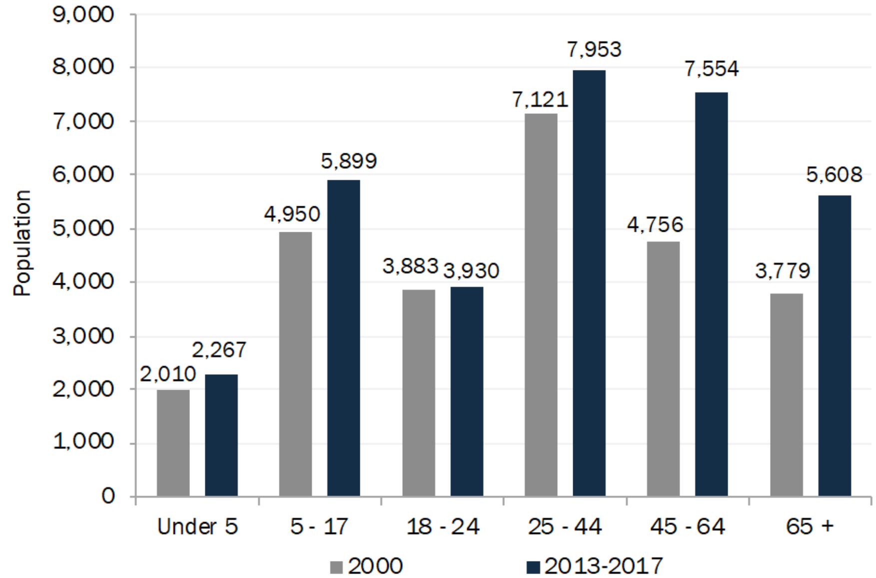
McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017.
This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).
This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



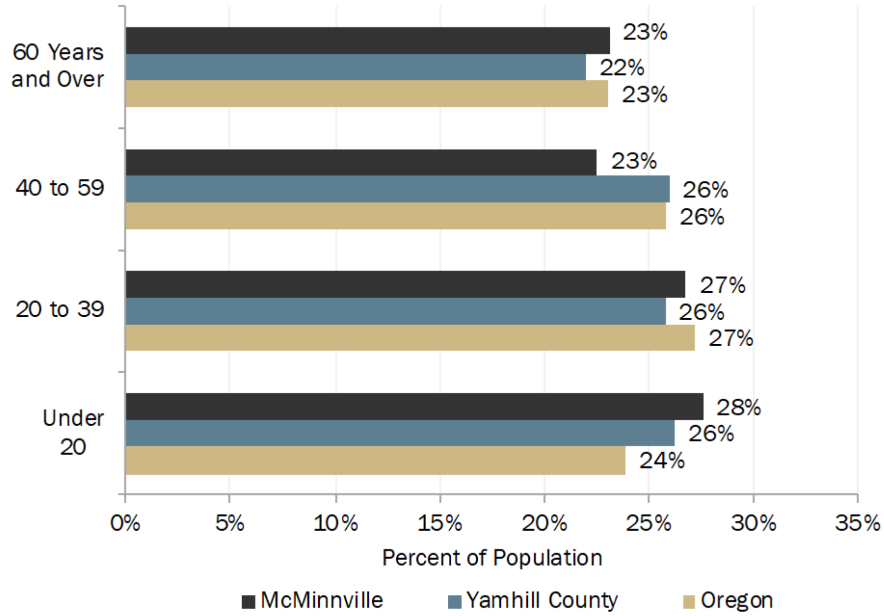
During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.

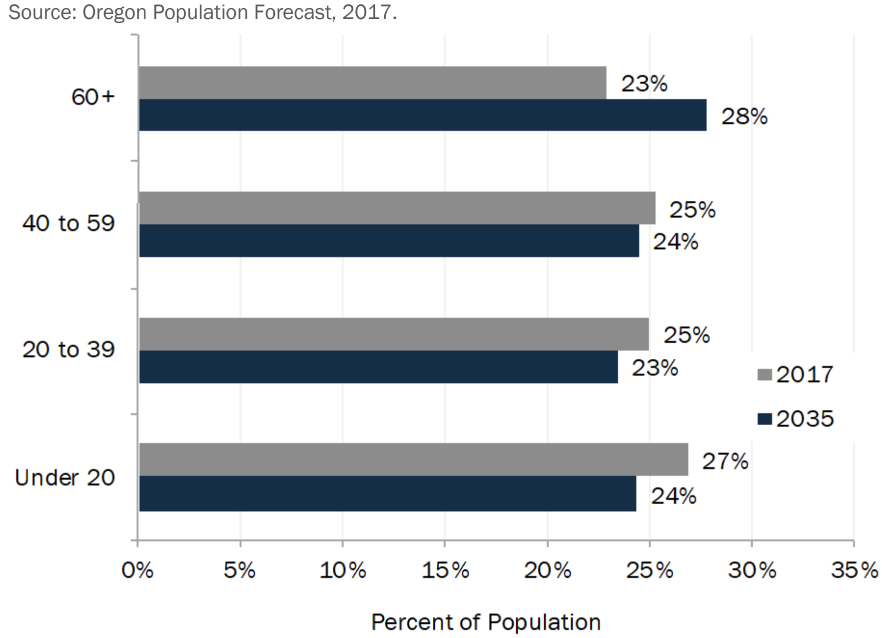


By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



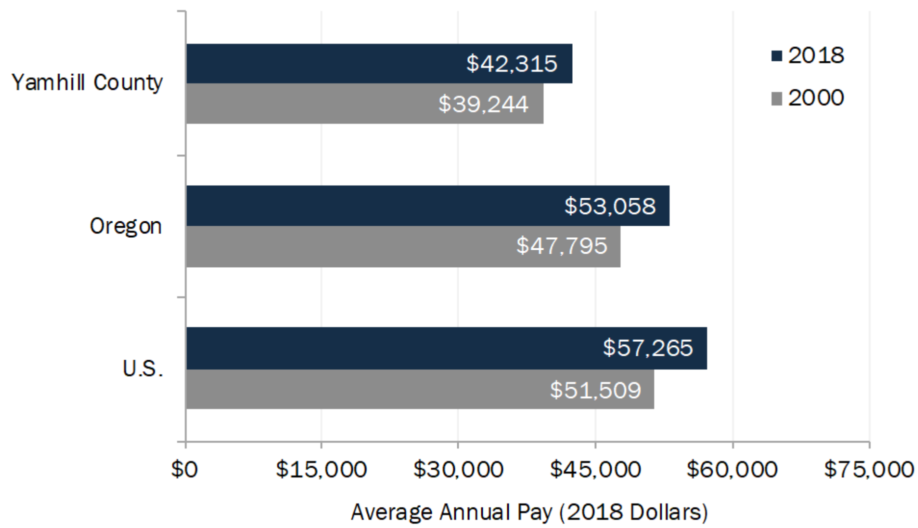
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299	$58,392	$56,119
McMinnville	Yamhill County	Oregon

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

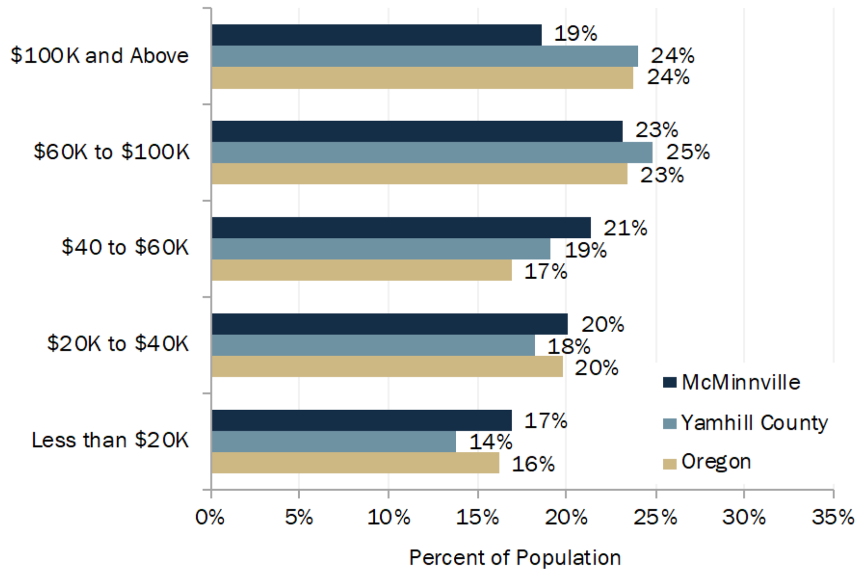
McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



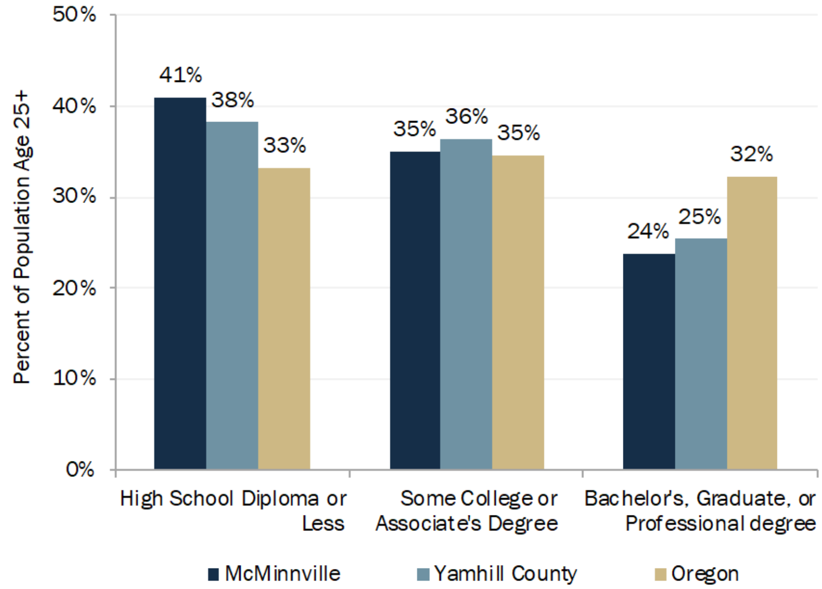
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

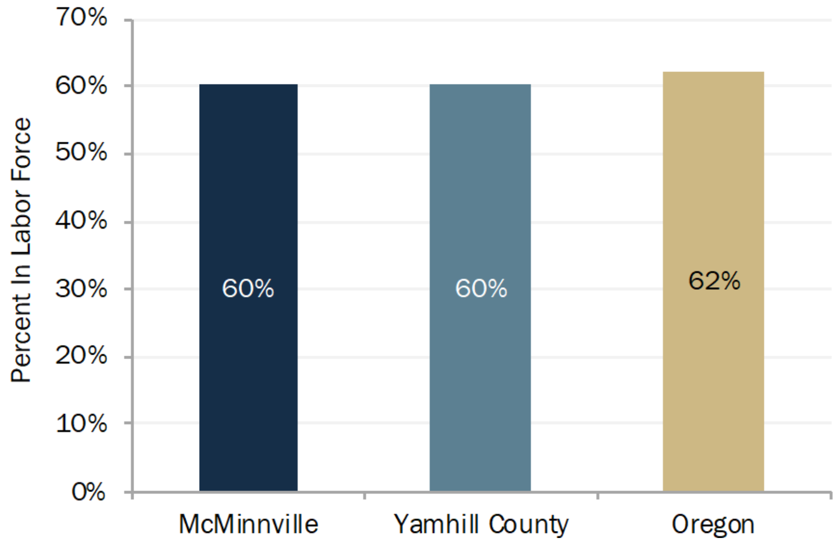
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



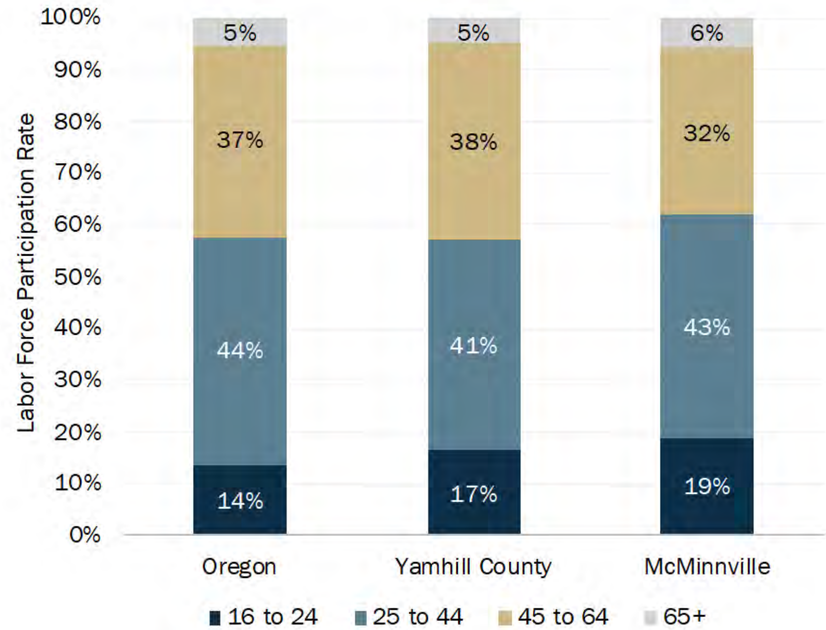
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

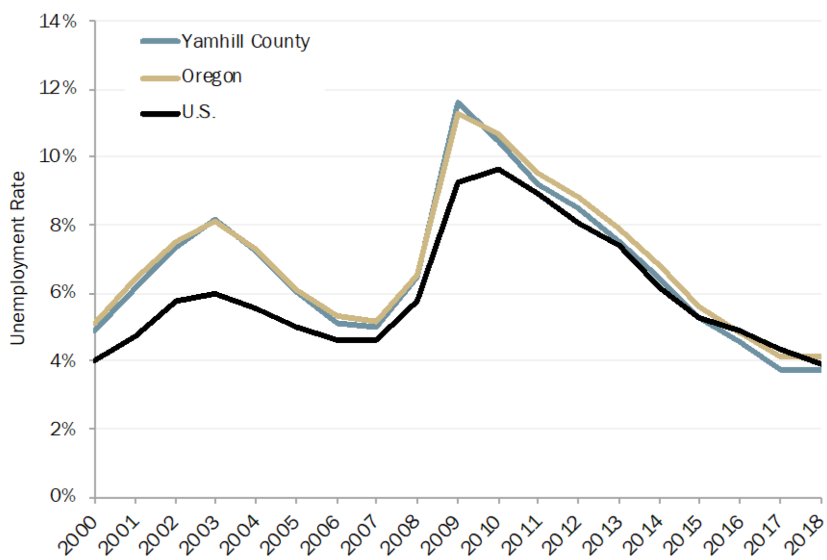


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



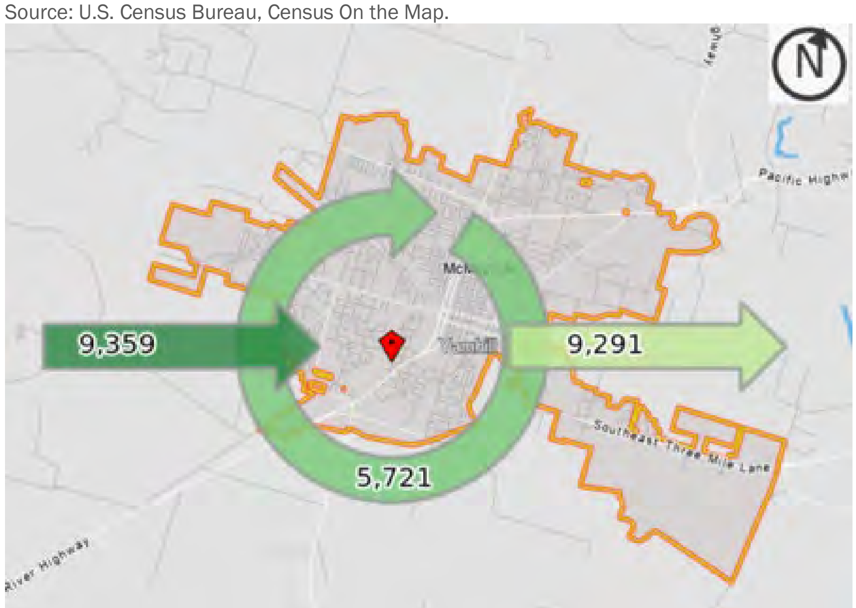
Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.
Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017
Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017

Source: U.S. Census Bureau, Census On the Map.

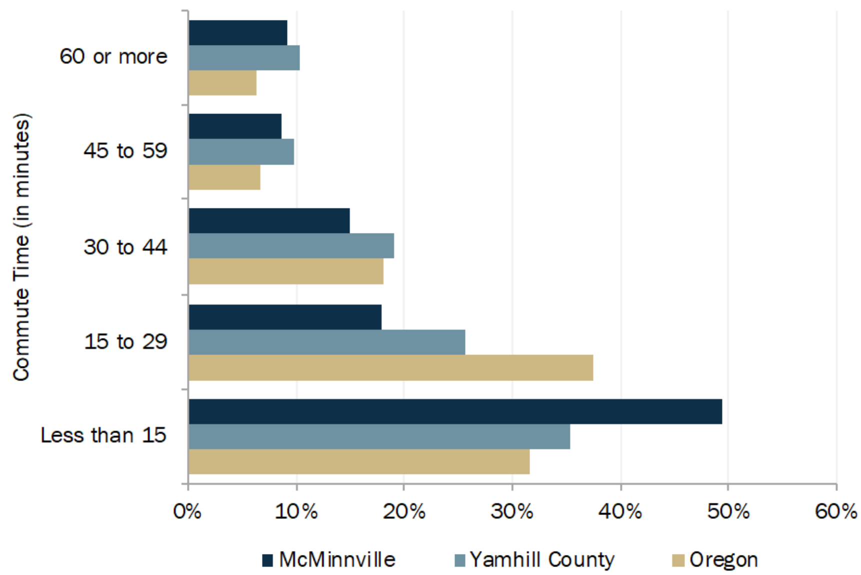
38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

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[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018. The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

Year	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

Year	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

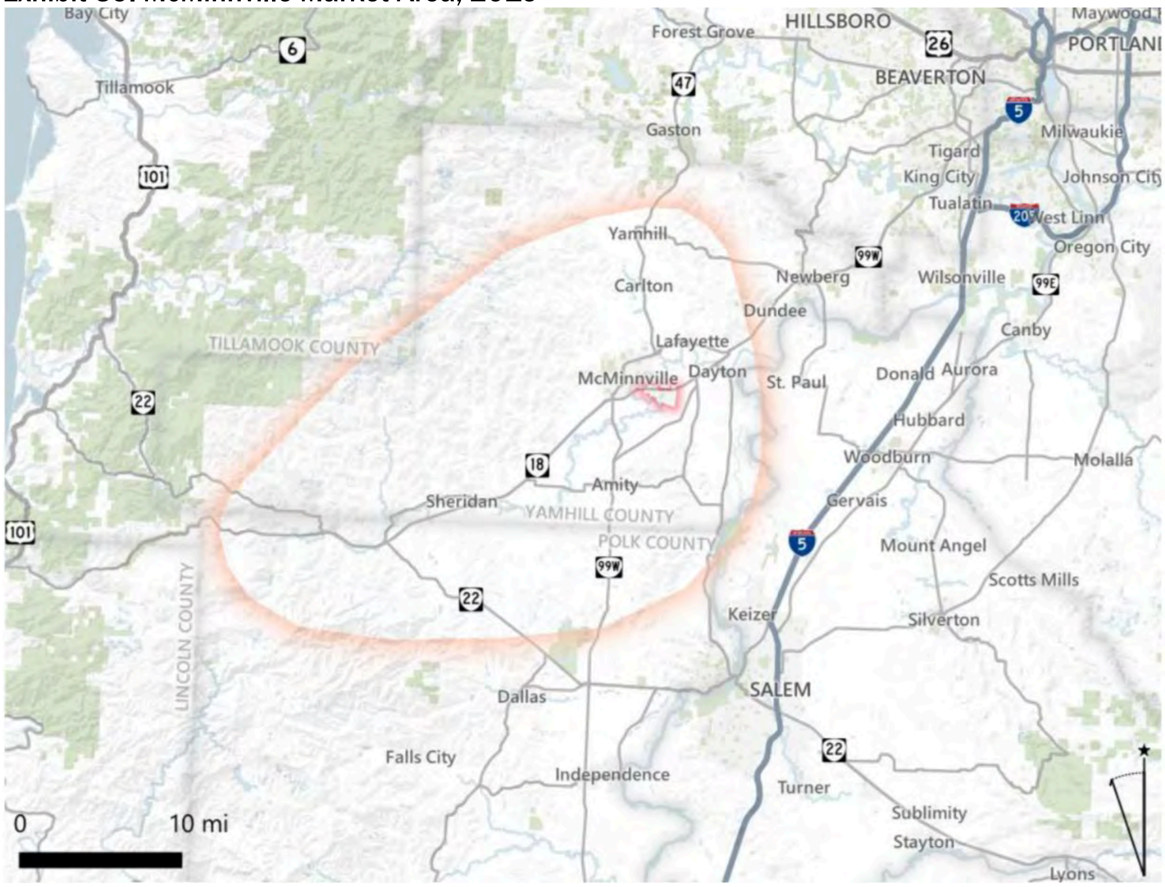
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

> "Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."

- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

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[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

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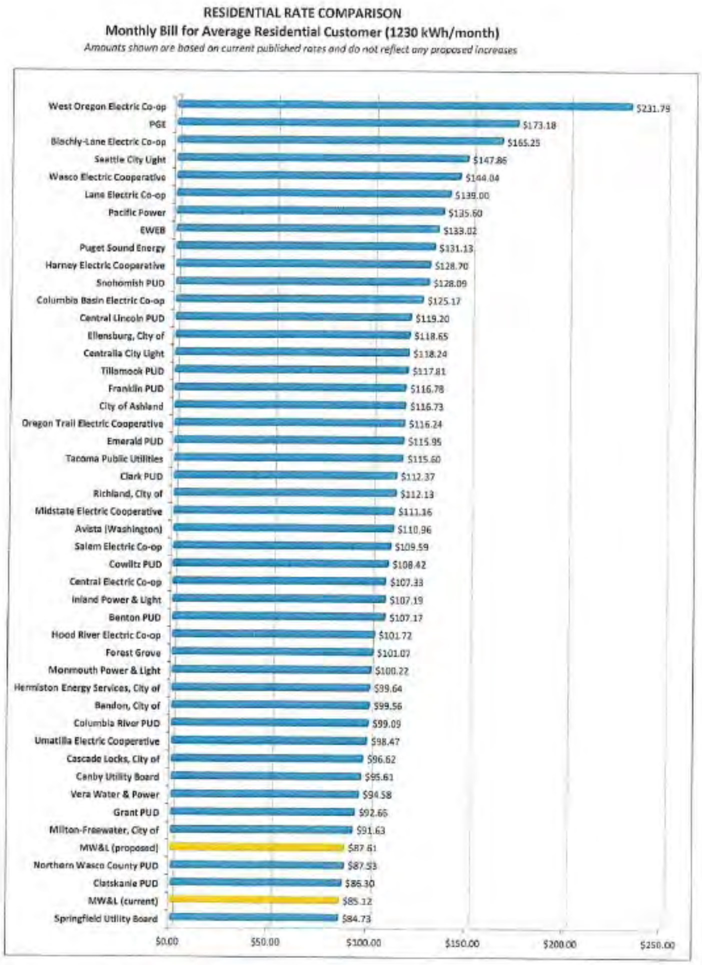
[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*
  - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.
  - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.
- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

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[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.
- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.
- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.
- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.
- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

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[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

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[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.
- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

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Strengths

- High quality of life to boast about and attract investment
- Strong, widely-recognized downtown
- Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors
- Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets
- Balanced employment across industry sectors
- Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College)
- Location advantages:
- Good location in proximity to major metro area
- High quality soils in surrounding areas, climate suited for agriculture
- Natural environment assets nearby, including Yamhill River, access to the ocean and mountains
- Inexpensive power and water, with sustainable sources
- Major infrastructure assets: major highways, freight rail, airport
- Various parks and recreational assets
- Positive business climate perceptions and a sense of civic leadership

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Weaknesses

- Relatively low educational attainment
- A limited labor pool for local companies and those looking to relocate
- Difficult access to and from I-5 and no near near-term possibility of a more direct connection
- End-of -the-line location for wine country visitors coming from the Portland area
- Lack of housing options
- Low levels of professional and office office-using employment
- Comparatively high poverty rates and low median household income

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Opportunities

- Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities
- Local airport has comparative advantages over other regional airports
- Highway 99 bypass : future completion will improve access to McMinnville
- A stronger framework for regional collaboration , improved opportunity in surrounding communities
- Opportunity sites for new downtown development
- New housing development – higher density , diversity of types, live live-work units
- Improved connections to the University of Oregon and Oregon State University
- Stronger branding and improved gateways into McMinnville
- Innovation in agriculture and food systems
- Wine -oriented makerspace
- Food hub
- $6M gift to Linfield College's wine program
- Expanded culinary and craft beverage retail offerings

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Threats

- Limited land availability for residential, commercial and industrial development
- Regulatory challenges associated with UGB expansion
- Worsening housing affordability
- Brain drain due to local graduates leaving for other job markets
- Absorption of projected growth without detrimental impacts to character, congestion, affordability
- Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs
- Need to find a sustainable solution to homelessness
- Future impacts of climate change on agriculture and related industries, including tourism

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Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
    - 4.1 Ensure workforce availability in trades and other mid-skill positions.
        - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
        - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
    - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
    - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
    - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
    - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
    - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
    - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
    - 5.1 Become a place where small and medium technology firms can relocate and grow.
        - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
        - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
        - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
        - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
        - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
        - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
        - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
    - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
    - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
    - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
    - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
    - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
    - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
    - 6.1 Make downtown the best it can be.
        - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
        - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
        - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
        - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
    - 6.2 Become the preferred destination for wine-related tourism.

        - Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
        - Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
        - Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
        - Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville
    - 6.3 Diversify tourism destinations beyond wine.
        - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
        - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
        - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
        - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
        - Become a national destination for bicycle tourism and other recreational and leisure activities.
    - 6.4 Market and promote McMinnville.
        - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
        - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
        - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
    - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

        - Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
        - Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
        - Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
        - Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.
    - 7.2 Locate higher job-density food and beverage activities within McMinnville.
        - Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
        - Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
        - Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
        - Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
        - Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
        - Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
        - Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
        - Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
        - In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

    - Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
    - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
    - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
  - 7.4 Open new markets for local agricultural products.
    - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
    - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
    - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
  - 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
    - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
    - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
    - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
    - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
    - Evaluate alignment of current food cart regulations with community goals.
  - 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
    - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
    - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.

    - Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
    - Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
    - Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
    - Foster R&D opportunities for existing and emerging industries.
- 8.4 Improve and expand connections between key institutions and the City of McMinnville.
    - Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
    - Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	**718**	**73%**	**607**	**41%**
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	**265**	**27%**	**888**	**59%**
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	**100%**	**1,494**	**100%**

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

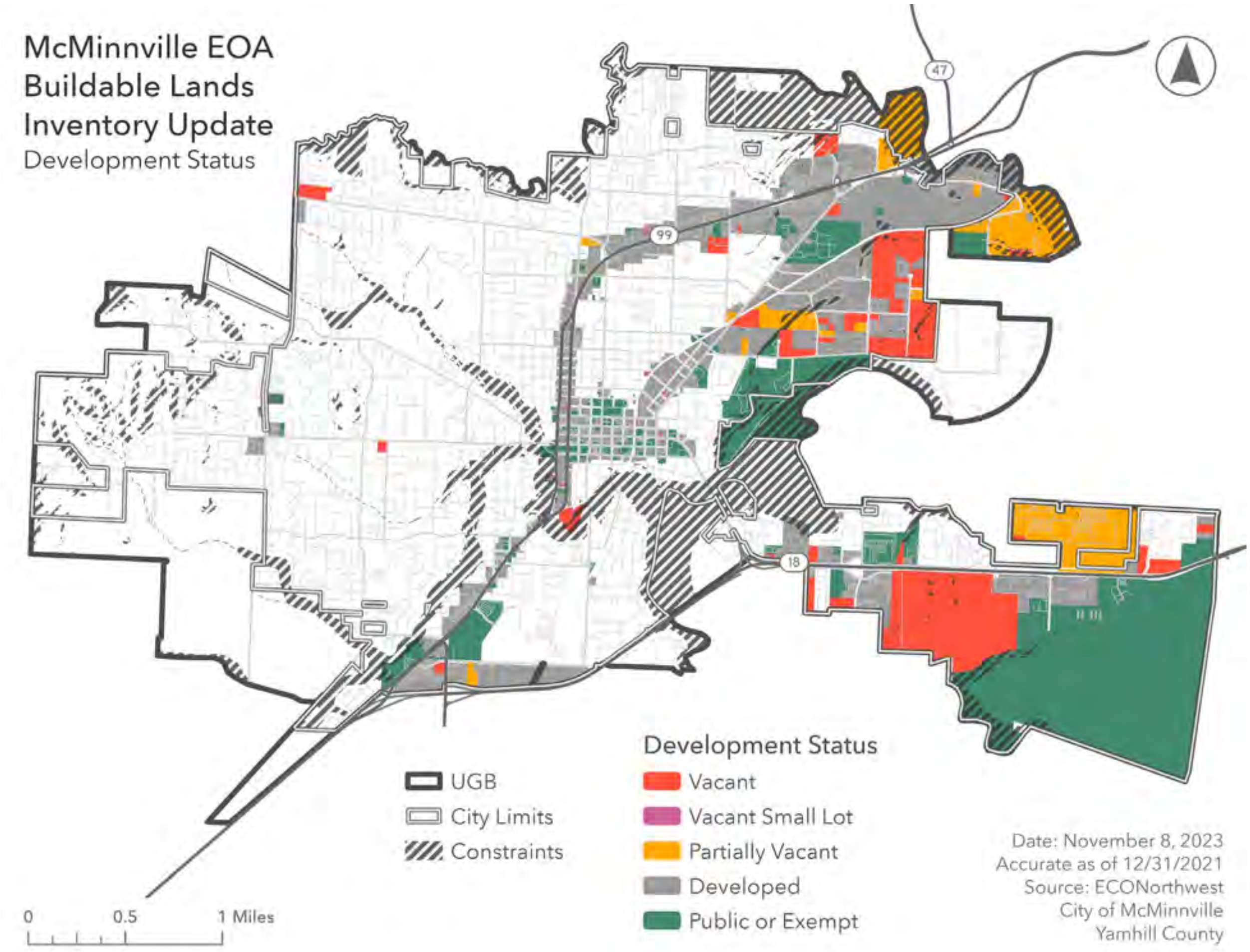
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

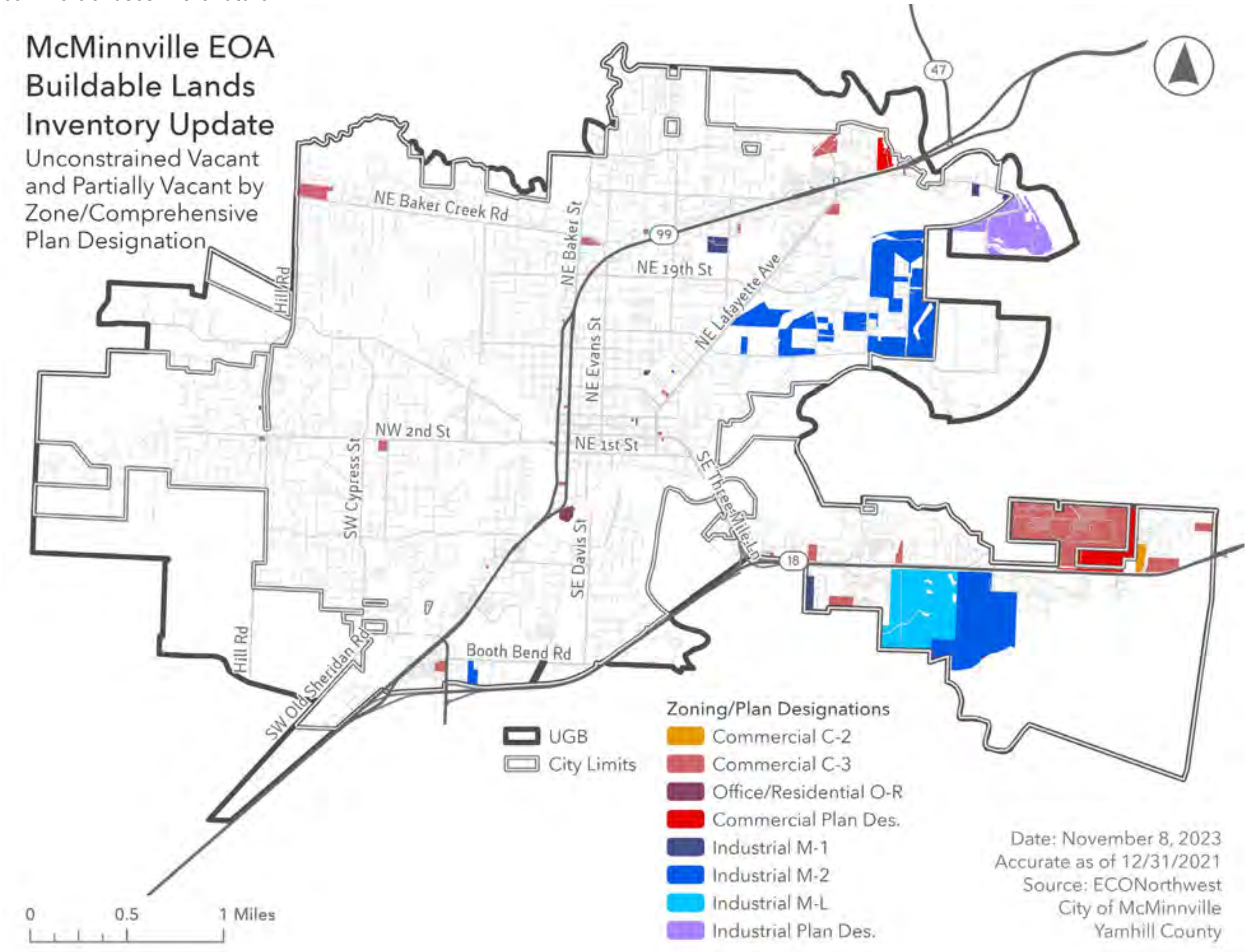
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	**-**	**4.4**	**22.4**	**13.5**	**23.2**	**-**	**-**	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	**-**	**16.8**	**-**	**-**	**-**	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	**-**	**-**	**-**	**-**	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	**-**	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	**-**	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	**-**	**1**	**3**	**1**	**1**	**-**	**-**	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	**-**	**1**	**-**	**-**	**-**	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	**-**	**-**	**-**	**-**	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	**-**	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	**-**	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

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[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

	2021		2041		Change
Land Use Type	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	**5-year (2021-2026)**	**10-year (2021-2031)**	**20-year (2021-2041)**	**46-year (2021-2067)**
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

On close consideration, the City Council chose to remove this land need from consideration in the estimate of 20-years of employment land. This analysis is left in the document to provide information about the City's considerations of employment land needs.

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[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

[109] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

On close consideration, the City Council chose to remove this land need from consideration in the estimate of 20-years of employment land. This analysis is left in the document to provide information about the City's considerations of employment land needs.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= net increase of 49 acres**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft² of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

	Developed acres size									
Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

ICSC

U.S. Shopping-Center Classification and Typical Characteristics*

Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience store anchor	N/A	N/A	Convenience store, such as a mini-mart	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors, retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

	CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	GENERAL REQUIREMENTS		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 50	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only Interstate or equivalent)	w/ in 5 (only Interstate or equivalent)	N/A	w/ in 50	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 50	w/ in 60	w/ in 50	w/ in 60	w/ in 60	w/ in 60	w/ in 50	w/ in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 500	w/ in 500	w/ in 500	w/ in 100	w/ in 500	w/ in 100	w/ in 500	w/ in 500	w/ in 500	w/ in 100	w/ in 500	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Dmtr)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Dmtr)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1620 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1620 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Dmtr)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2100 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Dmtr)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
##	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
↑	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon*. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
Less Critical	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center Industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			**Revised Size Classes and Assignments**		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

114 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			**<u>4:</u>**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			**<u>4:</u>**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	**2019 EDSP Target Sectors 2013 EOA Cluster Targets**	**Rail Access Per IFA?**	**Needed Sites**	**Needed Range for McMinn-ville**	**Needed Site Sizes**	**Size Class**				
						5-9.9	**10-14.9**	**15-19.9**	**20-25**	**25.1-50**
<u>Light/Flex Industrial</u>			**<u>6:</u>**							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
			1	25-50 ac						1
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					
<u>Warehousing & Distribution</u>			**<u>5:</u>**							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred	3	10-25 ac	(1) 10ac, (1) 15ac, (1) 20ac		1	1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Specialized</u>			**<u>2:</u>**							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 98-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**252**	**(98)**
Forecast		*252*	
Total	**508**	**635**	**(127)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 635 gross acres (384 industrial and 252 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land for the 2021-2041 period. This analysis does not estimate demand for industrial land for the 2041 – 2067 period.***

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Note: The analysis did not forecast industrial growth for the 2041-2067 period.

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	**Not forecast for 2041-2067**		
Commercial	154	63	91	154	126	28	154	252	(98)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

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[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name

Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
    - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
    - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

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[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>Examples:</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>Example:</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	**<u>Master Plan Facilities:</u>** Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		**Average Annual Employment:** Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 Makerspace: 3 **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = **net increase of 49 acres** for other needed sites, over acres calculated from average employees/acre	

On close consideration, the City Council chose to remove this land need from consideration in the estimate of 20-years of employment land. This analysis is left in the document to provide information about the City's considerations of employment land needs.

Appendix D. Site Need Letters

McMinnville | ECONOMIC DEVELOPMENT PARTNERSHIP

Please accept these comments regarding the City of McMinnville's Economic Opportunity Analysis and the estimated future industrial land needs. MEDP has had the good fortune to work with many economic development partners over the years as we work to further our mission of advancing strategies that respond to the needs of McMinnville's traded-sector businesses. We do this through four economic development strategies guided by the City's MAC Town 2032 Economic Development Strategic Plan: 1) Business Retention & Expansion, 2) Business Attraction, 3) Workforce Development, and 4) Innovation Development.

Without available, buildable industrial lands the strategic plan cannot be fully realized. The historical job growth and the projected job growth of 27% over the next 20 years will struggle to take place without planning for necessary industrial land.

The current estimates state McMinnville will need 153 acres of buildable industrial lands by 2041 and 329 buildable acres by 2067. Currently, we have 323 acres of identified industrial land. The reality of those numbers is that 177 of those acres are on two sites. The highest and best use and market realities for these sites with Highway 18 frontage may make these sites impractical to retain as large industrial sites that would be available for industrial use. The potential unavailability of these sites for industrial use would place us well behind the projected need.

While acres available and acres needed may be close to matching up, the fact is there are few perfect sites. An available site may meet a company's minimum requirements, but it's location, shape, slope, or infrastructure may not work. So, they will look for another similar sized site in a different location (hopefully) within the community. McMinnville has lost out on potential opportunities due to lack of rail-served sites, proximity to a major metro area, access to a major airport, or location close enough to an Interstate. It is critical we don't lose out on projects due to a lack of available sites for our targeted industries.

In order to address our targeted industry's needs of high-tech/clean-tech manufacturing, value-added manufacturing, UAV manufacturing, business park, innovation campus, and local and regional headquarters, we will need varying sizes of sites with various requirements. The minimum lot size for these sectors should be 5 acres with a span of up to 25 acres.

Rail served sites continue to be a requirement for some companies interested in a McMinnville location. An additional 5 sites of 5-25 acres would be a good use of rail-served industrial property.

Also, with over 80 manufacturers in McMinnville, we will need sites for existing companies that are growing out of 0.5 – 5-acre sites into larger sites of 10 -20 acres. An additional 5 sites would accommodate additional existing business expansions.

Potential developments associated with targeted sectors include the creation of a mixed-used Innovation Center that would require 20-40 acres, depending on density, and an Airpark allowing for local, regional headquarter space. This could require 3-5 sites of 5-25 acres, and an additional 10 sites between 2-25 acres for companies wanting access to the airport, or access to an Innovation Center.

The types of companies in the targeted sectors are meant to continually diversify the local economy and never rely heavily on a single business, or industry. The ability to have various site sizes and locations to choose from can assist with potential job growth. Available sites are like options that attract opportunity. Without multiple options of readily buildable industrial lands, you risk the loss of new business growth.

Sincerely,

Scott G. Cooper, CEcD
Executive Director
McMinnville Economic Development Partnership

231 NE 5th Street | McMinnville, Oregon 97128 | 503.474.6814 | www.McMinnvilleBusiness.com

McMinnville Industrial Promotions, Inc.

P.O. Box 328
McMinnville, Oregon 97128

To Whom It May Concern:

McMinnville Industrial Promotions, Inc. ("MIP") appreciates the opportunity to present its written comments related to the City of McMinnville's Economic Opportunities Analysis and Urbanization Report (Phase 2) as coordinated with the City's MAC-Town 2032 Economic Development Strategic Plan. MIP specifically addresses its remarks regarding future industrial land needs and sufficiency of the City's Urban Growth Boundary to ensure a reasonable estimate of industrial land inventory necessary to support good jobs and amenities in the future that create a high quality of life for McMinnville residents.

MIP advocates for a robust industrial lands inventory that accomplishes the City's Strategic Plan priorities by providing enough flexibility to foster an attractive business climate, positioning McMinnville's businesses for modern development and investment, and utilizing the City's strengths to encourage a sustainable economy for future generations.

MIP was incorporated in 1953 in response to the closure of two large manufacturers in the area, a devastating loss at the time of approximately 350 jobs. Also facing a slowdown in the timber industry, a local group of business and professional leaders pledged their own money to attract new businesses to McMinnville and diversify its economic base. In 1955, the corporation was expanded to a community corporation, and ultimately it progressed to a for-profit corporation a year later. Regardless of its structure, MIP has never lost sight of its initial mission and special corporate purpose- to foster, encourage, promote, and improve the industrial, commercial, and physical development of the City of McMinnville. MIP seeks to support the continuation of present businesses, but also attract new industries that strengthen the community as a whole, provide long term economic stability to the area, and which provide living wage opportunities to residents. Over the last 67 years, MIP has invested and assisted in growing industrial businesses. Notable accomplishments of MIP include being the first industrial development company in the Pacific Northwest to qualify for Small Business Administration funds, which was recognized when nine different industrial projects broke ground in McMinnville in 1969. In addition, MIP formed a unique partnership with the City of McMinnville to acquire and develop the major industrial park infrastructure in 1983. MIP has and continues to play a unique role in business and industrial real estate development in the City.

There is no denying that McMinnville is uniquely situated. While the City is disadvantaged due to its relatively far location from a major metropolitan area and its airport (PDX) (approximately 60 miles away), it has developed into an economic hub nonetheless. The availability of ample water and electricity at a low price continues to make the City attractive for businesses to locate to a more rural area and provides occupational opportunities to McMinnville and the surrounding communities. Encouraging vibrant and diverse businesses has created economic collaboration and resiliency, which should be prioritized and maintained if McMinnville is to continue to be an economic engine in Yamhill County. As such, MIP is a proponent of protecting currently industrially zoned properties and supports the future planning for expansion of the industrial zone.

The availability of shovel-ready industrial employment lands is critical to expanding and attracting businesses that provide high-wage jobs. The City has forecasted that employment in the industrial area will grow by approximately 27% over the next 20 years. In that analysis, it is determined that approximately 153 buildable acres are needed to account for and service this growth by 2041, and upwards of 329 buildable acres are needed by year 2067. Currently, 323 acres are part of the overall identified inventory.

The foregoing indicates that McMinnville has just barely enough gross industrial lands inventory for its needs over the next 40 years. However, simply looking at the gross numbers provides an inaccurate and incomplete picture of the location and suitability of the currently zoned industrial sites and does not account for the various development costs associated with many of those acres. 177 of those buildable acres are concentrated in two large tax lots located on the Three Mile Lane corridor, 89.6 and 87.5 acres respectively. There are significant and very costly barriers to the development of this land. First and foremost, ODOT has been fiercely protective of preserving the Hwy 18 McMinnville bypass, and costs of developing the public improvements to accommodate ODOT's requirements would be substantial (and not possible for most buyers). Other hurdles to overcome include actual acquisition of the property, time for site readiness, site planning, and additional infrastructure and improvement changes. The costs associated with the 177 acres has impeded industrial development of this property and will likely continue for the foreseeable future.

Also, due to the fact that the majority of growth and development in the industrial sector has occurred, and continues to occur, on parcels between 0.5 and 10 acres in McMinnville (and on 25 acres or less statewide), having more than half of the industrially zoned lands tied up on two parcels has made it impractical for business placement or relocation to the Three Mile Lane area. As such, growth is constrained with available parcels located in the industrial park unless a second industrial area is constructed with the needed infrastructure, which is unlikely at this time.

Finally, it is also very possible that owners or developers of either or both of these large parcels will ultimately seek rezoning to respond to the current severe deficit of lands available for residential development or commercial requirements located within the Urban Growth Boundary.

As such, only 146 acres are reasonably and realistically available for development in the core industrial area. If the type and character of available sites are taken into consideration, McMinnville actually has a large deficit of available and buildable industrial lands that will not meet its needs even in the next 20 years. With this, McMinnville risks local businesses leaving, or the encroachment of industry into other neighborhoods, resulting in safety and other nuisance concerns.

It has been the collective experience of MIP's leadership that the majority of companies looking to locate here in McMinnville need small parcels (0.5-5 acres in size) for development. In fact, MIP has partitioned many of its larger holdings for sale to businesses looking to build on smaller parcels. MIP has seen this type of development crucial to its mission. Industries in close proximity cultivate a vibrant manufacturing sector by offering differentiated as well as supportive services and products. Additionally, a mixture of locally owned businesses allow for the community to weather ups and downs throughout the business cycle, and not be dependent on a few large employers. If readily and economically developable industrial lands hit a ceiling, McMinnville is in danger of losing businesses that would otherwise integrate into and diversify the economic base. Not only would business opportunities be stifled, but would also consequentially result in lost or lower wage jobs.

Recently, MIP has negotiated transactions that proposed developing between 20-30 acres of property. While there is not a tremendous immediate need for sites between 10-30 acres, MIP sees the importance for these options to be included as part of the overall land inventory to accommodate and attract various future developments. After reviewing the State of Oregon Industrial Development Competitive Matrix, it is clear that to be competitive in all fields of manufacturing (including high tech), light industrial uses, warehousing and distribution, and other specialized uses, the most common requested site size is between 5-25 acres. As such, in order to stay competitive with the rest of the state, McMinnville will need to have a variety of industrial sites that are readily and economically developable.

McMinnville needs a sufficient industrial land inventory with a larger variety of different-sized parcels to continue to cultivate business growth and infrastructure development. This can only be done by steadfastly preserving the current zoning of industrial properties, and by the City expanding its Urban Growth Boundary to increase industrial acreage.

Further, if the City considers rezoning the Three Mile Lane parcels for a use that could justify the significant costs of infrastructure, the City must first increase the number of readily buildable industrial lands in its Urban Growth Boundary to accommodate industrial needs over the next 40 years, ensuring there is no net loss of lands available for industrial uses.

Thank you for your consideration.

Respectfully Submitted,

Doug Hurl, President

Appendix E. Public and Institutional Land Need

Public and Institutional Land Needs were developed by a special work group (Public Lands Work Group) in 2019 that then presented their recommendations to the Project Advisory Committee for approval. The Public Lands Work Group solicited data and concurrence from the City of McMinnville, McMinnville Water and Light, Chemeketa Community College, Linfield College, McMinnville School District and Yamhill County.

Below is the content of a memorandum dated November 13, 2019, that was presented to the Project Advisory Committee. Where identified, this memorandum was updated to reflect the 2023 update.

Summary

Public and institutional land needs calculated separately from the employment forecast are summarized in ***Figure 1*** below, and more detailed information follows.

Figure 1. Estimated Public and Institutional Land Needs

Organization/Sector	Add'l Land Need By 2021	Add'l Land Need 2021-2041 (ac)	Add'l Land Need 2041-2067 (ac)	SUM Through 2067 (ac)	Method/Notes
City of McMinnville (non-parks), 1	0	7	4	11	4.5 ac for fire stations plus 0.26 ac/1,000 pop
City of McMinnville (parks), 2	27	365	214	606	Parks Master Plan LOS
McMinnville Water & Light	0	21	0	21	Interview, See Narrative
Chemeketa Community College	0	0	0	0	Interview, See Narrative
Linfield College	0	0	0	0	Interview, See Narrative
McMinnville School District	0	10	30	40	Interview/Memo, See Narrative
Yamhill County	0	6	8	13	Interview, 0.5 ac/1,000 pop
State of Oregon	0	1	1	2	0.08 ac/1,000 pop
Federal Government	0	2	2	4	0.14 ac/1,000 pop
Churches	6	32	44	83	2.88 ac/1,000 pop
Other	0	0	0	0	
SUM	**33**	**444**	**303**	**780**	

Note 1: Site needs for fire stations are inlcuded in 2021-2041 calculation

Note 2: Needs for 2021-2041 include current deficit

General: Figures above don't reflect additional needs if direction of growth absorbs additional sites outside UGB needed/required for services

The City expanded its UGB in 2020, including land for public and semi-public uses. ***Figure 2*** shows the need for housing and public and semi-public land needs from City of McMinnville based on the report *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*.

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase 2 after land-use efficiencies are applied.

Source: City of McMinnville, *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*

Note: Park land includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222.0
Parks	315.4
Schools	54.0
Private Schools	1.5
Religious	47.6
Government	0.9
Semi-public Services	22.5
Infrastructure	2.6
Total	**666.5**

Figure 3 compares the land need for Public and Institutional land needs through 2041 in Figure 1 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Figure 3 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Figure 3. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

Background

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. At a previous meeting, information was presented about public and institutional organizations and lands. Preliminary data was presented about calculations using a ratio of acreage per 1,000 population that can be used to

forecast site needs. However, this method isn't always applicable to each of these entities. Following the September 5, 2019 PAC Meeting #2, staff held meetings with representatives of public and institutional organizations to discuss land needs and methods. This memo summarizes the results of the meetings and summarizes some information discussed at the last PAC meeting.

<u>City of McMinnville</u>

- **General, Misc. City Departments: (Administration, Office, Police, Public Works, Fleet, Library, Recreation Buildings, etc.).**

    - Planning staff met with representatives from respective City departments to discuss land needed by the City of McMinnville. Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

    - The City Manager indicated that a ratio of current acreage per 1,000 population would likely over-estimate the City's future land needs. Given existing facilities and site arrangements, there are opportunities to consolidate facilities, redevelop/expand onto existing city sites, use land more efficiently, grow into more recent expansions that retain capacity, etc.

    - With a forecast population of about 48,000 in 2014 and 63,000 in 2067, it is not expected that the City would grow to a size that would necessitate substantial branch facilities or satellite locations during the planning period (such as a library branch etc.).

    - The City Manager and Engineering Staff suggested that base year acres/1,000 population data from cities of approximately 48,000 population and 63,000 population corresponding to the future panning horizon year population for McMinnville might help inform ratios associated with McMinnville's future land needs.

    - Data for cities of approximately 48,000 and 63,000 population was analyzed for comparison. ***Figure 4*** shows a summary of data for comparison cities – including cities for which data was not available. As noted above, the City Manager and Engineering Staff suggested that a straight-line ratio of acres per 1,000 population might overestimate needs. Therefore, staff used only the portion of City lands with facilities exclusive of the airport, floodplain, and utility sites for estimating additional City land needs. (Parks were calculated separately). Approximately 18 acres of the 83.1 City acres is non-utility facilities. Only that portion was used for calculating future needs. That portion had a 0.51 ac/1000 population ratio. Since it was assumed a straight-line extension would

overestimate needs, staff used half of that ratio (0.25 ac/1000 population), and the specific information for fire station sites noted below was added to that estimate.

Figure 4. Ratio Information Available from Other Cities

▪ City	▪ Ratio ▪ (acres per 1,000 pop)
Redmond 2005 (total)	▪ 110 ac/1000 (calculated) 10 ac/1000 (assumed need)
McMinnville 2019 (less parks, airport, floodplain)	▪ 2.38/1000
McMinnville, 2019 (less parks, airport, floodplain, utility sites)	▪ 0.51/1000
Corvallis	▪ No additional land need identified, didn't list ratio
Albany	▪ Not readily available
Springfield	▪ Not readily available
Medford (less parks)	▪ 1.5/1000

- **Fire:**
  - o The Fire Department anticipates transition from a single downtown station to three satellite stations at approximately 1.5 acres each: (1) Baker Creek/Hill Road area, (2) Airport area, (3) Northeast area. The estimated need would be about **4.5 acres for three substations.** There could be opportunities to co-locate police substations at sites. There is potential that they could be co-located on sites with other uses. The NE station may be within the current UGB or may be further to the northeast. There is potential for the current station to be re-used for other municipal or other uses.

- **Police:**
  - o **No specific plans for new facilities.** Their needs can be accounted for as part of the overall City need using the same methods.

- **Airport:**
  - o **No additional land needs identified.**

- **Sewer:**
  - o **Treatment: No additional land needs anticipated.** The City owns 5 tax lots with approximately 70 acres east of the UGB where the sewer treatment plant is sited. No additional land need is anticipated. There is capacity to expand the treatment plan on the existing site. If there is a UGB expansion to east which includes this area, these properties won't be available for buildable land for other uses.

- **Collection System: No significant additional land demand is assumed outside of the public right-of-way, so no calculation has been added or assumed for this de minimus need.** Minimal needs for future pump stations may be needed for new development. Site needs for small pump stations are similar to or smaller than a residential lot. The land needs for these facilities are relatively small and no additional acres are proposed. Depending on direction of growth, there could be needs for larger pumping facilities.

- **Parks:**
  - The Comprehensive Plan includes the following policies:
    - **159.00.** The City of McMinnville's Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects
    - **163.05.** The City of McMinnville shall locate future community and neighborhood parks above the boundary of the 100-year floodplain
    - **170.05**. For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used
  - The Master Plan level of service (LOS) standard is 14 acres/1,000 persons.
  - The 2017 UGB population was 34,293.
  - The City has approximately 273 acres of developed park land and 76 acres of undeveloped park land, totaling about 349 acres.
  - The 2017 need was approximately 480 acres; there's a deficit of approximately 207 acres of developed park land.
  - Need for 665 total acres by 2041 (an additional need of 185 ac, or total of 392 ac with the current deficit
  - Need for 879 total acres by 2067 (an additional need of 399 ac, or total of 606 ac with the current deficit.
  - Absent joint use agreements with other entities for public use of facilities consistent with the needs identified in the Park Master Plan, park sites and recreational facilities that aren't city-owned aren't assumed to meet the LOS for developed park needs. If there are separate standards for open space, that may be evaluated.

Note: Mark Davis, a member of the Project Advisory Committee wrote a memo for the committee to consider on park land need, which is attached at the end of this appendix.

- **Other (stormwater):** While no specific need was identified, there was a sense that stormwater detention and water quality standards would likely increase the amount of land that will need to be dedicated for on-site stormwater management (detention and treatment) as best practices seek to manage stormwater close to "where the rain hits the ground" to reduce peaking of down stream flows and conveyance of sediment and/or contaminants in runoff. These sites may be privately or publicly owned and maintained, but should be accounted for.

- **Other (transit related):** There was a sense that, as the community grows and the transit system expands and matures, it expected that there will be a more robust transit system with some additional land needs.

Planning Staff met with representatives of the following organizations regarding their future land needs.

<u>McMinnville Water & Light (MWL):</u>
Estimated need of 21-24 acres for the 20- and 46-year periods, plus additional location/development specific needs

- General: It is estimated that in addition to sites already owned by MWL, they will need approximately 21 additional acres for power and water, and may have additional needs that are dependent on specific growth characteristics and developments. Some users require an on-site substation that requires a site and land. If growth occurs to the west further upslope into the west hills, that might include the 3-acre reservoir site needed to serve water pressure Zone 2, and could necessitate an additional reservoir/site if growth continues far enough upslope to result in a Zone 3 service area.

- The additional 21-acre need includes 16 acres for a treatment plant and pumping facilities which could co-locate with a power substation in the easterly portion of the UGB; an additional 2 acres in the easterly UGB area for power, and an additional 3 acres in the westerly UGB for additional storage for fire flow.

<u>Yamhill County</u>

- Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

- The acreage per 1,000 population estimate is a reasonable method, first deducting the fairgrounds property before calculating the ratios. The Fairgrounds is approximately 36 acres of a 44-acre site.

- Current county-owned sites don't allow for much incremental on-site expansion, so additional capacity would likely require redevelopment or expansion onto additional land.

- Transit may have a need for expanded bus parking/storage area that doesn't require new structures

- Locational analysis: The County Parks Master Plan identifies potential lands for parks at key locations in proximity to McMinnville near confluence areas shown on vision map in the Master Plan)

- The County owns approximately 44 acres in the UGB, including the Fairgrounds. The 36-acre Fairgrounds site includes other uses including County Public Works, which occupies about 7 acres. Therefore, approximately 29 acres of County-owned land was deducted for the Fairgrounds before calculating the ratio of acres per 1,000 population, leaving 16 acres remaining, which is approximately 0.5 acre/1000 population.

Chemeketa Community College

No new land needs. Chemeketa Community College sold the property they previously owned, the former campus site, on Hill Road. Their McMinnville campus on Norton Lane houses their facilities as well as commercial and office tenants. For planning purposes, Chemeketa doesn't anticipate new land needs beyond their current ownership, and doesn't anticipate displacement of tenants.

Linfield College

No new land needs. Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.

McMinnville School District

In addition to existing schools, the School District owns three reserve sites for future schools. Below is a summary of needs in addition to existing schools and reserve sites. In addition to these sites, the School District estimates it will need 40 additional acres for future school sites, with 10 of those additional acres needed between 2021 and 2041, and 30 of those acres needed between 2041 and 2067. ***See Attachment 1***.

2021-2041

- The need is for one additional 10-acre early learning center site.

2041-2067

- The need includes one additional 12-acre elementary school site.

- The need includes an additional 18 acres for a new high school, in addition to the 42-acre site on Hill Road, whether that site could be added to for a total of 60 acres or whether that site would be sold and a new 60-acre site acquired.

Other Land Needs

Other public and semi-public land needs presented in ***Figure 1*** which aren't part of the employment forecast were calculated using the ratios in ***Figure 5.***

Figure 5. Other Existing Ratios for McMinnville, 2019

Public/Semi-Public Use	Tax Lots	Acres	Acres/1000 persons	Percent of Acres
State	**4**	**2.92**	**0.08**	**0%**
State	4	2.92	0.08	0%
Federal	**5**	**4.96**	**0.14**	**0%**
Federal	5	4.96	0.14	0%
Religous/Cemetary	**76**	**104.23**	**2.98**	**6%**
Church	64	100.53	2.88	6%

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed $50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over $100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, $9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

ATTACHMENT 1

McMinnville
School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: (503) 565-4000 Fax: (503) 565-4030

MEMO

DATE: November 14, 2019
TO: City of McMinnville Public Lands Work Group
From: Susan Escure, McMinnville School District Finance Director
Subject: Land Needs Assessment - Public Schools

Introduction

Currently the District does not have an adopted plan for school facility needs for the periods going out the 50 years needed by the urbanization study. The District is in the process of updating our Long-Range Facilities Plan which will not be formally adopted until next year. In 2017, The District contracted with Flo Analytics to prepare a 5 year and 10 year enrollment forecast with a more in depth study of enrollment within our elementary boundaries. This study provided information for our most recent boundary changes adopted for the 2019-20 school year. The following land needs assessment is based upon a combination of the demographer report, our internal enrollment projections and decisions made as part of our 2016 capital bond project.

Flo Analytics Enrollment Forecast

Our demographer's forecast was limited to 10 years. However, it did take into account planned developments within the District. The District is projected to capture 84.4% of the District population of all school-age children. Overall average student yield factors applied to new housing development are 0.45 students/Single Family Unit and 0.20 students per Multi-family Unit. The following is a summary of their 5-year and 10-year forecast:

October 1	2017	2022	2027
Elementary	3,047	2,969	3,103
Middle School	1,541	1,587	1,550
High School	2,176	2,347	2,159
Total	**6,764**	**6,902**	**6,813**
% increase over 2017		2.0%	.7%

Internal Projections

The District uses a 3 year or 8 year average cohort survival rate to forecast increases in enrollment for grades 1-12. The increase in these grades are due to in-migration and enrollment of students from private schools and home school as they age. This cohort survival rate across all grades = 2% increase in enrollment annually. Kindergarten enrollment is based on a historic average capture rate of 40% of the county births five years prior. For 2025 and after, the kindergarten enrollment increase is projected at 1%. Student enrollment counts are attendance-based not residence-based. Enrollment includes intra-district transfers from neighboring districts. Additionally, the enrollment projection includes attendance of all District students, not just those located within the City of McMinnville.

Land Needs Assessment - Public Schools (continued)

October 1 Enrollment Projection	2017	2019	2021	2041	2067
Elementary	3,047	2,885	2,883	3,281	4,252
Middle School	1,541	1,686	1,596	1,650	2,138
High School	2,176	2,130	2,251	2,263	2,934
Total	**6,764**	**6,701**	**6,730**	**7,194**	**9,324**
(Decrease) Increase over 2017		(63)	(34)	430	2,560
% (decrease) increase over 2017		(0.9%)	(0.5%)	6.4%	37.8%
Average Annual Growth Rate		(0.5%)	(0.1%)	0.3%	0.8%

Capacity
The following capacity estimates are based on current class size and programs. If future funding allows the District to substantially decrease class size or increase programs, these capacities would be less. Additionally, classroom modulars are used at some school sites and they are included in the calculation of our current capacity. The District foresees the need to add on to the current school sites to increase classroom space for additional programs and replacement of classroom modular before adding schools for enrollment growth, especially at the elementary level.

Property held for future school sites:

Hill Road & Cottonwood Drive	11 acres	Future Elementary Site
McDonald Lane, next to Grandhaven	26 acres	Future Middle School Site
Hill Road property	42 acres	Future High School Site

Elementary School Capacity
Elementary schools are configured for grades K through 5 with a capacity of 600 each. Currently there are six elementary schools which totals a maximum capacity of 3,600. For purposes of this land needs assessment, we are assuming a per school capacity ranging from 550 to 600 to account for pre-school and/or additional program needs.

Elementary school sites are on average 10 to 12 acres. The District currently holds property at Cottonwood and Hill Road for a future elementary site. The District would need to purchase one more 8-10 acre site by end of 2067 according to this projection.

Middle School Capacity
We currently have two middles schools with a maximum capacity of 900 each configured for grades 6-8 for a total capacity of 1,800. There is a wave of larger cohort classes in middle school currently, however, future cohorts entering middle school are expected to decrease and remain lower until 2041 – 2067.

The desired middle school is approximately 20 acres. The District currently holds 26 acres on McDonald Lane adjacent to Grandhaven Elementary for a future middle school site. No additional acreage is needed for a middle school site before 2067.

Land Needs Assessment - Public Schools (continued)

High School Capacity
Our current high school configuration after the 2019 Addition has a maximum capacity of 2,800 students. Approximately 160 students are served off site at the alternative program at Cook School and the online program at Adams Campus Based on this projection, the high school would not reach maximum capacity until 2060-65.

In 2015, the Long Range Facilities Task Force recommended to the School Board to continue the High School Master Plan proposed in 2006 to the voters which included a plan to rebuild the high school at the current site over three phases. The first phase was completed in 2010, the second phase was just completed in 2019 with the addition of a Career Technical Center. Although many constituents desire two small high school versus one large high school, current school funding does not cover the cost of operating two high schools. (Operating costs include costs such as: utilities, maintenance, administration and support staff). The high school enrollment would need to grow to almost 3,000 in order for the District to afford the operation costs of two comprehensive high schools (1,500 each).

During this planning period, the committee also looked at building a new high school at the Hill Road location and repurposing the current high school property. The committee decided against this for several reasons: 1) the District would need to ask voters for a significant increase over the current school capital bond rate, 2) the Hill Road site is only large enough for a high school of 2,300-2,500, which could be outgrown before the District could afford a second high school, and 3) the Committee felt that the District should continue with the plan that the voters had already approved in 2006.

The District currently holds 42 acres on Hill Road as a future high school site. A larger site of closer to 60 acres may be more desirable in order to include additional space for career technical programs. In addition, satellite sites may be needed for increased professional technical classes such as home construction or HVAC certification.

Summary
Based on our enrollment projections as described, the District projects the need for the following additional school buildings during the periods 2021-41 and 2041-2067.

Number of Schools	Current	2021-2041	2041-2067
Elementary & Early Learning Center	6	+1	+ 2
Middle School	2	0	+ 1
High School	1	0	+ 1
Total	**9**	**+1**	**+ 4**

After taking into account current property held for future use, the District projects the following land needs:

- **An additional site of 10 – 12 acres for an Elementary School.**
- **A larger 60 acre high school site for a second high school.**
- **An additional 8-10 acre site for an Early Learning Center.**

Linfield College

Vice President for Finance & Administration
900 SE Baker Street
McMinnville, OR 97128-6894
t 503.883.2458 f 503.883.2630

January 16, 2020

To: Tom Schauer

Subject: Land Needs Summary Memorandum Dated November 13, 2019

As requested per your email January 16, 2020, this memo confirms the information below which summarizes Linfield College's response per the Land Needs Summary Memorandum dated November 13, 2019.

No new land needs. *Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.*

MARodriguez

Mary Ann Rodriguez
Vice President of Finance & Administration/CFO

City of McMinnville
PLANNING

CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128
503-434-7311
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DECISION, CONDITIONS OF APPROVAL, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF LEGISLATIVE AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "McMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 23 "McMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS".

DOCKETS: G 1-20 and G 3-20

REQUEST: The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, adopting the analysis and conclusion of a housing, economic development, public and institutional land needs analysis to serve a planning horizon of 2021-2041, and a future population of 47,498 people.

LOCATION: N/A

ZONING: N/A

APPLICANT: City of McMinnville

STAFF: Heather Richards, Community Development Director

HEARINGS BODY: McMinnville Planning Commission

DATE & TIME: May 20, 2021, 6:30 PM.
May 18, 2023, 6:30 PM
September 7, 2023 PM
September 21, 2023 PM

DECISION-MAKING BODY: McMinnville City Council

DATE & TIME: October 10, 2023, 7:00 PM
November 28, 2023, 7:00 PM

PROCEDURE: The application is subject to the legislative land use procedures specified in Sections 17.72.120 - 17.72.160 of the McMinnville Municipal Code.

CRITERIA: Amendments to the McMinnville Comprehensive Plan to fulfill statutory requirements for growth planning, such as ORS 197.626, OAR 660 Division 8, OAR 660, Division 9 must be consistent with the applicable portions of OAR 660-046-0000 through 660-046-0235, Oregon State Land-Use Goals, the Goals and Policies in Volume II of the Comprehensive Plan and the Purpose of the Zoning Ordinance.

APPEAL: The City Council's decision on a legislative amendment will be submitted to the Director of the Department of Land Conservation and Development for consideration. Comments objecting to the acknowledgement of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis can be submitted to the Director of the Department of Land Conservation and Development within 21 days of the date written notice of the City Council's decision is mailed to parties who participated in the local proceedings and entitled to notice and as provided in ORS 197.620 and ORS 197.830, and Section 17.72.190 of the McMinnville Municipal Code. The Department of Land Conservation and Development Director's decision can be appealed to the Land Conservation and Development Commission.

DECISION

Based on the findings and conclusions, the McMinnville City Council **APPROVES** the adoption of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I, per Docket G 1-20 and Docket G 3-20.

//

DECISION: APPROVAL

//

City Council:____ Date:____________________
Remy Drabkin, Mayor of McMinnville

Planning Commission:_________________________________ Date:____________________
Sidonie Winfield, Chair of the McMinnville Planning Commission

Planning Department:_________________________________ Date:____________________
Heather Richards, Community Development Director

I. Application Summary:

The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, by adopting the November 2023 Housing Needs Analysis and Economic Opportunities Analysis.

Oregon Administrative Rule 660-008-0045 requires the City of McMinnville to submit a new Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023. The City is choosing to submit both a Housing Needs Analysis and an Economic Opportunities Analysis

The planning horizon for this analysis is 2021-2041, for a projected population of 47,498 people.

The analysis identifies a land deficit of 361 gross buildable acres in the city's urban growth boundary to meet the residential (202 acres), employment (127 acres) and public (32 acres) land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

II. GENERAL FINDINGS

The City Council finds, that based on the findings of fact and the conclusory findings contained in this findings report, that the November 2023 Housing Needs Analysis and Economic Opportunities Analysis are consistent with all of the applicable state and local regulations.

Generally, these findings summarize the more detailed analysis found in the Housing Needs Analysis and the Economic Opportunities Analysis and their appendices in order to address the relevant legal standards.

This findings document provides conclusory findings regarding consistency with applicable provisions of state and local law. Supporting these is a factual basis upon which the conclusory findings rest.

III. FINDINGS OF FACT

The fact base includes the data referenced in the Housing Needs Analysis, the Economic Opportunity Analysis and their appendices, as well as the information provided in the record.

1. The City of McMinnville must comply with Oregon Administrative Rule 660-008-0045, submitting a Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023.

2. The City established a Housing Project Advisory Committee that met 7 times in 2018 and 2019 with city staff and consultants to draft the McMinnville Housing Needs Analysis for a planning horizon of 2021-2041, population of 47,498 people.

3. The City established an Economic Opportunities Analysis and a Public Lands Subcommittee that met 8 times in 2019 and 2020 with city staff and consultants to draft the McMinnville Economic Opportunities Analysis for a planning horizon of 2021-2041, population of 47,498 people.

4. On May 14, 2020, the City notified the Department of Land Conservation and Development of their intent to adopt the draft Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume 1, with a first evidentiary public hearing scheduled for May 20, 2021. (File #: 001-20, and 003-20).

5. On May 20, 2021, the McMinnville Planning Commission opened the public hearing and continued it to May 18, 2023.

6. In 2023, the City appointed a Project Advisory Committee to update the Housing Needs Analysis and the Economic Opportunities Analysis incorporating the April 9, 2021 UGB expansion and the effects of HB 2001 (2019 Legislative Session). This committee met twice to consider the amendments.

7. On May 18, 2023, the City of McMinnville noticed that the public hearing was continued to September 7, 2023.

8. On July 11, 2023, the City Council held a work session on the proposed analysis.

9. On August 3, 2023, the Planning Commission held a work session on the proposed analysis.

10. On August 8, 2023, File # 001-20 and 003-20 at the Department of Land Conservation and Development were updated with the revised draft Housing Needs Analysis and Economic Opportunities Analysis.

11. On September 7, 2023, the McMinnville Planning Commission continued the public hearing and heard public testimony.

12. On September 21, 2023, the McMinnville Planning Commission continued the public hearing, heard public testimony, closed the public hearing and voted to recommend the Housing Needs Analysis and the Economic Opportunities Analysis to the McMinnville City Council.

13. On October 10, 2023, staff presented the Planning Commission's recommendation to the McMinnville City Council.

14. On November 28, 2023, the McMinnville City Council considered the public record and voted to approve the McMinnville Housing Needs Analysis and Economic Opportunities Analysis, dated November 2023.

IV. COMMENTS RECEIVED

The following comments were received by the Planning Commission and provided at the Planning Commission public hearing and are on file with the City of McMinnville Planning Department.

- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated August 30. 2023
- Letter from Mark Davis, dated September 5, 2023 with attachments
- Letter from Mark Davis, dated September 7, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 7, 2023, Planning Commission public hearing
- Memorandum from City of McMinnville staff, Bateman Seidel, and ECONorthwest, dated September 18, 2023
- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated September 20, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 21, 2023 Planning Commission public hearing

V. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application.

These findings explain how the City finds that the adoption of the proposed Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I satisfy applicable state and local land use regulations.

Alignment with Oregon's Statewide Planning Goals and Administrative Rules:

The applicable state land use laws are those identified in either the Oregon Revised Statutes (ORS) or the Oregon Administrative Rules (OARs),

Oregon Land Use Goal #1 (Citizen Involvement)

Goal 1 calls for the opportunity for citizens to be involved in all phases of the planning process. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- ❖ City Council Meetings
  - October 10, 2023
  - November 28, 2023

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 16, 2019
  - September 5, 2019
  - October 10, 2019
  - November 13, 2019
  - January 21, 2020
  - February 27, 2020
  - March 19, 2020
  - May 11, 2020
  - May 8, 2023
  - June 22, 2023

- ❖ Work Sessions:
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- ❖ City Council Meetings
  - October 10, 2023
  - November 28, 2023

FINDING - SATISFIED: The City finds the opportunities for involvement above satisfies Goal 1.

Oregon Land Use Goal #2 (Land Use Planning)

Goal 2 outlines the basic procedures of Oregon's statewide planning program, stating that land use decisions must be made in accordance with comprehensive plans and that effective implementation ordinances must be adopted. The following describes the factual basis for the legislative decisions of the City.

Housing Need Analysis

In the process of developing the housing needs analysis, the City inventoried existing residential land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the HNA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This HNA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address unmet residential land need.

The findings for Goal 10 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Housing Needs Analysis, which provides information about the factors that could affect housing development, including demographics, affordability trends, workforce housing availability, market health, and regulatory structure (see findings for Goal 10).

Economic Opportunities Analysis

In the process of developing the economic opportunities analysis, the City inventoried existing commercial and industrial land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the EOA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This EOA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address commercial and industrial land needs.

The findings for Goal 9 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, site characteristics (such as site size, site location, or existing improvements), and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Economic Opportunities Analysis, which provides information about the factors that could affect commercial and industrial development (see findings for Goal 9).

Public and Institutional Land Needs

The public and institutional land needs are documented in Appendix E of the EOA report. Public and institutional land needs document need for:

- Government, based on plans for land needed for additional facilities for the City of McMinnville and Yamhill County, based on discussions with municipal staff. Land needed for state and federal facilities is based on existing acres per 1000 people of land for state and federal facilities in McMinnville.

- Parks, based on the City of McMinnville's Parks, Recreation, and Open Space Master Plan. See findings about Goal 8.

- Schools, based on discussions with the McMinnville School District, Chemeketa Community College, and Linfield College.

- Religious organizations, based on existing acres per 1000 people of land for religious organizations in McMinnville.

- Semi-public services, based on estimate of land need from McMinnville Water & Light.

FINDING - SATISFIED: All pertinent documentation has been made available to all interested parties. Goal 2 has been properly addressed. The HNA, EOA, and Public Land Needs, as referenced, are consistent with Statewide Planning Goal 2

Oregon Land Use Goal #3 (Agricultural Lands)

As stated in 660-024-0020(1)(b), Goal 3 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #4 (Forest Lands)

As stated in 660-024-0020(1)(b), Goal 4 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #5 (Natural Resources, Scenic and Historic Areas, and Open Spaces)

OAR 660-008-005 requires cities to exclude land subject to Goal 5 measures. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #6 (Air, Water and Land Resources Quality)

Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water and land resource quality policies in the McMinnville Comprehensive Plan, Goal 6 will be properly addressed. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #7 (Areas Subject to Natural Disasters and Hazards)

Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in McMinnville are flooding, steep slopes, wildfire, liquefaction and landslide soils. Per McMinnville's Comprehensive Plan and Zoning Ordinance, no building improvements are allowed in the FEMA acknowledged floodway. The HNA and EOA considered lands within the FEMA flood hazards to be unbuildable and attempted to avoid expanding into areas with identified flood hazards. The HNA also considers land within areas with steep slopes, high landslide, liquefaction and wildfire susceptibility as unbuildable as well. (Data provided by the Department of Geology and Minerals).

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #8 (Recreational Needs)

Goal 8 requires governmental organizations with responsibility for providing recreational facilities to plan for recreational facilities.

The City of McMinnville's Comprehensive Plan Policy #170.05 states that, "For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation and Open Space Master Plan shall be used." (Ordinance No. 4796, October 14, 2003) The current McMinnville Parks, Recreation and Open Space Plan identifies a level of service of 14 acres per 1000 people, per the following:

- Neighborhood Park = 2.00 Acres / 1000 People
- Community Park = 6.00 Acres / 1000 People
- Greenways and Open Spaces = 6.00 Acres / 1000 People

The Portland State University Population Research Center forecast for growth (June 30, 2017) shows the McMinnville UGB population growing from 36,238 people in 2021 to 47,498 people in 2041, a change of 11,260 people.

The analysis of Public Land Need (in Appendix E of the EOA) uses the 14 acres/1,000 people level of service to determine park land need for the forecast of 11,260 person growth in McMinnville over the 2021-2041 period.

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #9 (Economy of the State)

The purpose of Goal 9 is to provide adequate opportunities for economic growth and development opportunities for commercial and industrial development. Commercial and industrial development takes a variety of shapes and leads to economic activities that are vital to the health, welfare and prosperity of Oregon's citizens. To be ready for these opportunities, local governments perform Economic Opportunity Analyses (EOA) based on a 20-year forecast of population and job growth in accordance with the directives in statute and administrative rule.

Economic Opportunities Analysis

The Economic Opportunities Analysis (EOA) accounts for commercial and industrial needs for the 2021-2041 planning period. The EOA provides an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the *Strategic Plan*, as well as updating information about the inventory of commercial and industrial lands and providing an updated employment forecast.

The EOA forecasts that McMinnville will add 6,885 jobs over the 2021-2041 period, requiring 697 gross acres of land, of which 384 gross acres will be for industrial uses and 313 gross acres for commercial uses. The EOA shows that McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. The EOA concludes that McMinnville has a 29 acre deficit of industrial land and a 98 acre deficit of commercial land.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

Buildable Lands Inventory

OAR 660-024-0050 outlines the steps cities must follow when evaluating or amending a UGB. The following provisions apply to a UGB amendment that addresses needs for employment lands.

> **OAR 660-024-0050**
> *(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute. For employment land, the inventory must include suitable vacant and developed land designated for industrial or other employment use, and must be conducted in accordance with OAR 660-009-0015.*
>
> OAR 660-009-0015(3) outlines the requirements for the BLI for employment lands:
>
> *(3) Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.*
>
> > *(a) For sites inventoried under this section, plans must provide the following information:*
> >
> > > *(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;*
> > > *(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and*
>
> OAR 660-009-0005 includes the following definitions relevant to the buildable lands inventory:
>
> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.*
>
> *(14) "Vacant Land" means a lot or parcel:*

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or
(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The EOA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where commercial and industrial development is allowed, including land in the following zones: Commercial zones C-1, C-2, C-3, O-R; Industrial zones M-1, M-2, and M-L; and land within the UGB in County zoning Commercial Plan Designation and Industrial Plan Designation.

The EOA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All employment land in tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).

- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[1]

- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.

- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.

- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The EOA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-009-0005(2): regulated wetlands, floodways, 100 Year Floodplain, steep slopes (over 15%), and in conservation easements.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands. Exhibit 1 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

[1] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Exhibit 1. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 2 summarizes the land buildable employment land within current zoning from Exhibit 1 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for “Planned Developments” which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 2. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

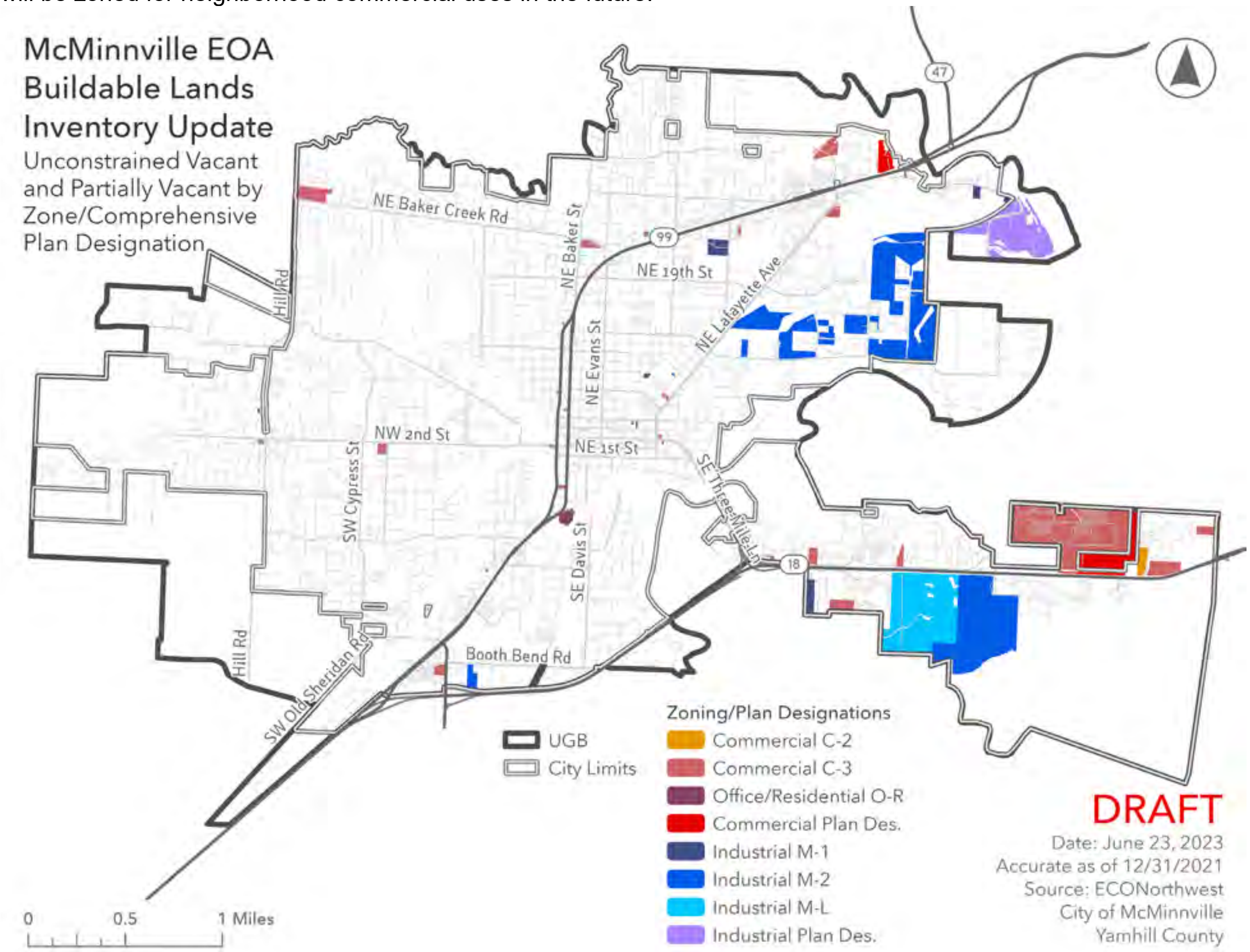
Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 1 or Exhibit 2 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 3 shows buildable employment land by zone with development constraints in the McMinnville UGB.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



FINDING – SATISIFIED: The buildable lands inventory in the EOA meets the requirements of OAR 660-009 and OAR 660-024. The inclusion of vacant small lots in the McMinnville EOA BLI exceeds the definitions of vacant land in OAR 660-009 by including vacant land on tax lots smaller than one-half an acre.

Population Forecast

OAR 660-024-0040 requires that the 20-year population forecast is the basis of the UGB land determination. be based on the appropriate 20-year forecast in OAR 660-032.

> ***660-024-0040 Land Need***
> *(1) The UGB must be based on the appropriate 20-year population forecast for the urban area as determined under rules in OAR chapter 660, division 32, and must provide for needed housing, employment and other urban uses such as public facilities, streets and roads, schools, parks and open space over the 20-year planning period consistent with the land need requirements of Goal 14 and this rule. The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision. Local governments in Crook, Deschutes or Jefferson Counties may determine the need for Regional Large-Lot Industrial Land by following the provisions of OAR 660-024-0045 for areas subject to that rule.*

OAR 660-032-0020 requires that, when a city uses population as a basis for forecasting employment, the city must use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

> ***660-032-0020 Population Forecasts for Land Use Planning***
> *(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.*

McMinnville started the process for developing the HNA and EOA in 2018, completing a draft of the HNA in 2019 and the EOA in 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA and EOA in 2021. McMinnville noticed the intention to adopt the HNA and EOA to the Department of Land Conservation and Development on May 14, 2020 and held its first evidentiary hearing on May 20, 2021. These actions are consistent with ORS 197.296(2).

Exhibit 4 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after the HNA and EOA had been drafted and McMinnville's notice to the Department of Land Conservation and Development was provided.

Exhibit 4 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 4. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development of its intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021.

Employment Trends

OAR 660-009-015(1) requires that the EOA review national, state, regional, county and local trends that may affect economic development. And OAR 660-009-015(4) assess the community's economic development potential.

> **OAR 660-009-0015**
> *(1) Review of National, State, Regional, County and Local Trends. The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses as described in section (4) of this rule. A use or category of use could reasonably be expected to expand or locate in the planning*

> *area if the area possesses the appropriate locational factors for the use or category of use. Cities and counties are strongly encouraged to analyze trends and establish employment projections in a geographic area larger than the planning area and to determine the percentage of employment growth reasonably expected to be captured for the planning area based on the assessment of community economic development potential pursuant to section (4) of this rule.*
>
> *(4) Assessment of Community Economic Development Potential. The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages. Relevant economic advantages and disadvantages to be considered may include but are not limited to:*
>
> *(a) Location, size and buying power of markets;*
> *(b) Availability of transportation facilities for access and freight mobility;*
> *(c) Public facilities and public services;*
> *(d) Labor market factors;*
> *(e) Access to suppliers and utilities;*
> *(f) Necessary support services;*
> *(g) Limits on development due to federal and state environmental protection laws; and*
> *(h) Educational and technical training programs.*

Chapter 3 of the EOA provides an extensive review of national, state, regional, and local trends that may affect economic development in McMinnville. Key among these trends are national and state economic growth, long-term and large-scale changes in the broader economy, such as increases in labor productivity, growth of entrepreneurship and small businesses, increases in automation, rising energy prices). The EOA documents changes more directly impacting economic growth in McMinnville, such as growing population, aging of the baby boomers, entry of Millennials and younger generations into the job market, changes in income, educational attainment, labor forecast participation, commuting patterns, and tourism.

Chapter 4 of the EOA provides information about McMinnville's community economic development potential. Chief among McMinnville's advantages for economic growth are its location in the Willamette Valley, access to Highway 99W, relatively young and diverse workforce, workforce availability across the region, existing diverse mix of businesses and industries, existing local business entrepreneurship, buying power of markets, comparatively low public utility rates and property tax rates, access to clean water, access to internet services, educational opportunities at Linfield College and Chemeketa Community College, and high quality of life.

McMinnville's disadvantage for economic development including: poor connections to I-5, on-going retail leakage (people traveling out of McMinnville to make retail purchases), comparatively smaller share of college graduates, tentative integration of Latino population into community & business leadership, inadequacy of commercial and industrial buildable lands, environmental constraints on land (such as steep slopes, floodplains, and wetlands), need for additional value-added opportunities for visitors, and relatively slow population growth resulting from a constrained land supply.

FINDING - SATISFIED. The City's EOA meets the requirements of OAR 660-009-015(1) and OAR 660-009-015(4).

Employment Forecast

OAR 660-024-0040(5) provides:

> ***660-024-0040 Land Need***

(5) Except for a metropolitan service district described in ORS 197.015(13), the determination of 20-year employment land need for an urban area must comply with applicable requirements of Goal 9 and OAR chapter 660, division 9, and must include a determination of the need for a short-term supply of land for employment uses consistent with OAR 660-009-0025. Employment land need may be based on an estimate of job growth over the planning period; local government must provide a reasonable justification for the job growth estimate but Goal 14 does not require that job growth estimates necessarily be proportional to population growth.

OAR 660-0024-0040(9) provides safe harbors for forecasting employment growth, as follows:

OAR 660-0024-0040(9)
(9) The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or
(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

The EOA describes the steps used to develop the employment in Exhibit 48 of the EOA. Those steps include:

- **Set Forecast Time Period and Employment Base.** The time period for the forecast was the 2021-2041 period.

  The base estimated employment was estimated using estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

  Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[2] The EOA estimates that McMinnville had an estimated 20,990 *total* employees within its UGB in 2017 based on Yamhill County's ratios of covered to total employment. (See Exhibit 49 in the EOA).

- **Evaluate UGB Employment Trends.** The prior section of this document describes the employment trends and the site needs.

- **Develop a forecast of employment growth.** The forecast of employment starts with the base of 20,990 total employees in the McMinnville UGB in 2017. The EOA considered a range of employment growth assumptions and settled on the "medium-growth option," using the safe

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[2] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

harbor assumption from 660-024-0040(9)(a)(B) that employment in McMinnville will grow at the same rate as population (1.36% an average annual growth rate of 1.36% between 2021 to 2041). This projects that McMinnville will add 6,885 new employees between 2021 and 2041. (See Exhibit 50 in the EOA)

- **Allocate Job Growth by Land Use Type Scenarios.** This step allocated the forecast of 6,885 new employees to five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government. These land-use categories helped align the forecast of employment with the City's economic development direction in the *MAC-Town 2032 Economic Development Strategic Plan.* The allocation of job growth by land use types started with the existing percentage of each land use type in McMinnville in 2017 and adjusted the percentages slightly to better align with the Oregon Employment Department's forecast of employment growth for the Mid-Willamette Valley region, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan. (See Exhibit 51 in the EOA)

- **Allocate Job Growth by Land Development Status.** This step made deductions for employment that will not require vacant land. The City excluded employment growth for government employment, as land needs for government are addressed in the Public and Institutional Land Needs analysis.

  The EOA assumes that 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that do not require new employment land. This assumption is based on analysis of redevelopment information presented to the Project Advisory Committee at their October 10, 2019 meeting, which concluded that little redevelopment occurred in McMinnville between 2000 and 2019.[3] Based on discussion among the Project Advisory Committee about this information, the EOA assumes that 5% of new employment growth (332 new jobs) will be accommodated through infill and redevelopment. This leaves growth of 6,333 jobs over the 20-year period requiring vacant employment land. (See Exhibit 53 in the EOA)

- **Apply Job Density Factors.** The assumptions about employment density, expressed as employees per acre (EPA), were based on empirical analysis of employment density in McMinnville in 2017 and assumptions in the *2013 McMinnville EOA,* as discussed in detail in Appendix B of the EOA. Based on discussion among the Project Advisory Committee about this information, the EOA assumed that future industrial employment growth would occur at an average density of 11 EPA and commercial employment growth would occur at an average of 23 EPA.

  These densities are consistent with the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook,* which states: "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

- **Estimate 20-Year Employment Land Demand.** This step combines the assumptions about employment growth to estimate land demand over the 2021-2041 period. The EOA shows that the 6,333 new jobs will require 351 net acres of land at the density assumptions describe in the prior step, shown in Exhibit 5 (Exhibit 55 in the EOA).

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3 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/us_eoa_pac_3_10-10-2019_agenda_and_packet.pdf

The EOA uses assumptions about land needs for rights-of-way. Empirical analysis of development in McMinnville show that 6% of industrial land is used for rights-of-way and 18% of commercial land is used for rights of way. This results in a land demand for 405 gross acres of land for commercial and industrial land, shown in Exhibit 5 (Exhibit 55 in the EOA).

Exhibit 5. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

FINDING - SATISFIED. The City met the requirements of 660-024-0040(5) in estimating land need. The City used the safe harbor in 660-024-0040(9)(a)(B) to forecast employment growth, using the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development is intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20)

Site Needs, Required Site Types, and Site Characteristics for Required Sites

OAR 660-009-0005 includes the following definition of site characterisics:

OAR 660-009-0005
(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

OAR 660-009-0015 requires that cities identify required site types:

OAR 660-009-0015
(2) Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.

OAR 660-009-0015 requires that cities identify the number, acreage, and characteristics of sites needed to accommodate employment uses:

OAR 660-009-0025
(1) Identification of Needed Sites. The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. Plans do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be

> *combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas. Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.*

Understanding needs for specific types and characteristics of sites requires an understanding of the types of businesses expected to locate in McMinnville over the planning period. The EOA and *MAC-Town 2032 Economic Development Strategic Plan.* The types of industries expected to growth in McMinnville are: advanced manufacturing (such as metals manufacturing, aerospace manufacturing, or agricultural product manufacturing), healthcare services, traded-sector services (such as higher education or insurance), high-tech companies, entrepreneurs, food and beverage processors (such as wineries, agri-tourism, or food processors), and tourism industries (such as hotels, restaurants, locally produced goods).

The employment forecast and employment density factors identified a need for 153 industrial acres. This forecast does not adequately account for the site needs for industrial growth in McMinnville. The EOA identifies needed sites based for the industries above and other employment growth in McMinnville based on existing distribution of employment in McMinnville (Exhibit 60 in the EOA) and site characteristics identified as necessary and typical by Business Oregon (Exhibit 62 in the EOA).

The results of this analysis are identification of needed sites, shown in Exhibit 6. If these sites are appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 6. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac 5@ 1ac	2.5 5.0
1.00-1.99	12	12-24	6@1 ac 6@2 ac	6.0 12.0
2.00-4.99	4	8-20	2@2 ac 2@4 ac	4.0 8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac 5@15 ac	50.0 75.0
20.00-25.00	7	140-175	4@20 ac 3@25 ac	80.0 75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	70 sites	305-521 ac	70 sites	384 ac

FINDING - SATISIFIED. The City met the requirements of 660-0009 in identifying site needs as described above.

Land Sufficiency

Exhibit 7 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 7 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 2).

- **Demand for commercial and industrial land** from Exhibit 5, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.

- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)

- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.

- **Needed site sizes** from Exhibit 6 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Based on all of the above, the EOA, Exhibit 7 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 98-acre deficit of commercial land in 2041

Exhibit 7. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**252**	**(98)**
Forecast		*252*	
Total	**508**	**635**	**(127)**

Source: ECONorthwest

Oregon Land Use Goal #10 (Housing)

Goal 10 requires local jurisdictions to provide for the housing needs of its citizens and provide for the appropriate type, location and phasing of public facilities and services sufficient to support housing development in areas developed or undergoing development or redevelopment.

This Housing Needs Analysis (HNA) was initially drafted in 2019/2020, at which time the City of McMinnville notified the Department of Land Conservation and Development of its intent to amend the comprehensive plan to adopt the HNA on May 14, 2020, with a first evidentiary hearing planned for

May 20, 2021. The city elected to wait until May 20, 2021, for its first evidentiary public hearing as the state was in the midst of adopting a missing middle housing law and rulemaking to support that initiative which could potentially impact the HNA. At the same time, the McMinnville City Council directed city staff to respond to the court of appeals remand from the 2003 HNA, EOA and UGB expansion effort, which was adopted by the City on December 8, 2020 and approved by the Department of Land Conservation and Development on April 9, 2021. The 2003 analysis was for a planning horizon of 2003 – 2023.

At the same time, the Land Conservation and Development Commission adopted OAR 660-008-0045 on November 12, 2020 (Updated November 23, 2020), directing cities to adopt updated Housing Capacity Analysis (HNA) by December 31st of designated years. McMinnville was directed to adopt an updated HNA by December 31, 2023. Due to the fact that the City already had a draft HNA that had been noticed to the Department of Land Conservation and Development for adoption, the City chose to update that document with the recent UGB amendment and the missing middle housing laws that the state had passed, resulting in this November 2023 McMinnville Housing Needs Analysis.

This proposed Housing Needs Analysis (HNA) accounts for housing needs for the 2021-2041 planning period. The HNA forecasts that McMinnville is planning for 4,657 dwelling units to accommodate an increase of 11,260 people over the 20-year period. McMinnville's housing needs are for more diverse housing types, with more attached and multifamily dwellings than in the City's current housing stock. In addition, McMinnville needs more housing that is affordable to households with income below 120% of median family income, accounting for 59% of future housing needs.

McMinnville assumes that 8% of the 4,657 dwelling units will be accommodated through infill and redevelopment (8% of new housing). That leaves need for 4,284 new units that require buildable land. McMinnville's vacant and partially vacant buildable residential land has capacity for 3,183 dwelling units. The result is a deficit of land for 1,101 dwelling units.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds that Goal 10 has been addressed, based on the discussion above as well as the findings below.

Buildable Lands Inventory

ORS 197.296(2) requires the City to "demonstrate that its comprehensive plan . . . provides sufficient buildable lands within the urban growth boundary . . . to accommodate estimated housing needs for 20 years." The statutory requirement for a buildable lands inventory, along with direction concerning what lands are to be inventoried as "buildable," is contained in ORS 197.296(3), ORS 197.296(4) and in OAR Division 660-008:

> **ORS 197.296**
> *(3) In performing the duties under subsection (2) of this section, a local government shall:*
> > *(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands;*
>
> *(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:*
> > > *(A) Vacant lands planned or zoned for residential use;*
> > > *(B) Partially vacant lands planned or zoned for residential use;*

> *(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and*
> *(D) Lands that may be used for residential infill or redevelopment.*

OAR 660-008-0005
(2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:

> *(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
> *(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
> *(c) Has slopes of 25 percent or greater;*
> *(d) Is within the 100-year flood plain; or*
> *(e) Cannot be provided with public facilities.*

(12) "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

OAR 660-024-0050
(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute.

The HNA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where housing is allowed outright, including land in the following zones: Residential zones R-1, R-2, R-3, and R-4; Commercial zones O-R and C-3; and land within the UGB in County zoning EF-80, VLDR-1, Residential Plan Designation, and Urban Holding Plan Designation.
The HNA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.

- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more than a half-acre of buildable land after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

The HNA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-008-0005(2), shown in Exhibit 8:

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.

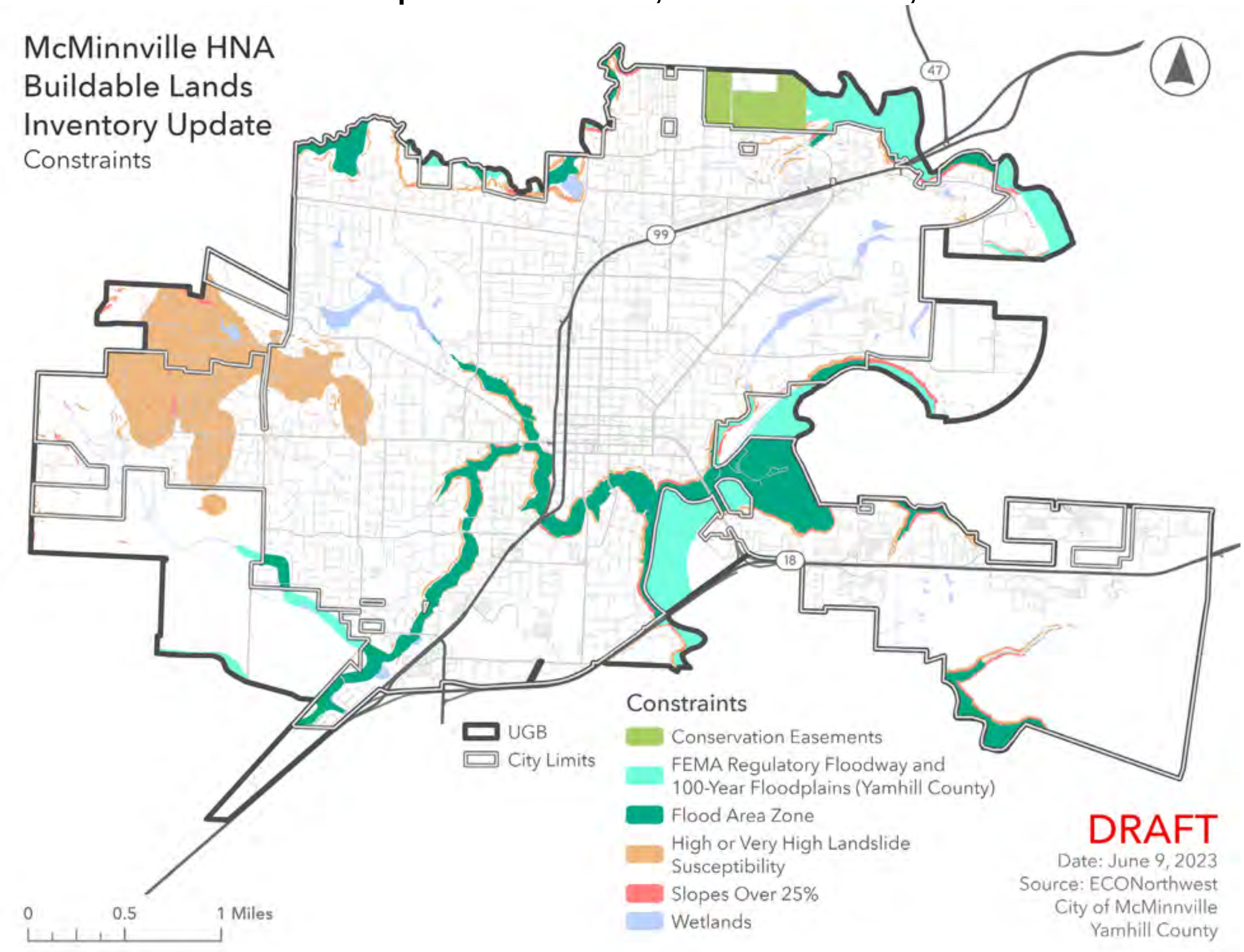
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.

- *Land within landslide hazards*. The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.

- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

Exhibit 8. Residential Development Constraints, McMinnville UGB, 2023



After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 9 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

Exhibit 9. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	-
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	-						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	-
VLDR-1 (County Zone)	2	-	**2**	-	-	-	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 10 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 10 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 11 shows vacant and partially vacant lots with constraints overlaid Exhibit 12 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 11. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

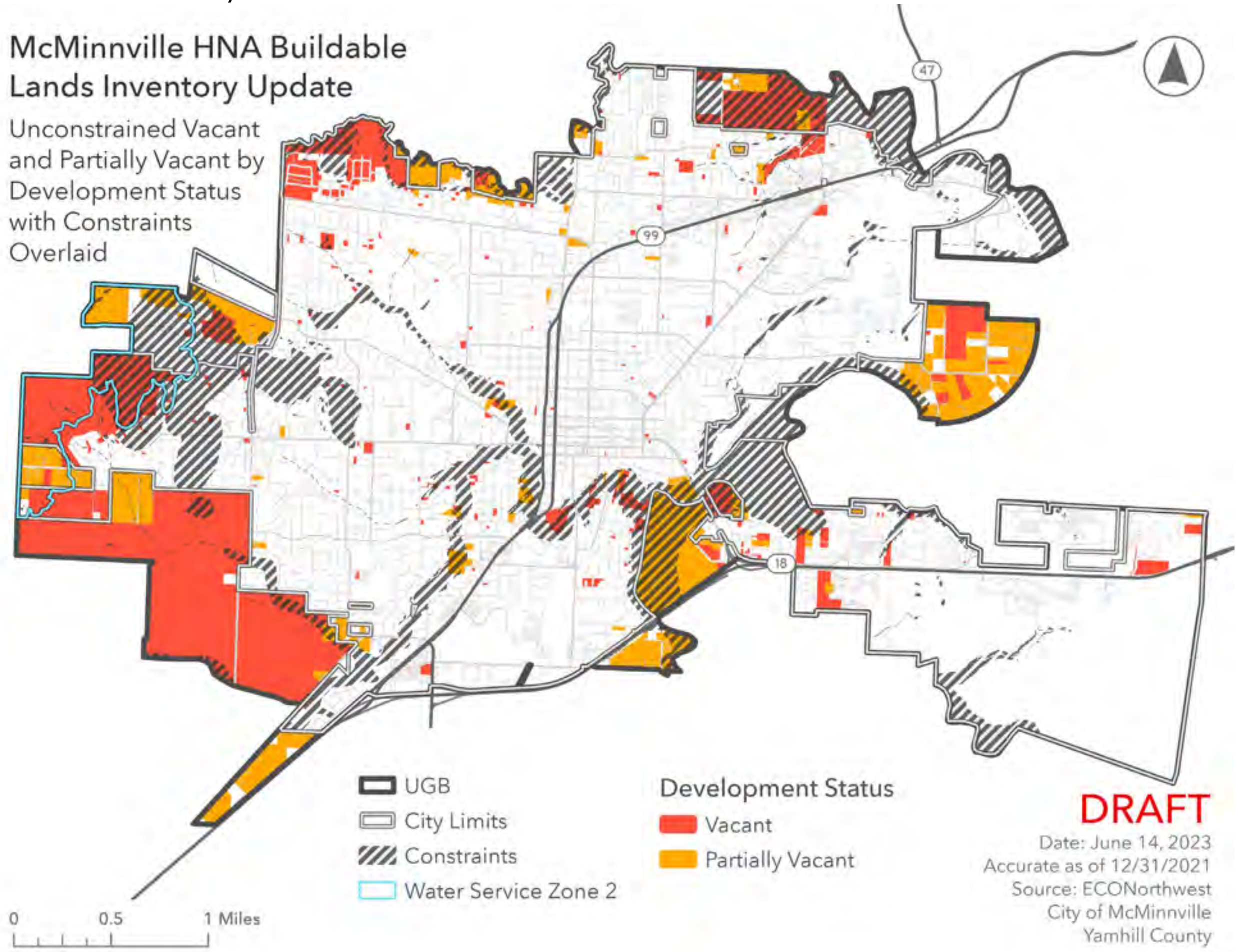
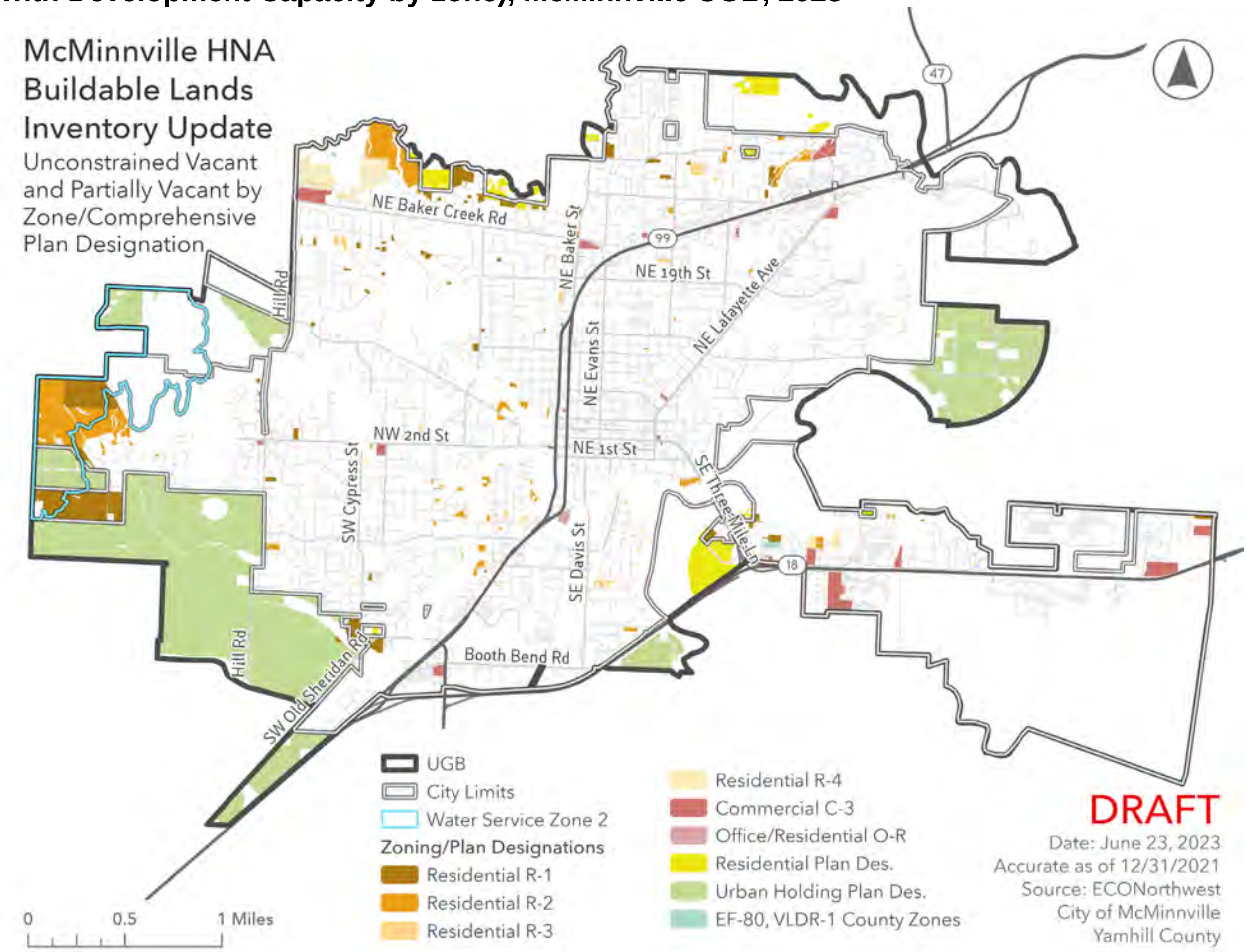


Exhibit 12. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



To account for redevelopment, the HNA assumes that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. This assumption is discussed in more depth later in this analysis.

FINDING – SATISFIED: The buildable lands inventory in the HNA meets the requirements of ORS 197.296, OAR 660-008, and OAR 660-024.

Planning Horizon and Population Forecast

ORS 197.296 establishes the context for planning to provide sufficient buildable lands within the UGB to accommodate estimated housing needs for 20 years. ORS 197.296(2) provides:

> *(2)(a) A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:*
> *(A) At periodic review under ORS 197.628 to 197.651;*
> *(B) As scheduled by the commission:*
> *(i) At least once each eight years for local governments that are not within a metropolitan service district; or*
> *(ii) At least once each six years for a metropolitan service district; or*

(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.

(b) The 20-year period shall commence on the date initially scheduled for completion of the review under paragraph (a) of this subsection.

In addition, OAR 660-024-0040 requires that the 20-year population forecast be based on the appropriate 20-year forecast in OAR 660-032.

660-024-0040 Land Need
(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.

OAR 660-032-0020 requires that a city use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

660-032-0020 Population Forecasts for Land Use Planning
(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.

McMinnville started the process for developing the HNA in 2018, completing a draft of the HNA in early 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA in 2021. McMinnville notified the Department of Land Conservation and Development the intention to amend the comprehensive plan by adopting the HNA on May 14, 2020 with the first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20). These actions are consistent with ORS 197.296(2).

Exhibit 13 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after McMinnville had completed its draft HNA and after it had noticed the Department of Land Conservation and Development. Exhibit 13 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 13. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the HNA.

Residential Land Need

The McMinnville Housing Needs Analysis (HNA), updated in June 2023, presents McMinnville's land need for housing. The HNA is the factual basis for the information presented in this section.

The City of McMinnville has one Residential Land Comprehensive Plan Map Designation and four residential zone classifications (R1, R2, R3 and R4). This is deliberate as the City of McMinnville has a Comprehensive Plan policy and long tradition of encouraging the integration of different housing types throughout its neighborhoods through a planned development land-use process. McMinnville added a fifth residential zone classification (R-5) as an exclusive high-density residential zone to help achieve the city's affordable housing need. McMinnville has no land zoned R-5, as shown in the June 2023 HNA.

Housing Unit Projection

OAR 660-024-0040 provides the following guidance on housing unit projection:

> ***660-024-0040 Land Need***
> *(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.*
>
> *(8) The following safe harbors may be applied by a local government to determine housing need under this division:*
>
> > *(a) A local government may estimate persons per household for the 20-year planning period using the persons per household for the urban area indicated in the most current data for the urban area published by the U.S. Census Bureau.*
> > *(e) A local government outside of the Metro boundary may estimate its housing vacancy rate for the 20-year planning period using the vacancy rate in the most current data published by the U.S. Census Bureau for that urban area that includes the local government.*

Exhibit 14 presents for the forecast for new housing for McMinnville for the 2021-2041 period, based on:

- **Population growth.** The first step in the HNA process is to forecast the number of housing units that will be needed to house the projected population growth over the planning period. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.

- **Household size.** OAR 660-024-0040(8)(a) established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people.[4]

[4] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.

- **Vacancy rate.** OAR 660-0240040(8)(e) established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%.[5]

Exhibit 14. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

FINDING - SATISFIED. The City used the most recent population forecast from the PRC as the basis for the forecast of housing demand and the most recently available data from the American Community Survey for the household size and vacancy rate.

Needed Housing Types

ORS 197.303 defines "needed housing" as follows:

> *197.303 "Needed housing" defined. (1) As used in ORS 197.286 to 197.314, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:*
>
> > *(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;*
> > *(b) Government assisted housing;*
> > *(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;*
> > *(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and*
> > *(e) Housing for farmworkers.*

OAR 660-024-0040(8) provides the following safe harbors for determination of some needed housing types:

> *(b) If a local government does not regulate government-assisted housing differently than other housing types, it is not required to estimate the need for government-assisted housing as a separate housing type.*
> *(c) If a local government allows manufactured homes on individual lots as a permitted use in all residential zones that allow 10 or fewer dwelling units per net buildable acre, it is not necessary to provide an estimate of the need for manufactured dwellings on individual lots.*

[5] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.

> *(d) If a local government allows manufactured dwelling parks required by ORS 197.475 to 197.490 in all areas planned and zoned for a residential density of six to 12 units per acre, a separate estimate of the need for manufactured dwelling parks is not required.*

The City uses the following housing types in its forecast of future housing need:

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.

- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. Manufactured home park development is an allowed use in the R-3 and R-4 zone, which are the zones that allow six to 12 dwelling units per acre.

The HNA forecasts housing types for single-family detached, single-family attached, and multifamily housing, as defined above (see Exhibits 85 and 91).

FINDING - SATISFIED. The City's forecast addresses the requirements of ORS 197.303 and OAR 660-024-0040(8).

Needed Housing Mix

ORS 197.303 requires the City to consider the following factors when projecting future housing needs:

> *(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last review under ORS 197.296 (2)(a)(B) and the projected future changes in these factors over a 20-year planning period:*
>
> *(a) Household sizes;*
> *(b) Household demographics;*
> *(c) Household incomes;*
> *(d) Vacancy rates; and*
> *(e) Housing costs.*

The HNA presents information on these factors, based on the best available sources of data at the time of development of the HNA, making comparisons to data from 2000 when possible.

- McMinnville's average household size was 2.55 in 2013-2017. average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000. (See Exhibits 48 to 53 in the HNA)

- McMinnville's city limits had 33,665 people in 2017, up from 26,499 people in 2000. (See Exhibits 34 to 47 in the HNA)

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.

▪ McMinnville's median household income was $50,299 in in 2013-2017. (See Exhibits 54 to 56 in the HNA)

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.

▪ McMinnville's median household income was $50,299 in 2013-2017. (See Exhibits 54 to 56 in the HNA)

▪ About 5.4% of housing units were vacant in McMinnville in 2013-2017, compared with 4.7% vacancy in 2000. (See Exhibit 27 in the HNA)

▪ The median housing sales price in McMinnville in February 2019 was $315,000, an increase of $196,000 since February 2012. The median gross rent in McMinnville was $941 in 2012-2016. (See Exhibits 63 to 67 in the HNA)

In addition, ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

The HNA presents information about historical housing development mix:

- McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period. McMinnville added 3,257 new dwelling units during this 17-year period.
- McMinnville's housing stock is majority single-family detached housing units. According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses). McMinnville's housing mix has not changed substantially since 2000, when 67% of housing was single-family detached, 24% was multifamily, and 8% was single-family attached. (See Exhibits 16 and 17 in the HNA)
- According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017. Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing, 8% single-family housing, and 31% multifamily housing. (See Exhibit 20 in the HNA)

Taken together, these trends suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

Exhibit 15. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

FINDING – SATISFIED: The City's forecast addresses the requirements of ORS 197.303(2) and ORS 197.296(3)(b).

Housing Accommodated through Infill and Redevelopment

The HNA estimates housing that will be accommodated through infill and redevelopment, then subtracts that housing from the forecast of new housing. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The HNA forecasts that 373 units of new housing (mostly multifamily housing) will be accommodated through infill and redevelopment. Of these units, 37 are forecast to be single-family detached and 335 multifamily. The result is a forecast for need for 4,284 dwelling units on vacant or partially vacant unconstrained land, of which 2,524 will be single-family detached, 559 single-family attached, and 1,202 multifamily. (See Exhibit 91 in the HNA)

Needed Housing Density

ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

ORS 197.296(7) also requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years."

> *(7) Using the housing need analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.*

The preceding section presents the results of the analysis that satisfies the requirements of ORS 197.296(3)(b). In response to ORS 197.296(7), the HNA presents information about historical housing development density:

- Exhibit 16 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

- The HNA shows that density of housing development varied annually since 2000, with years that had larger numbers of multifamily permitted having higher densities (such as 2001 and 2015). (See Exhibit 84 in the HNA)

Exhibit 16. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	**4.0**	12%	**9.5**	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

The HNA converts the historical net densities into gross densities, to account for need for land for future rights-of-ways. The assumptions about land in rights-of-ways is based on empirical analysis development in McMinnville, where an average of 25% of land is used for rights-of-way. The overall average density for McMinnville's future development is 6.6 dwelling units per net acre or 4.9 dwelling units per gross acre.

The HNA adjusted the forecast of needed densities to add 3% to the Historical Densities in Exhibit 16, consistent with the density changes allowed for complying with HB 2001 (2019).[6] This change in needed densities is shown in Exhibit 17.

Exhibit 17. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

The starting point for the discussion of needed future densities is the historical development densities (Exhibit 16), with the additional 3% increase in density as a result of complying with HB 2001 (2019) (Exhibit 17). The HNA concludes that increases in housing density will be achieved predominantly through the change in needed housing mix, with 55% of new housing to be single-family detached (compared to the average of 68% of McMinnville's housing stock), 12% single-family attached (9% of existing housing stock), and 33% multifamily (23% of existing stock). Taken together, this shift of future housing need will result in overall higher average development densities. This assessment is based on the analysis of factors in ORS 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7). If housing develops at densities consistent with those in Exhibit 17 (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

After adoption of the HNA, the City expects to evaluate land use efficiency measures to further increase residential densities, consistent with ORS 197.296(6). After applying land use efficiency measures, if the City still has an identified deficit of land and must expand its UGB, it is highly probable that the density assumed for the UGB expansion will be higher than 5.46 dwelling units per gross acre.

FINDING – SATISFIED: The City's forecast of needed densities addresses the requirements of S 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7).

Capacity Analysis

Prior sections of the findings document the City's compliance with ORS 197.296 and OAR 660-008 in developing the buildable lands inventory and future needed density. This section applies those

[6] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

densities to vacant and partially vacant unconstrained buildable land to forecast capacity of that land, per the requirements of ORS 197.296(5):

ORS 197.296(5)
(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity pursuant to subsection (3)(a) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last review under subsection (2)(a)(B) of this section. The data shall include:
(A) The number, density and average mix of housing types of urban residential development that have actually occurred;
(B) Trends in density and average mix of housing types of urban residential development;
(C) Market factors that may substantially impact future urban residential development; and
(D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

The capacity analysis in the HNA estimates the development potential of vacant and partially vacant residential land to accommodate new housing based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 10. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.

- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.

- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.

- **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 19 provides more detail about these small lots.

  Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.

- **Needed densities.** The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 17 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

Exhibit 18. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 18 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 19), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 17 by zoning district.

Exhibit 19 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 19 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 19 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 19. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	22		22	25		50	72

FINDING – SATISFIED: The City's capacity analysis addresses the requirements of ORS 197.296(3) and ORS 197.296(5).

Residential Land Need

The HNA concludes that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

Exhibit 20. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Oregon Land Use Goal #11 (Public Facilities and Services)

Goal 11 requires cities to plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

Housing and employment growth are reliant on utilities and infrastructure to adequately serve residents within the community.

- **Wastewater.** The City's current Wastewater Facilities Master Plan was completed in 2009. The City started updating its Wastewater Facilities Master Plan in September 2022 and expects to complete the update by the end of 2024. The update of the Wastewater Facilities Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Stormwater.** The City's Stormwater Drainage Master Plan was completed in 2009 as a draft plan but never adopted. The City started updating the draft Stormwater Drainage Master Plan May 2023 and expects to adopt the plan by the end of 2025. The adopted Stormwater Drainage Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Water.** McMinnville Water and Light provides municipal water service (including water treatment) to the community of McMinnville. McMinnville Water and Light has water rights in the Yamhill and Nestucca River basins, with sufficient water rights to accommodate expected growth through 2075. The Scott Water Treatment Plan was upgraded and expanded in 2010 and provides enough treatment capacity to accommodate growth through 2045. McMinnville Water and Light is updating the Water Master Plan to account for service needs to accommodate land brought into the UGB in 2020.

The HNA and EOA do not propose new Goal 11 programs. The development of additional housing and employment uses within McMinnville relies on adequate infrastructure. The City is working on updating and studying its existing and needed infrastructure to accommodate growth.

FINDING – SATISFIED. The City finds that Goal #11 is satisfied.

Oregon Land Use Goal #12 (Transportation)

Goal 12 encourages the provision of a safe, convenient and economic transportation system. This goal also implements provisions of other statewide planning goals related to transportation planning in order to plan and develop transportation facilities and services in coordination with urban and rural development (OAR 660-012-0000(1)).

McMinnville updated its Transportation System Plan in 2010. The plan assumes need to serve 46,220 people and 19,600 employees. As part of its ongoing public facility master planning updates, the City of McMinnville will initiate an update to the Transportation System Plan in 2024, with a goal to adopte an updated plan by the end of 2026 to account for service needs to accommodate land brought into the UGB in 2020.

FINDING – SATISFIED. The City finds that since the adoption of the HNA and EOA are not comprehensive plan map or zoning map updates, Goal #12 is satisfied.

Oregon Land Use Goal #13 (Energy Conservation)

Goal 13 requires land and uses developed on the land to be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principles. Energy consequences will be further evaluated after the City has adopted land use efficiency measures to accommodate unmet residential, commercial, and industrial land needs, if the City requires a UGB expansion. For the HNA and EOA, Goal 13 does not apply.

FINDING – NOT APPLICABLE.

Oregon Land Use Goal #14 (Urbanization)

Goal 14 requires the orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.

Housing and employment growth are directly related to land need in the McMinnville UGB and coincides with the transition of rural lands to urban lands. The City's 2020 expansion of its UGB, which added lands for residential, commercial, industrial, and public land to the UGB, is accounted for in the HNA and EOA. The buildable lands inventories of both studies include land newly added to the UGB.

The HNA identified a deficit of 202 acres to accommodate housing growth over the 2021-2041 period.

The EOA identified a deficit of 29 acres of industrial land and 98 acres of commercial land to accommodate housing growth over the 2021-2041 period. The Public and Institutional Land analysis identified a deficit of 32 acres of land for public or institutional land over the 2021-2041 period.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds the requirements of Goal 14 satisfied.

<u>McMinnville Comprehensive Plan</u>

As described in the Comprehensive Plan, the Goals and Policies of the Comprehensive Plan serve as criteria for land use decisions. The following Goals and Policies from Volume II of the McMinnville Comprehensive Plan are applicable to this request:

CHAPTER II. NATURAL RESOURCES

GOAL II 1 TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

2.00. The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.

9.00 The City of McMinnville shall continue to designate appropriate lands within its corporate limits as "floodplain" to prevent flood induced property damages and to retain and protect natural drainage ways from encroachment by inappropriate uses.

FINDING: SATISFIED. Goal II 1 and policies 2.00 and 9.00 are satisfied by this proposal because the buildable lands inventory removed those lands in the floodplain and with excessive slopes, limiting soil characteristics and natural hazards.

CHAPTER III. CULTURAL, HISTORICAL AND EDUCATIONAL RESOURCES

GOAL III 7 TO PROVIDE FOR THE EDUCATIONAL NEEDS OF MCMINNVILLE THROUGH THE PROPER PLANNING, LOCATION, AND ACQUISITION OF SCHOOL SITES AND FACILITIES.

18.00 The City of McMinnville shall cooperate with the McMinnville School District in the planning for future schools.

FINDING: SATISFIED. Goal III 7 and policy 18.00 is satisfied by this proposal since the future land needs of the school district was incorporated into the EOA as part of Appendix E, Public and Instituional Land.

CHAPTER IV. ECONOMY OF MCMINNVILLE

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMINNVILLE'S ECONOMY IN ORDER TO ENHANCE THE GENERAL WELL-BEING OF THE COMMUNITY AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS.

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMINNVILLE AS THE COMMERCIAL CENTER OF YAMHILL COUNTY IN ORDER TO PROVIDE EMPLOYMENT OPPORTUNITIES, GOODS, AND SERVICES FOR THE CITY AND COUNTY RESIDENTS.*:*

21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.

21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.

1. *The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.*

2. *Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries.* (Ord.4796, October 14, 2003)

21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV, 1 and 2, and policies 21.00, 21.01, 21.02, and 21.05 are satisfied by the adoption of the EOA to ensure adequate land supply and sites to support the community's economic development efforts. Policy 21.05 is satisfied through the retail leakage analysis and incorporation of the acreage needed to reduce the retail leakage in the commercial land need analysis.

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALLY DESIGNATED LANDS, THROUGH APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.

24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV 3, and policies 23.00 and 24.50 are satisfied by the policy decision to not assign housing to the commercially zones sites in the buildable lands inventory in order to protect commercial sites from encroachment by incompatible uses, and that the location, type and amount of commercial activity within the UGB shall be based on the Economic Opportunity Analysis.

GOAL IV 5: TO CONTINUE THE GROWTH AND DIVERSIFICATION OF McMINNVILLE'S INDUSTRIAL BASE THROUGH THE PROVISION OF AN ADEQUATE AMOUNT OF PROPERLY DESIGNATED LANDS.

GOAL IV 6: TO INSURE INDUSTRIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USES, THAT IS APPROPRIATELY LOCATED IN RELATION TO SURROUNDING LAND USES, AND THAT MEETS NECESSARY ENVIRONMENTAL STANDARDS.

49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)

49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

FINDING: SATISFIED. Goal IV 4 and 5, and policies 49.01 and 49.02 are satisfied by the adoption of the EOA.

CHAPTER V. HOUSING AND RESIDENTIAL DEVELOPMENT

GOAL V 1 TO PROMOTE DEVELOPMENT OF AFFORDABLE, QUALITY HOUSING FOR ALL CITY RESIDENTS.

General Housing Policies:

58.00 City land development ordinances shall provide opportunities for development of a variety of housing types and densities.

59.00 Opportunities for multiple-family and mobile home developments shall be provided in McMinnville to encourage lower-cost renter and owner-occupied housing. Such housing shall be located and developed according to the residential policies in this plan and the land development regulations of the City.

60.00 Attached single-family dwellings and common property ownership arrangements (condominiums) shall be allowed in McMinnville to encourage land-intensive, cost-effective, owner-occupied dwellings.

FINDING: SATISFIED. Goal V 1 and the policies 58.00, 59.00 and 60.00 are satisfied with the intention identified in the Housing Needs Analysis to increase the proportional amount of single-family attached housing in the HNA, as well as the proportional increase of multi-family housing in the HNA.

CHAPTER VII. COMMUNITY FACILITIES AND SERVICES

GOAL VII 3: TO PROVIDE PARKS AND RECREATION FACILITIES, OPEN SPACES, AND SCENIC AREAS FOR THE USE AND ENJOYMENT OF ALL CITIZENS OF THE COMMUNITY.

170.05 For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used. (Ord. 4796, October 14, 2003)

FINDING: SATISFIED. Goal VII 3 and policy 170.05 is satisfied since the City of McMinnville's Parks, Recreation and Open Space Master Plan was utilized to project future park and open space needs.

CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT

GOAL X 1 TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

FINDING: SATISFIED. The following activities were provided for citizen involvement. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019

- May 21, 2019
- June 13, 2019
- May 8, 2023
- June 22, 2023

❖ Focus Groups
- January 22, 2019

❖ Public Open House:
- February 5, 2019

❖ Work Sessions:
- January 16, 2019, City Council Joint Work Session with Project Advisory Committee
- August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
- July 11, 2023, City Council Work Session
- August 3, 2023, Planning Commission Work Session

❖ Public Hearings:
- Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
- Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
- Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
- Planning Commission, September 21, 2023 (Heard public testimony)

❖ City Council Meetings
- October 10, 2023
- November 28, 2023

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

❖ Project Advisory Committee Meetings
- July 16, 2019
- September 5, 2019
- October 10, 2019
- November 13, 2019
- January 21, 2020
- February 27, 2020
- March 19, 2020
- May 11, 2020
- May 8, 2023
- June 22, 2023

❖ Work Sessions:
- August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
- July 11, 2023, City Council Work Session
- August 3, 2023, Planning Commission Work Session

❖ Public Hearings:
- Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)

- Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
- Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
- Planning Commission, September 21, 2023 (Heard public testimony)

❖ City Council Meetings
- October 10, 2023
- November 28, 2023

ORDINANCE NO. 5141

AN ORDINANCE ADOPTING THE NOVEMBER 2023 "MCMINNVILLE URBANIZATION REPORT", AND UPDATING THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "MCMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 23 "MCMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS", REPEALING ORDINANCES NO. 4746 AND 4976.

RECITALS:

WHEREAS, the McMinnville City Council adopted McMinnville's first Housing Needs Analysis on May 22, 2001 (Ordinance No. 4746) as part of the City's work to determine future housing land needs for the planning horizon of 2000 - 2020; and

WHEREAS, the City Council amended McMinnville's Housing Needs Analysis on October 14, 2003 (Ordinance No. 4796) as part of the City's McMinnville Growth Management and Urbanization Plan work to determine future housing land needs for the planning horizon of 2003 - 2023; and

WHEREAS, per ORS 197.296, the City of McMinnville needs to submit an updated Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023; and

WHEREAS, the City of McMinnville developed an updated Housing Needs Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the McMinnville Housing Needs Analysis to the McMinnville City Council on September 21, 2023, by an unanimous vote of 8 - 0; and.

WHEREAS, the McMinnville City Council adopted McMinnville's first Economic Opportunities Analysis on October 14, 2003, (Ordinance No. 4795) as part of the City's McMinnville Growth Management and Urbanization Plan to determine future commercial and industrial land needs for the planning horizon of 2003 - 2023; and;

WHEREAS, the McMinnville City Council approved Ordinance No. 4976 updating the McMinnville Economic Opportunity Analysis on February 25, 2014; and

WHEREAS, in conjunction with its work to update the Housing Needs Analysis in 2020, the City of McMinnville developed an updated Economic

Opportunities Analysis in 2020 for a planning horizon of 2021 – 2041 and 2041 – 2067, providing notice of the proposed Comprehensive Plan Amendment to the Oregon Department of Land Conservation and Development on May 14, 2020, with a first evidentiary hearing scheduled for May 20, 2021; and

WHEREAS, the City of McMinnville opened the first public hearing with the McMinnville Planning Commission on May 20, 2021, and continued it to May 18, 2023, September 7, 2023, and September 21, 2023; and

WHEREAS, after considering public testimony, the McMinnville Planning Commission recommended approval of the 2023 McMinnville Economic Opportunity Analysis with amendments to the McMinnville City Council on September 21, 2023, by a unanimous vote of 8 - 0; and

WHEREAS, on October 10, 2023, the McMinnville City Council considered the McMinnville Planning Commission's recommendation and directed city staff to draft documents that adopted the 2023 McMinnville Housing Needs Analysis as recommended by the McMinnville Planning Commission, and to amend the 2023 McMinnville Economic Opportunities Analysis by increasing the amount of acreage associated with the parkland brought into McMinnville's urban growth boundary by Ordinance No. 5098 (adopted December 8, 2020) by 62 acres due to a calculation error and to remove 62 acres of parkland need from the deficit in Appendix ; and

WHEREAS, the amendments result in the identification of land deficits for the planning horizon of 2021-2041 in the manner of 202 gross buildable acres of residential land, 29 gross buildable acres of industrial land, 159 gross buildable acres of commercial land, and 32 gross buildable acres of public or institutional land for a total land deficit of 422 gross buildable acres within the city's existing urban growth boundary; and

WHEREAS, per ORS 197.626(3) and OAR 660-025-0185(1) and (2), the City will elect to use the Sequential Urban Growth Boundary Amendment Process to evaluate land use efficiency measures by December 31, 2024, and propose an urban growth boundary amendment, if deemed necessary, by March 1, 2026; and

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

1. The City adopts Exhibit A to this ordinance, the *McMinnville Urbanization Report, dated November 2023*.

2. The City adopts Exhibit B to this ordinance, the *McMinnville Housing Needs Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

3. The City adopts Exhibit C to this ordinance, the *McMinnville Economic Opportunity Analysis, dated November 2023*, as part of the McMinnville Comprehensive Plan.

4. The City adopts Exhibit D to this ordinance, which includes findings of fact that support the development and conclusions reached for preparing and adopting the *McMinnville Urbanization Report*, *dated November 2023*, the *McMinnville Housing Needs Analysis*, *dated November 2023*, and *the McMinnville Economic Opportunities Analysis, dated November 2023,* demonstrating a land deficit of 422 gross buildable acres in the city's urban growth boundary to meet the residential, employment and public land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

5. That Ordinances Nos. 4746 and 4976 are hereby repealed in their entirety.

6. This Ordinance will take effect 30 days after passage by the City Council.

Passed by the McMinnville City Council this 28th day of November 2023 by the following votes:

Ayes: ____

Nays: ____

____
MAYOR

Approved as to form: Attest:

________________________ ______________________________
City Attorney City Recorder

EXHIBITS:

A. McMinnville Urbanization Report, November 2023
B. McMinnville Housing Needs Analysis, November 2023
C. McMinnville Economic Opportunities Analysis, November 2023
D. Findings of Fact and Conclusionary Findings

EXHIBIT A TO
ORDINANCE NO. 5141

Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

NOVEMBER 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

TABLE OF CONTENTS

MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The official population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population
11,260

New Employment
6,885

New Housing Units
4,657

MCMINNVILLE NEEDS 422 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth, McMinnville will need 188 gross acres for employment for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need an additional 32 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(32)	(335)
Industrial	(29)	Not forecast for 2041-2067*
Commercial	(159)	(416)
Total	**(422)**	**(2,048)**

Source: ECONorthwest
*Note: This analysis does not estimate demand for industrial land for the 2041-2067 period.

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 by 2041— a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

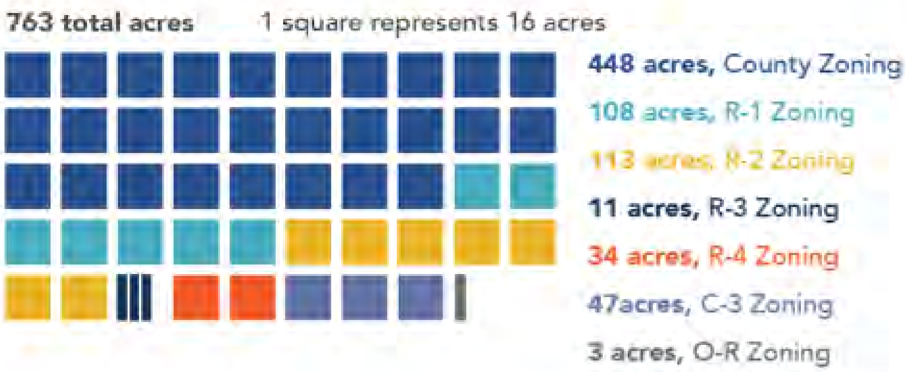
Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legistlature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

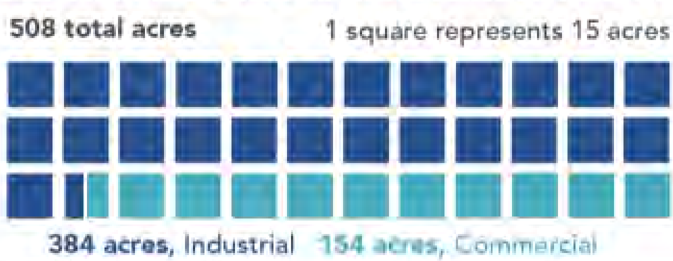
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land are in industrial designations and about 154 vacant acres are in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

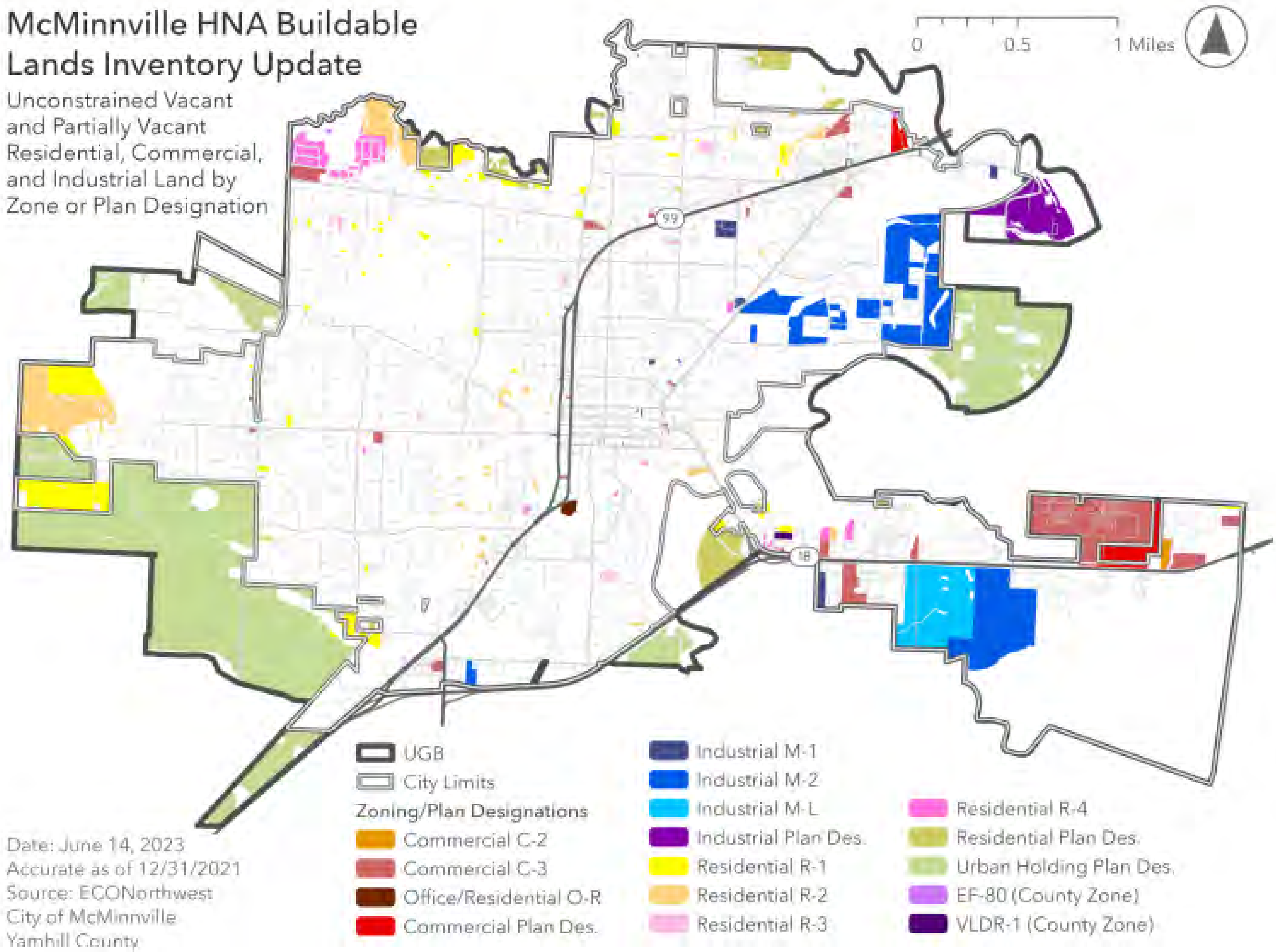
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up a about one-third of Yamhill County's total population, McMinnville has grown at a much faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville's population has historically grown faster than both the county and state.

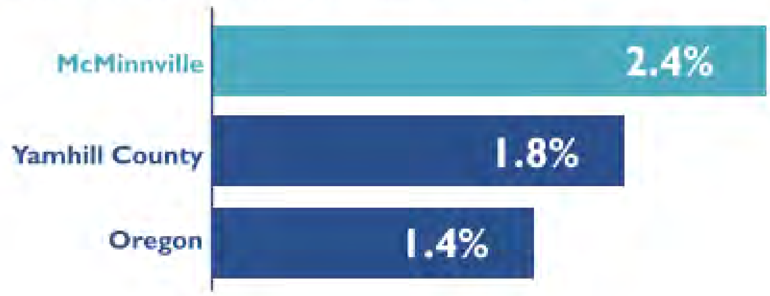
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

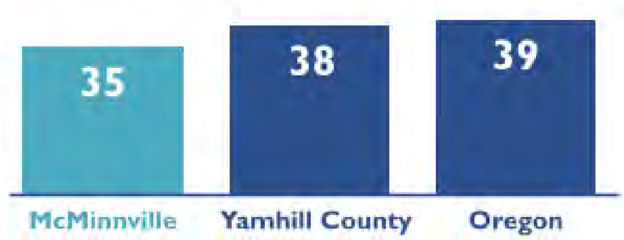
Source: Portland State University, Population Research Center

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

MEDIAN AGE, 2016

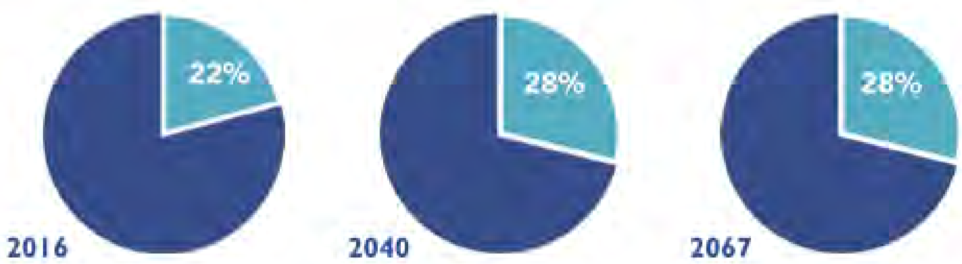
Source: Portland State University, Population Research Center



MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

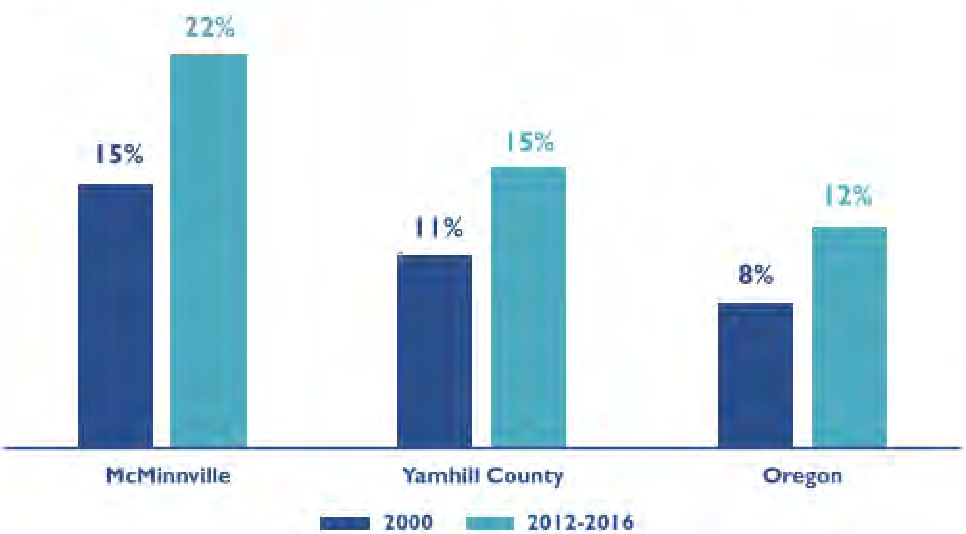


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

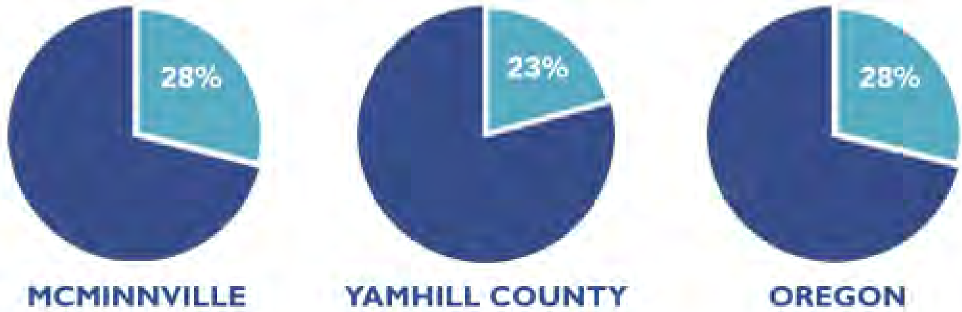
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

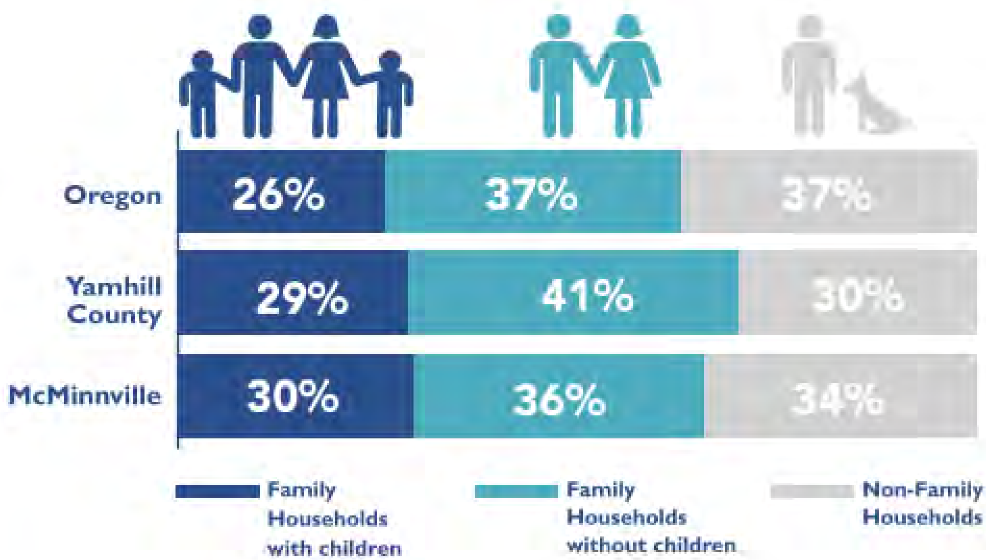


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

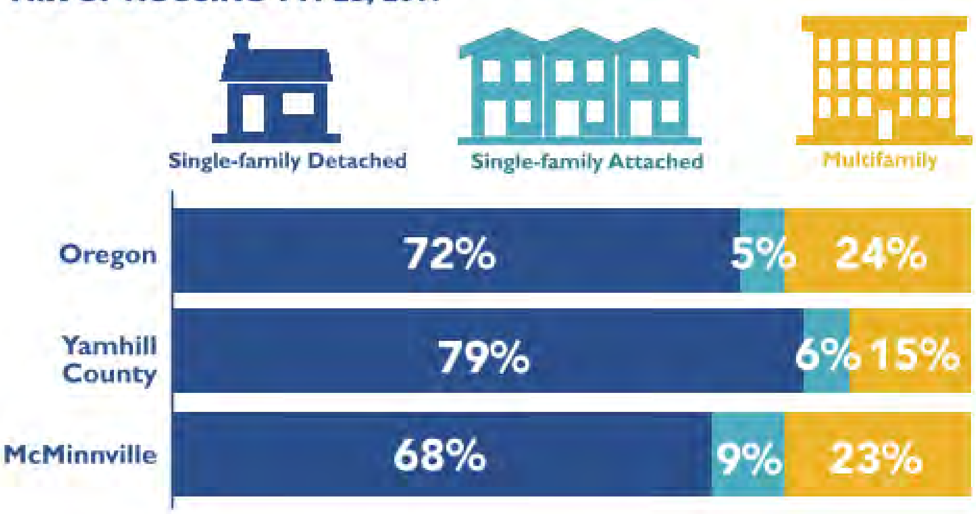
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

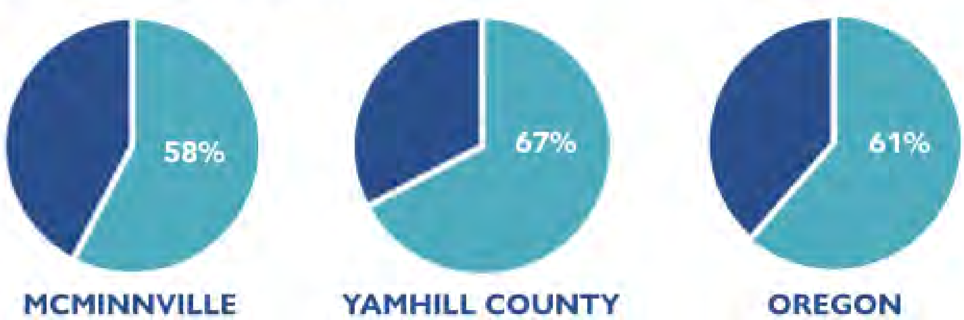
Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

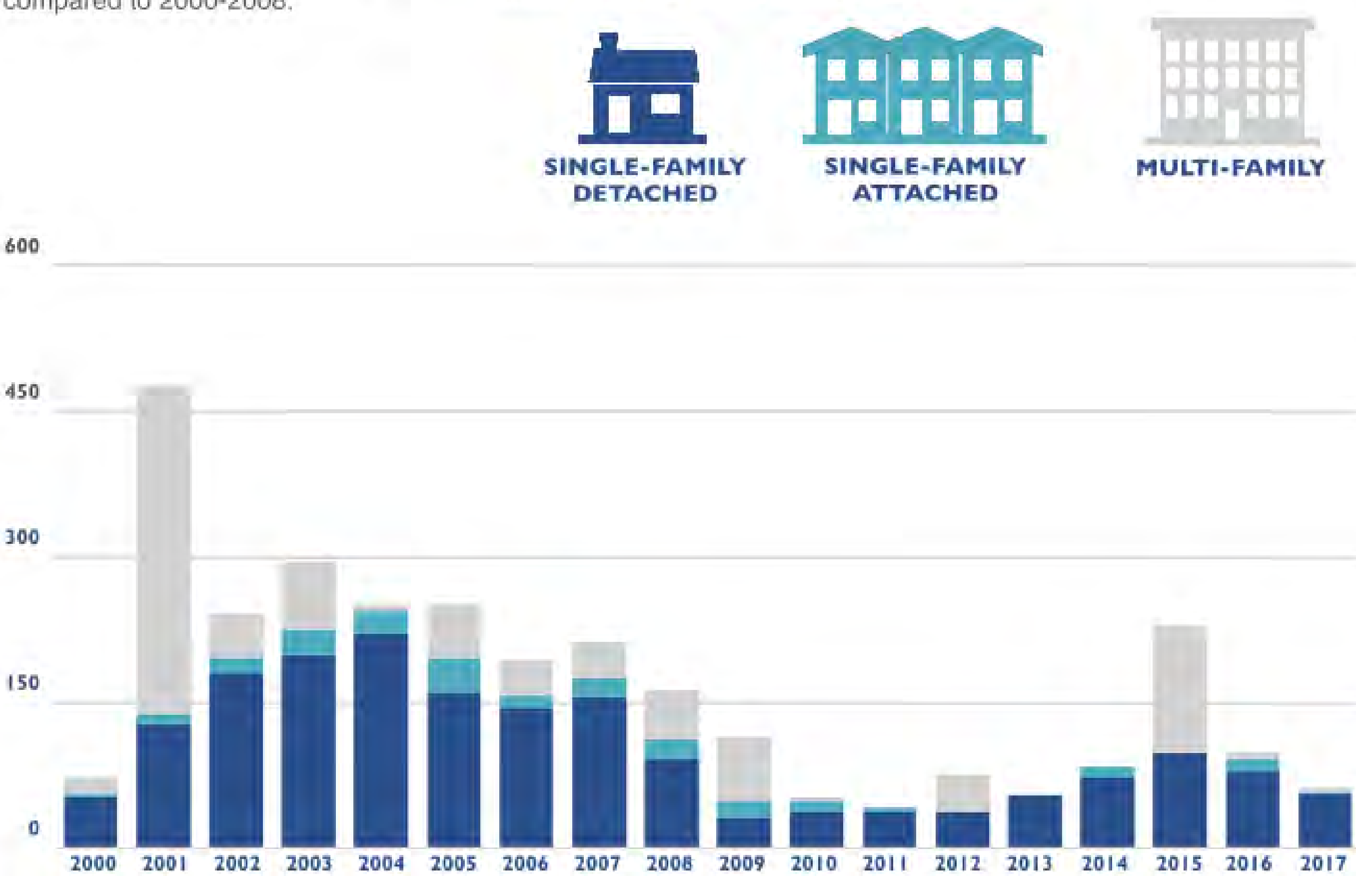
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

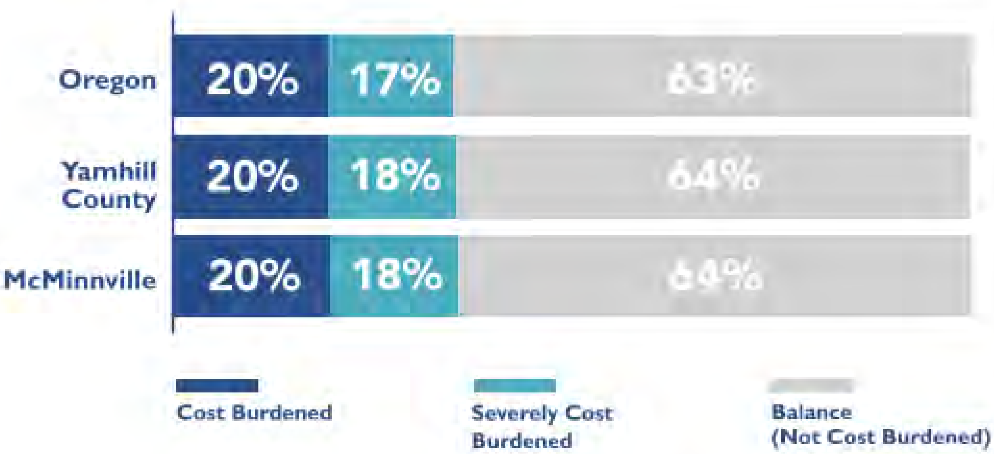


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



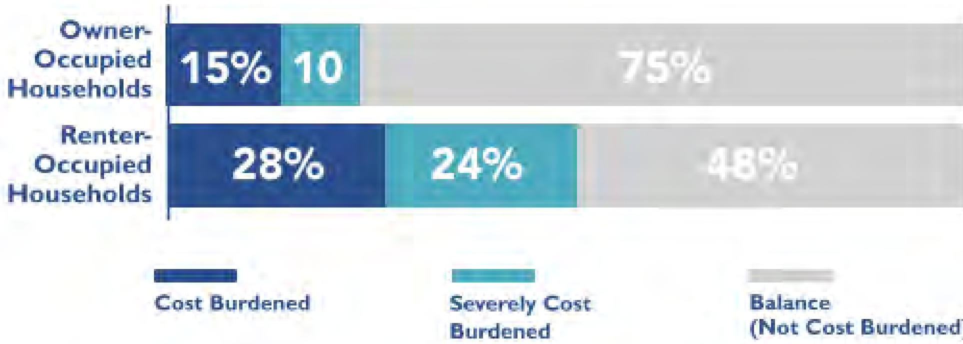
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

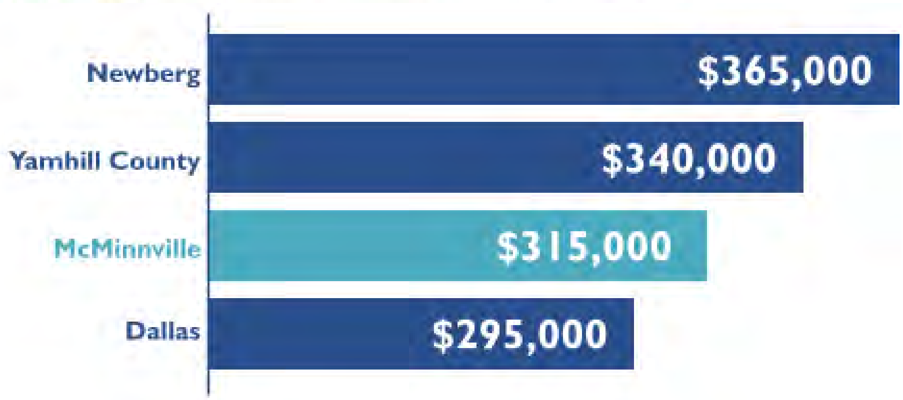
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



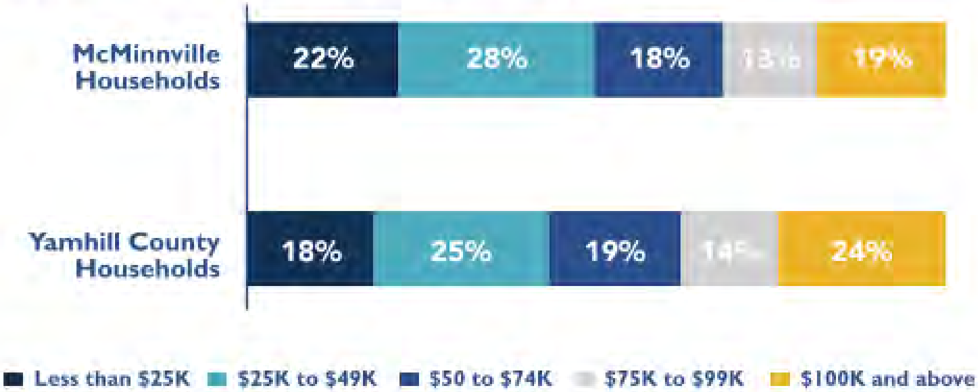
MEDIAN MONTHLY RENTS, 2016

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

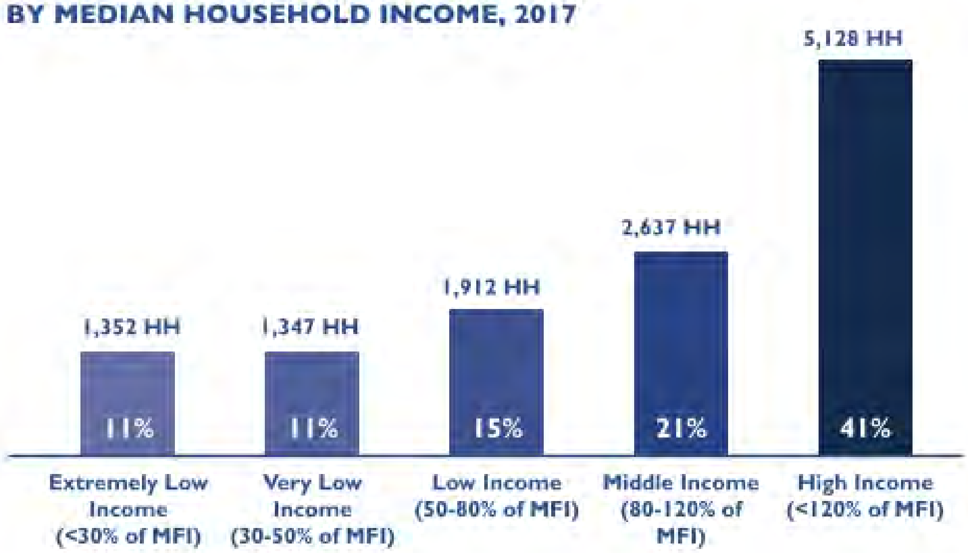
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

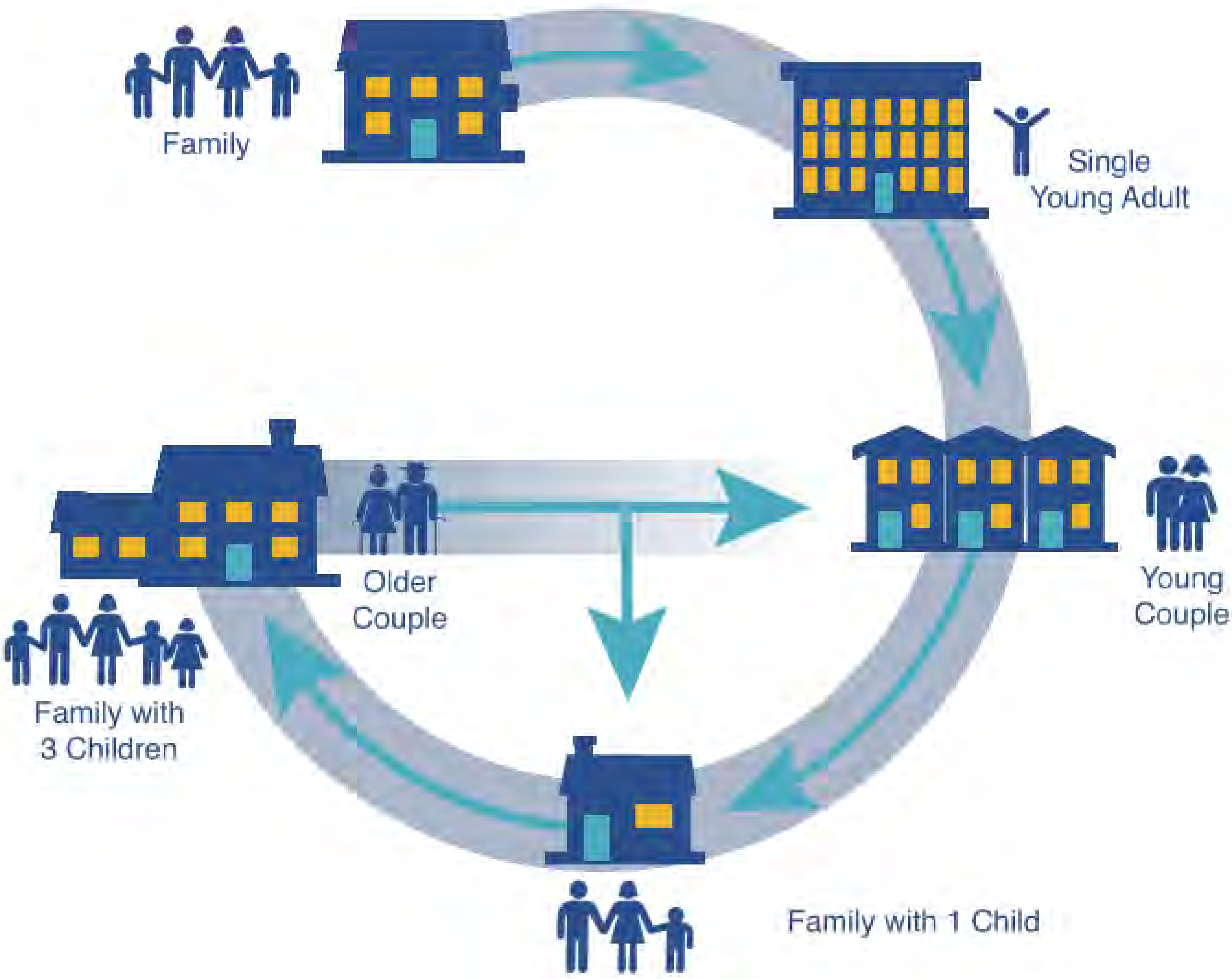
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

- ↓ **Household Sizes** (more 1 person households)
- ↓ **Homeownership Rates** (especially 75 years old)
- ↓ **Income**

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

- ↑ **Household Sizes** (as they form families)
- ↑ **Homeownership Rates**
- ↑ **Income**

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

- ↑ **Household Sizes**
- ↑ **Homeownership Rates** (Hispanics/Latino households have higher homeownership rates at younger ages)
- ↓ **Continued Lower-Than-Avg. Income**

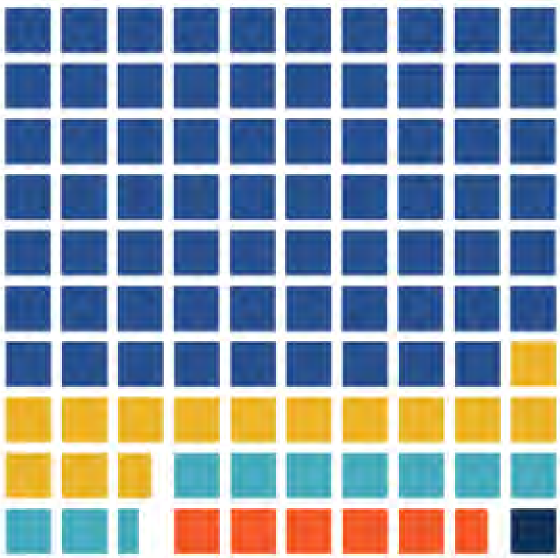
Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

3,611 total dwelling units 1 square represents 36 dwelling units



2,486 dwelling units
County Zoning

499 dwelling units
R-2 Zoning

345 dwelling units
R-1 Zoning

211 dwelling units
R-4 Zoning

28 dwelling units
R-3 Zoning

DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISTLATURE)

3.19	4.43	4.94	6.28
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.49	22.56	5.05
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

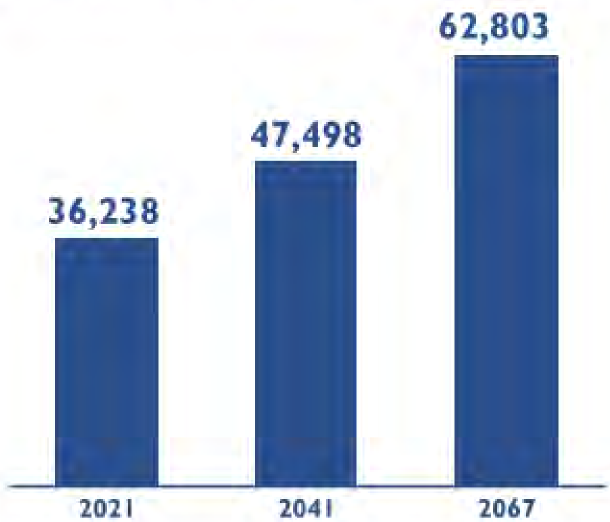
Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

Demand For Residential Land, By Housing Type

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at needed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

1,268 GROSS ACRES
at needed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill — these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) — an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem — possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area
1.2 Establish a Framework Plan for the URA
1.3 Identify an Expanded UGB per the URA
1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities
1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)
1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas
1.7 Update Goal 7 Hazards Planning & Policies, incl. Landslide Susceptibility
1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.
1.9 Implement Great Neighborhood Principles
1.10 Create a Diverse Housing Zone
1.11 Develop a High-Density Residential Zone
1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone
2.2 Develop a High-Density Residential Zone
2.3 Provide Density Bonuses to Developers
2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards
2.5 Update Infrastructure Plans for Infill Development
2.6 Implement Great Neighborhood Principles
2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill
3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements
3.4 Develop Infrastructure Allocation Policies
3.5 Identify Areas with Underutilized Infrastructure Capacity
3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy
4.2 Evaluate Three Mile Lane for Residential Development
4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards
5.2 Implement Other Code Amendments Prioritized by the PAC.
5.3 Streamline Zoning Code and Other Ordinances
5.4 Implement the Great Neighborhood Principles
5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
5.6 Evaluate Code for Fair Housing Act Best Practices
5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence)
6.2 Financial Incentives Supporting Inclusionary Zoning
6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing
6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)
6.5 SDC Financing and Credits
6.6 Parcel assembly
6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)
6.8 Sole Source SDCs
6.9 Grants or Loans
6.10 Vacant Property Tax.
6.11 Fee for Demolition of Affordable Home for Expensive Home.

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds
7.2 Community Land Trust (CLT)
7.3 Affordable Housing Property Tax Abatement
7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

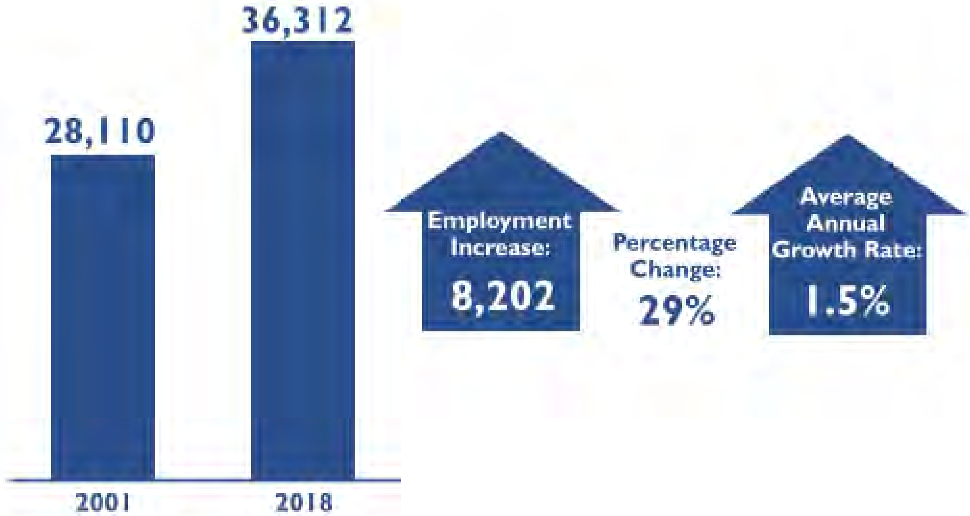
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

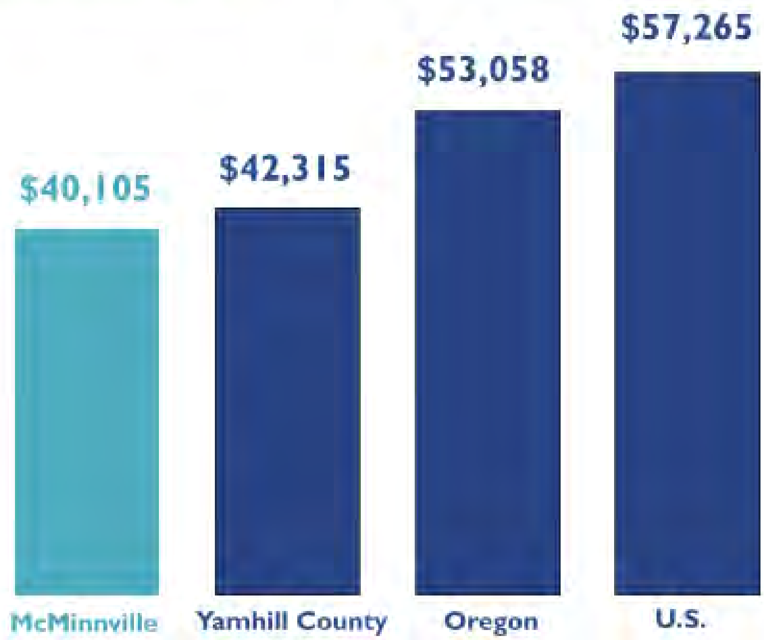


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

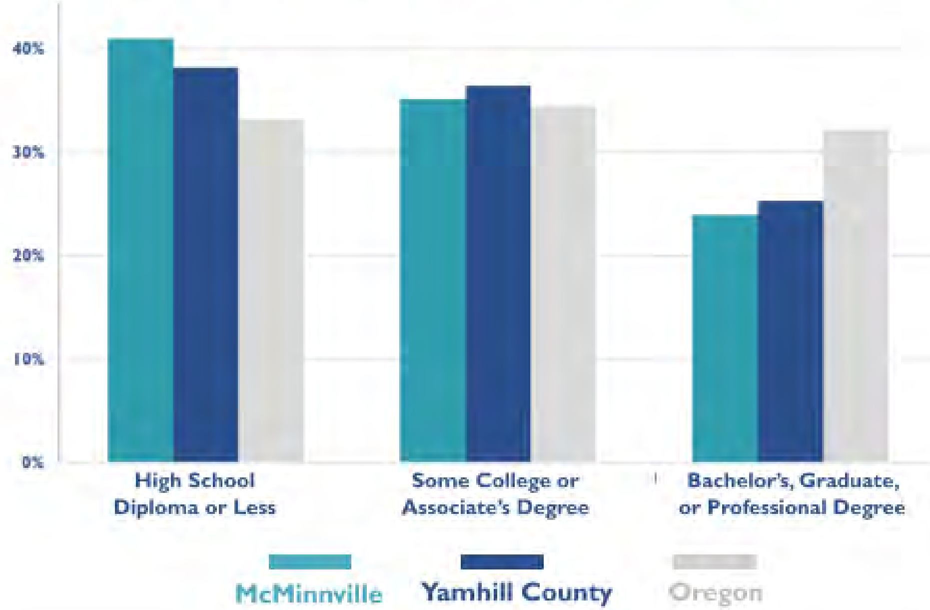


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

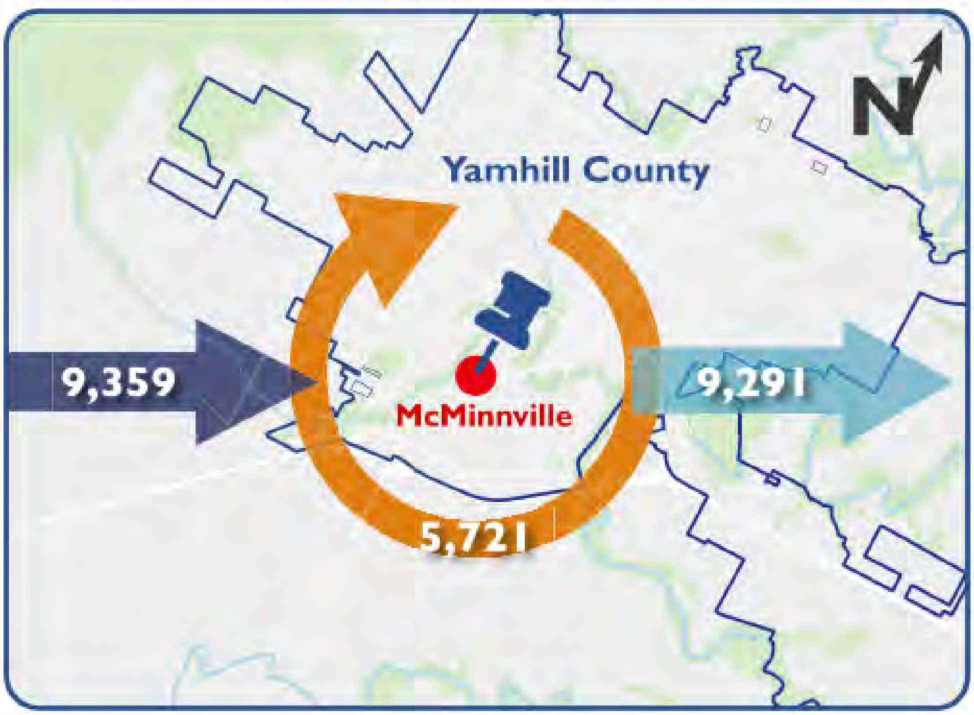
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721
People live and work in McMinnville

9,359
People commute into McMinnville to work

9,291
People live in McMinnville and work elsewhere

Employment in McMinnville

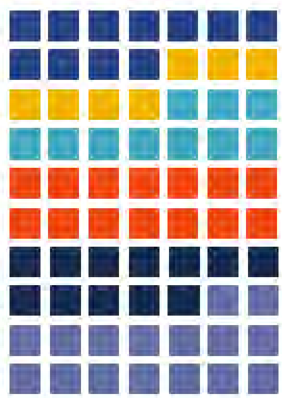
In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

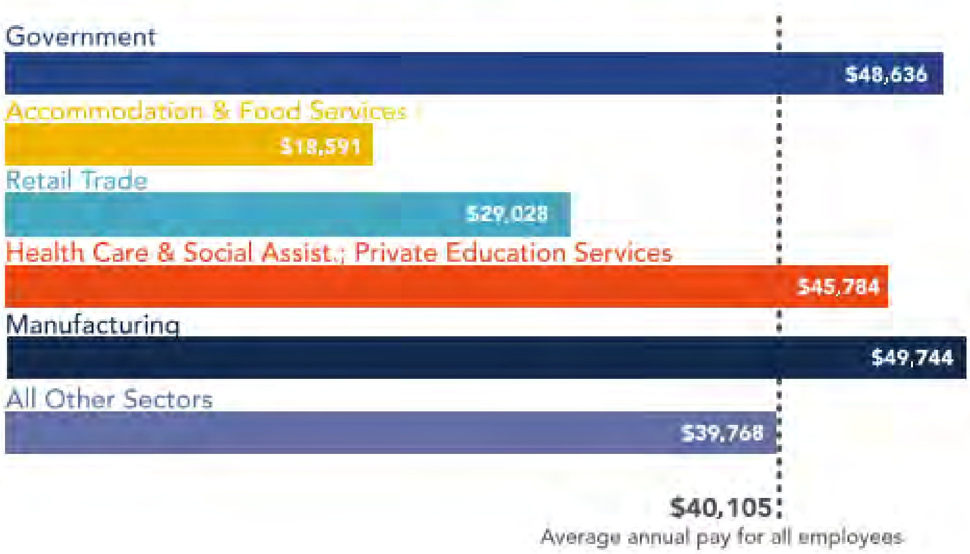
1square represents 500 jobs

Government:	2,082 employees / **14%**
Accommodation & Food Services:	1,503 employees / **10%**
Retail Trade:	2,170 employees / **15%**
Health Care & Social Assist.; Private Education Services:	3,159 employees / **21%**
Manufacturing:	2,277 employees / **15%**
All Other Sectors:	3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

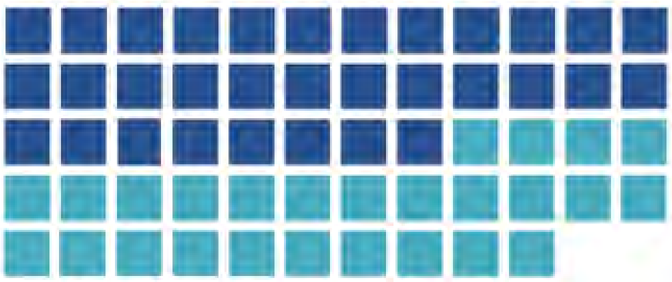
FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 697 acres of land between 2021 and 2041. For commercial land, demand will continue to grow through 2067, resulting in total commercial land demand of 570 acres between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

697 total acres 1 square represents 12 acres

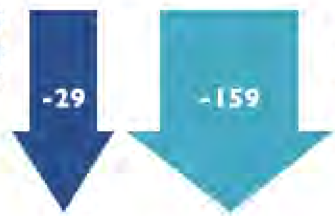


384 acres, Industrial **313 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

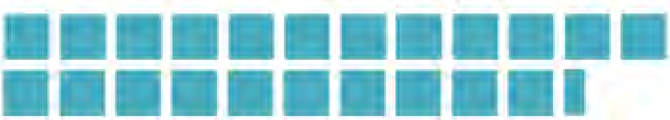
29 GROSS ACRES of industrial land



159 GROSS ACRES of commercial land

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

570 commerical acres 1 square represents 25 acres



570 acres, Commercial

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial employment growth over the next 46 years. The City has a deficit of about 416 acres of commercial land. This analysis does not estimate demand for industrial land for the 2041-2067 period.

416 GROSS ACRES of commercial land

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories…". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 444 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	315	392	(77)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**444**	**477**	**(32)**

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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EXHIBIT B TO
ORDINANCE NO. 5141

City of McMinnville
Housing Needs Analysis

November 2023

Prepared for:

City of McMinnville

FINAL REPORT

ECONorthwest
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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank those who helped develop the McMinnville Buildable Lands Inventory and Housing Needs Analysis. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

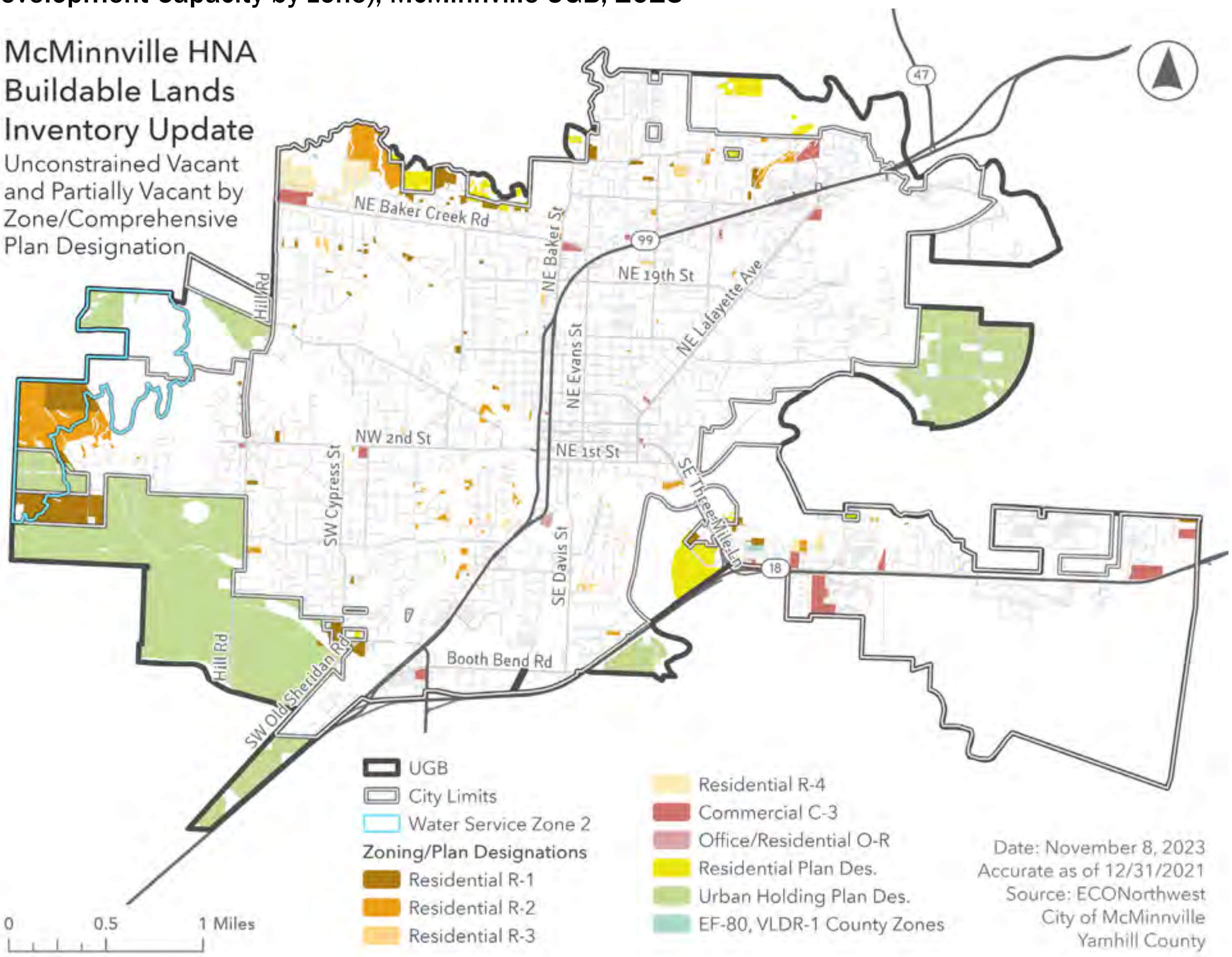
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2 shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2021
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
    - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term "needed housing," however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn't provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville's future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

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[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

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[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

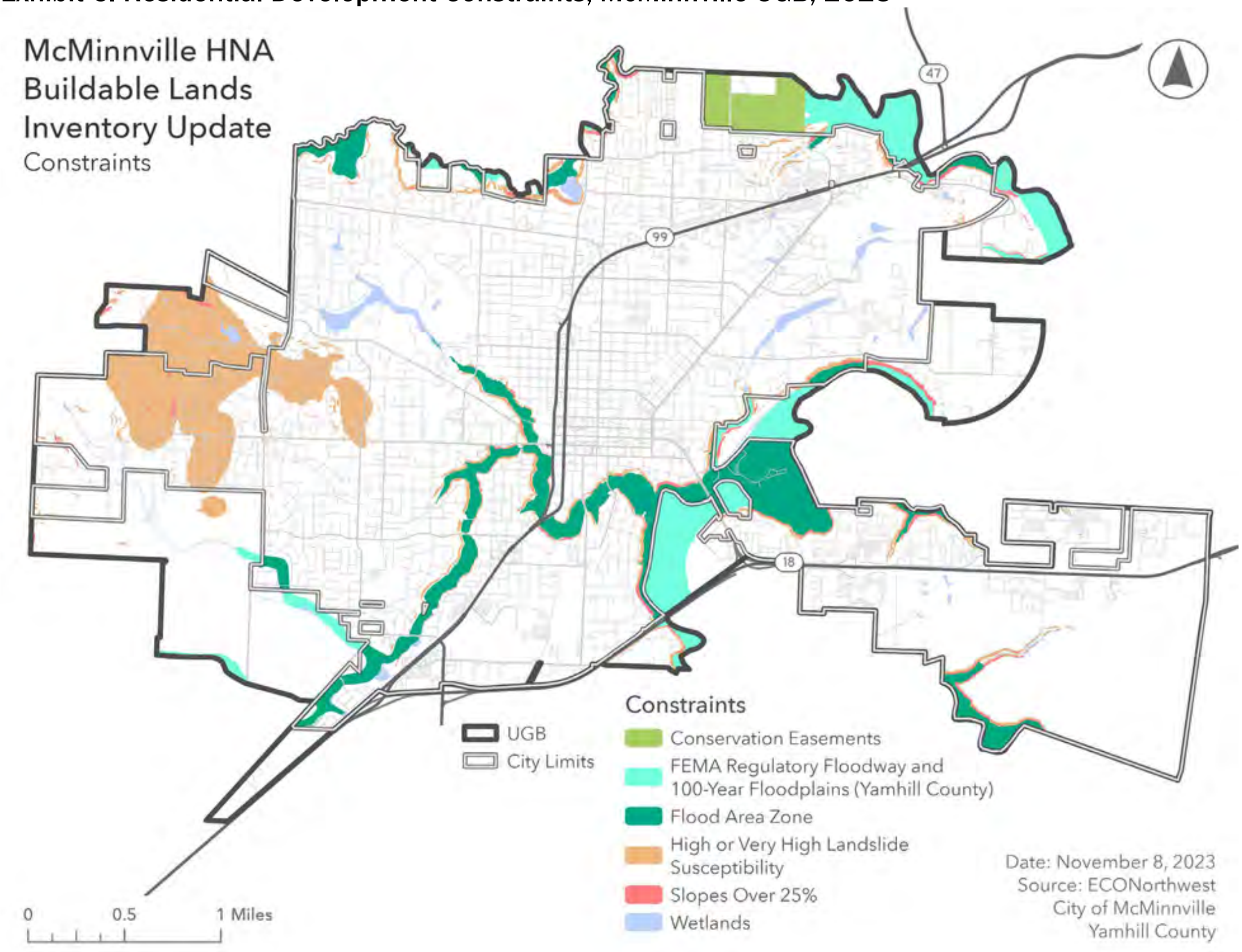
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

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[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023

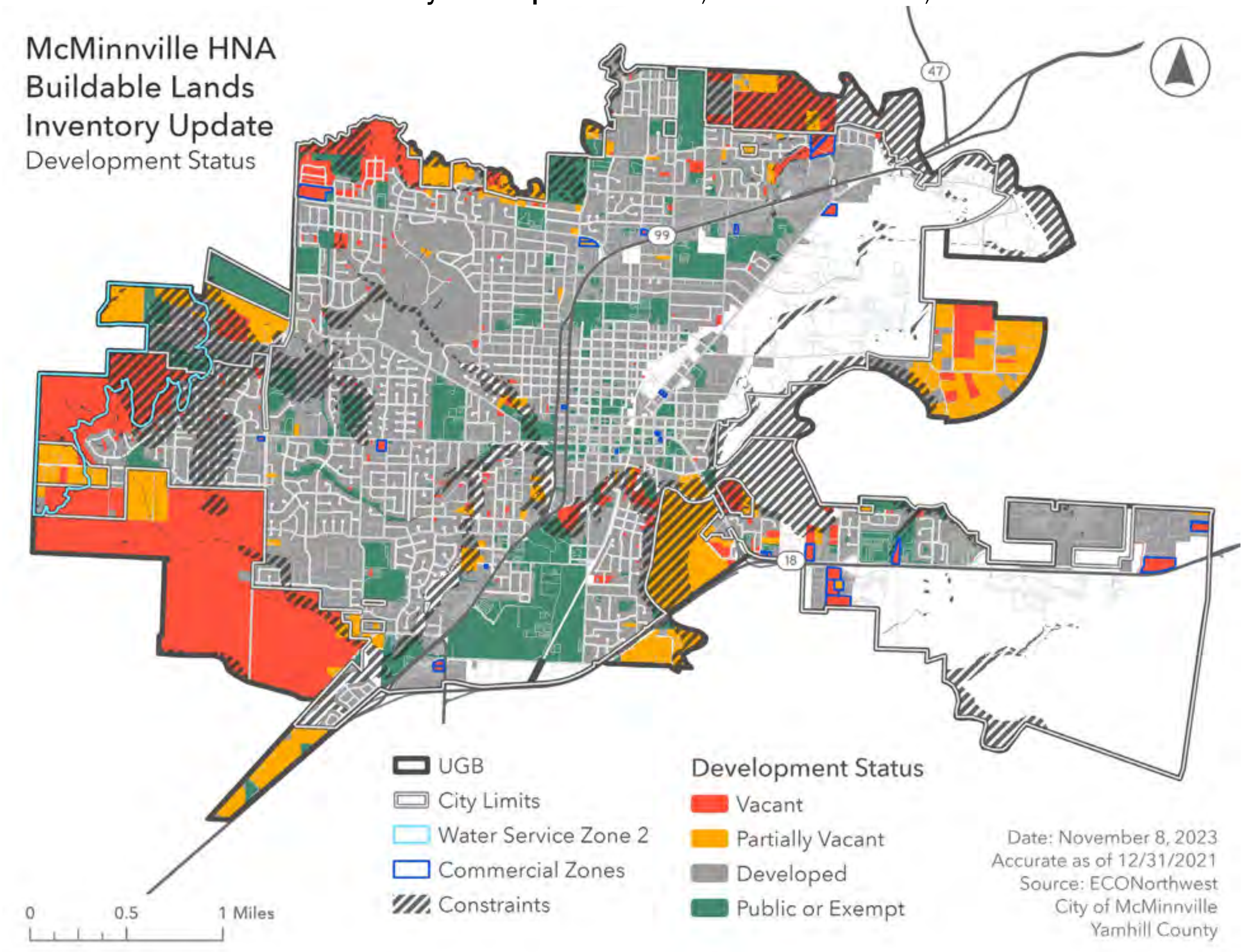
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

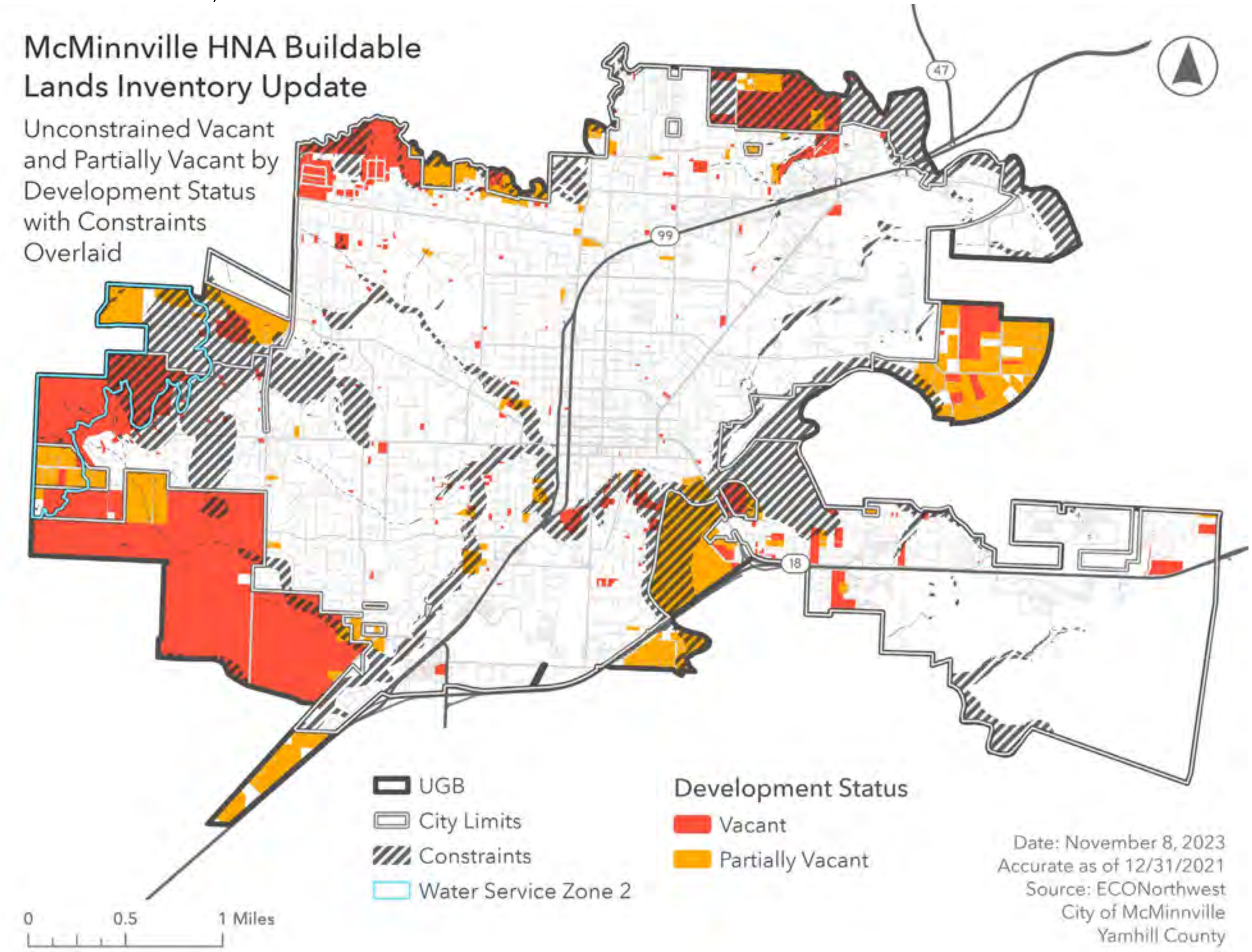


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

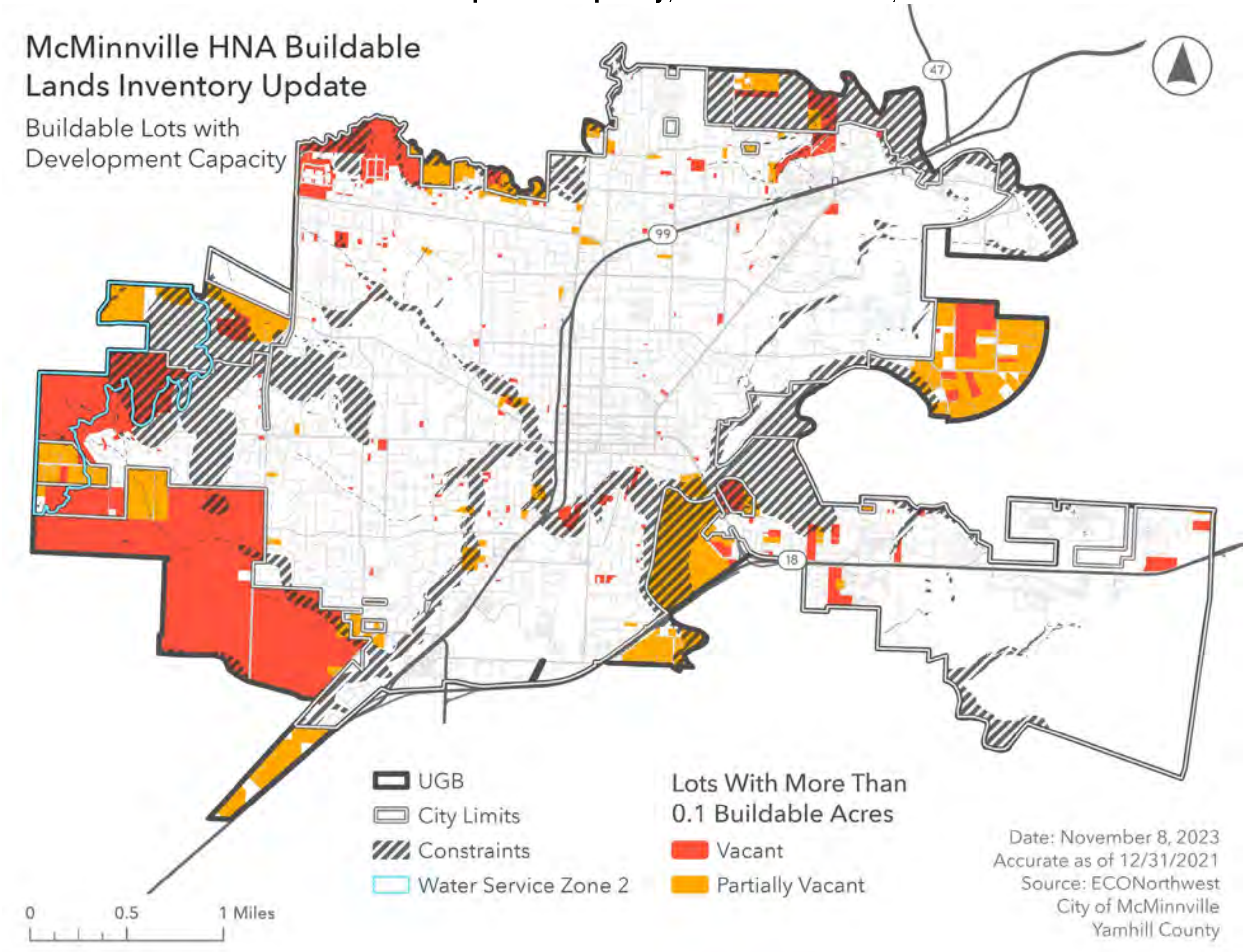
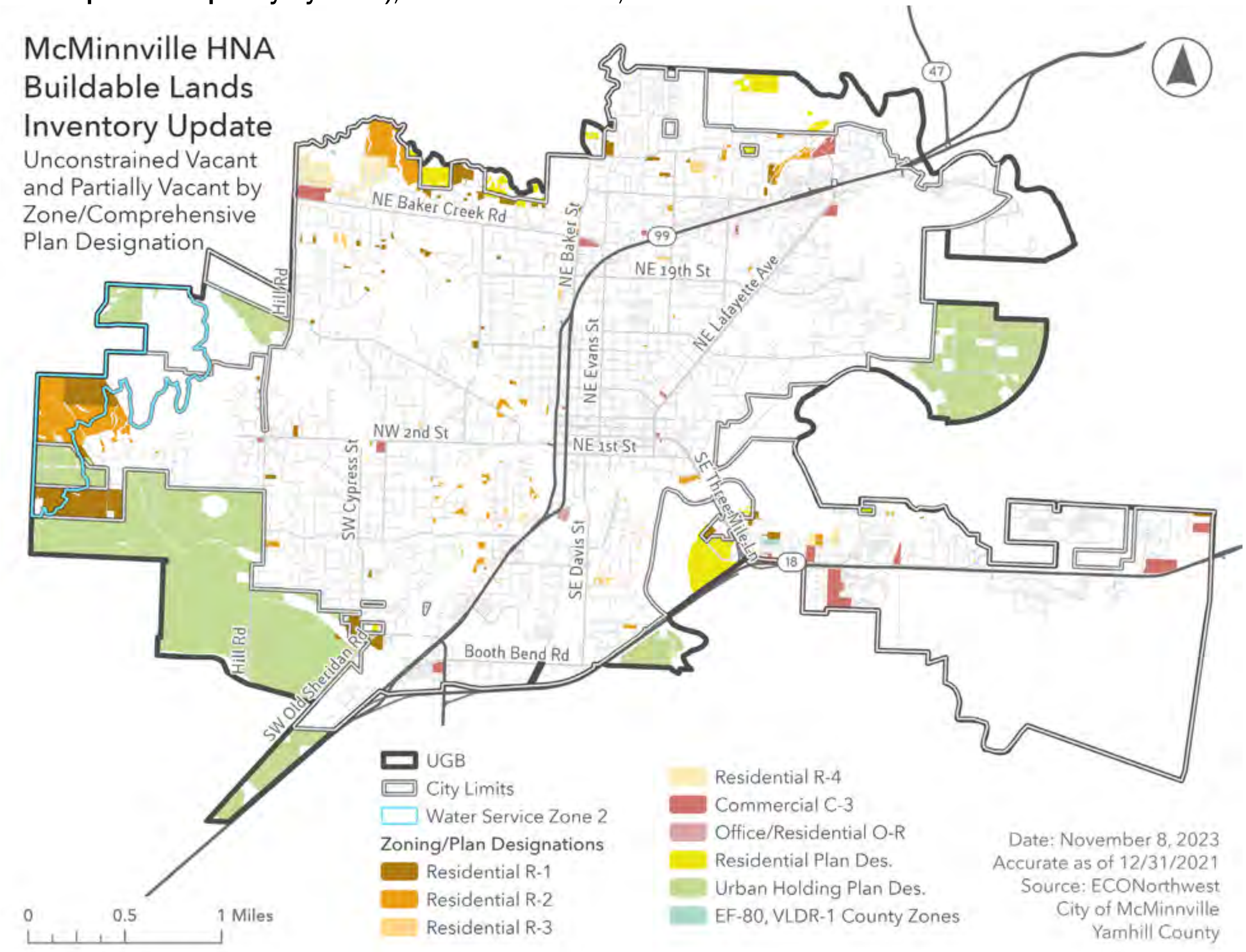


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the <u>strong likelihood</u> that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
    - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
    - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don't differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

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[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

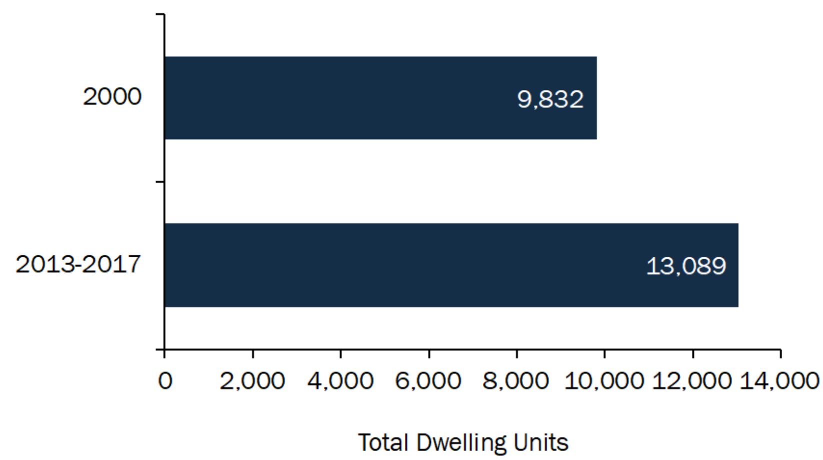
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

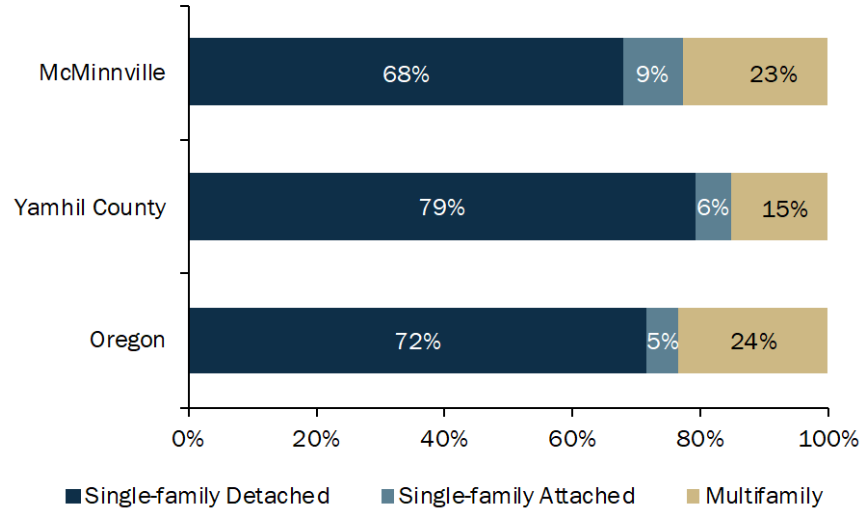


About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

Exhibit 16. Housing Mix, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25024.

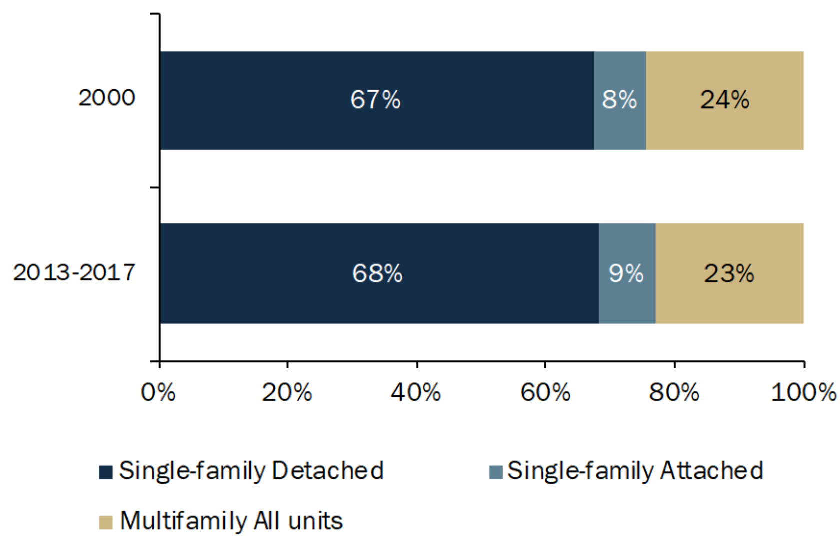


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017

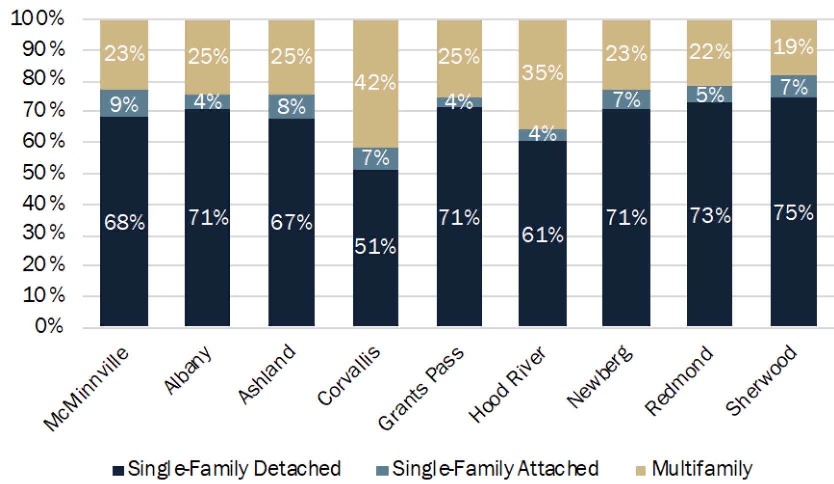
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

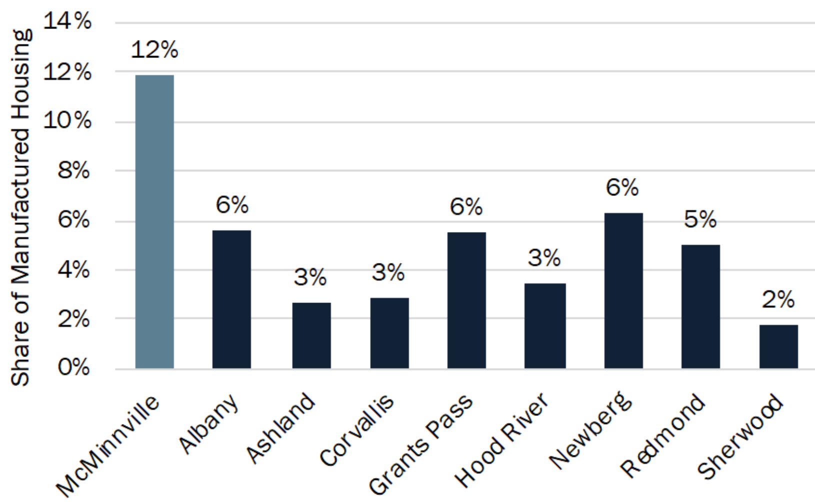


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



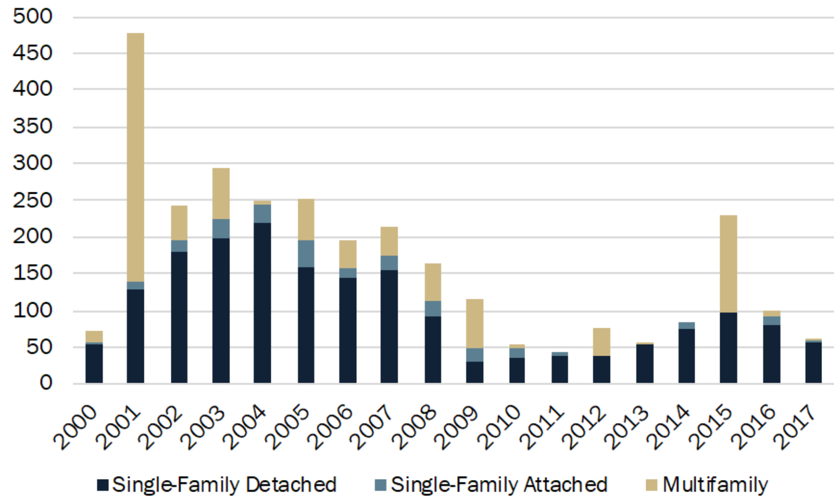
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

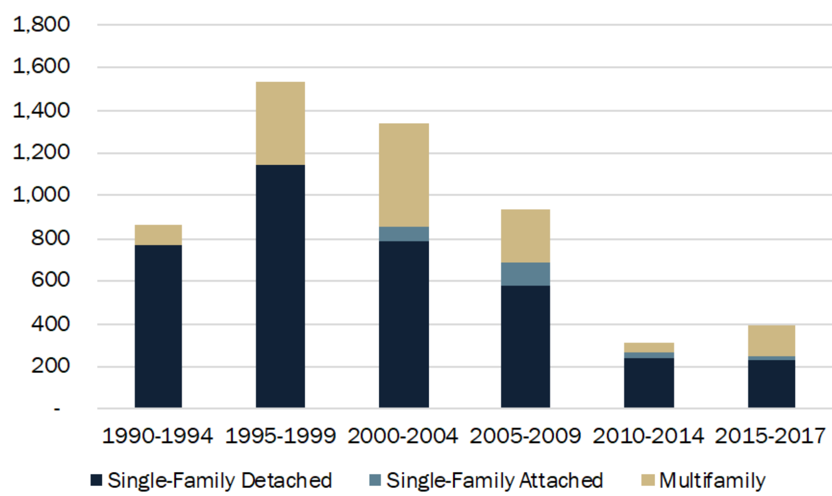
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

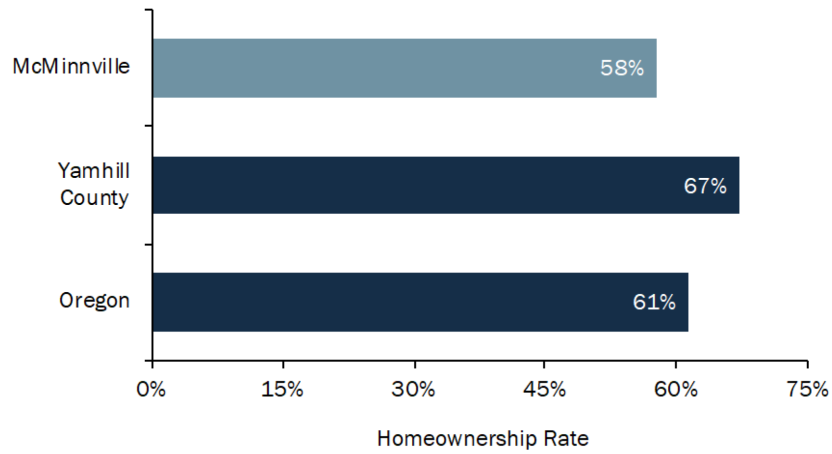
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

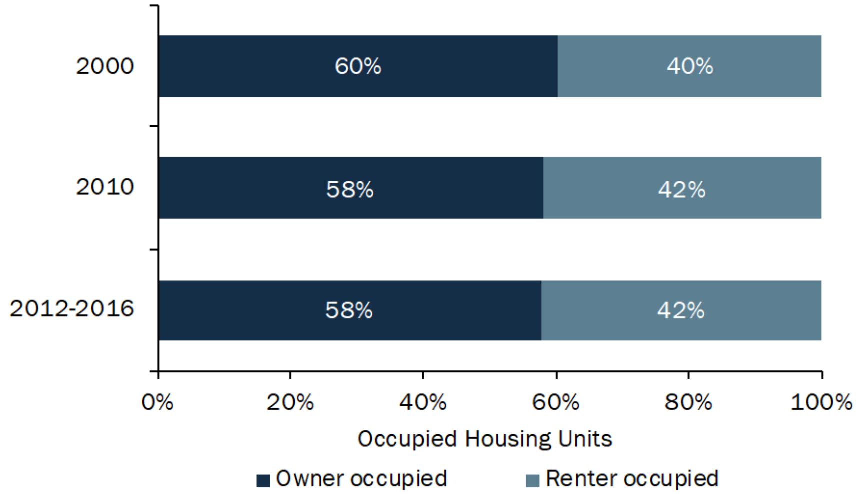
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

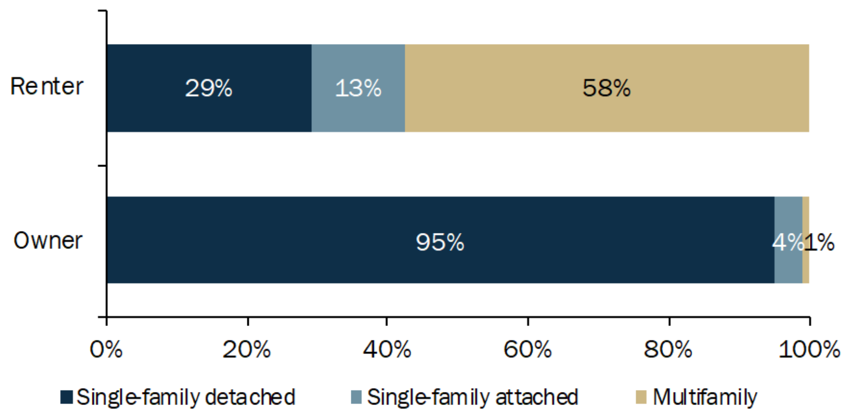
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

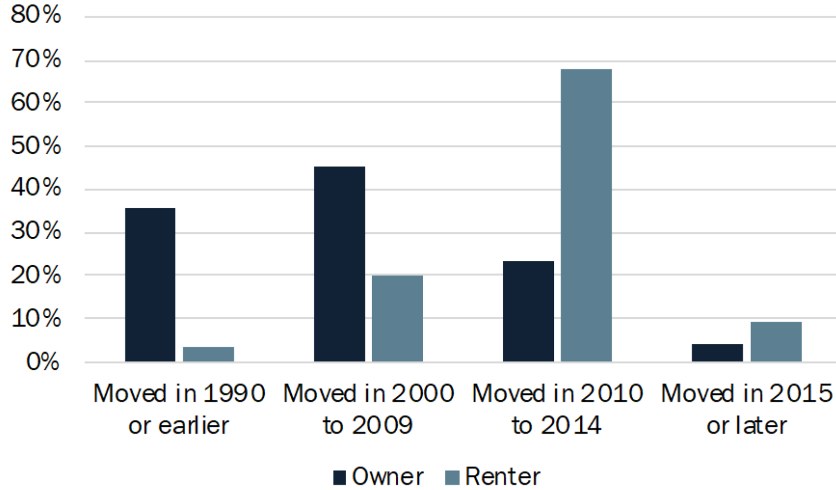
Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

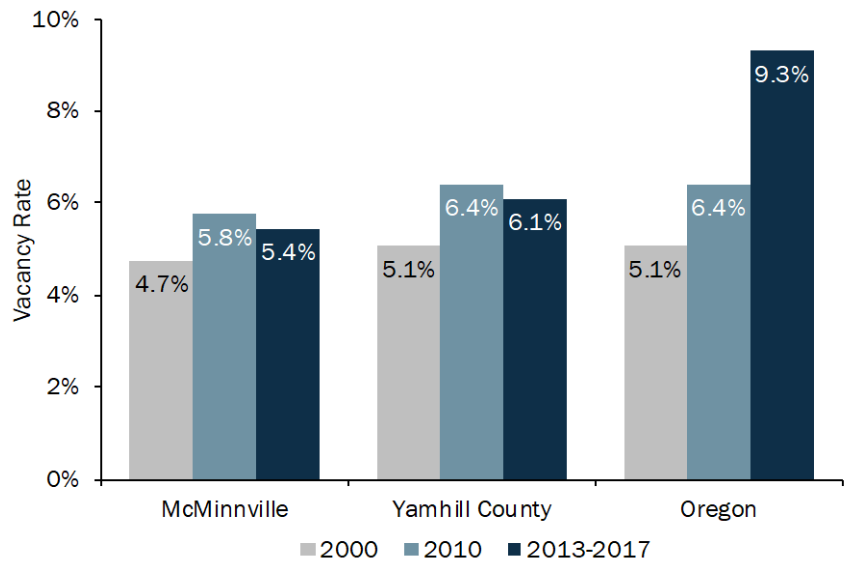
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



Short-Term Rentals and Seasonal Housing

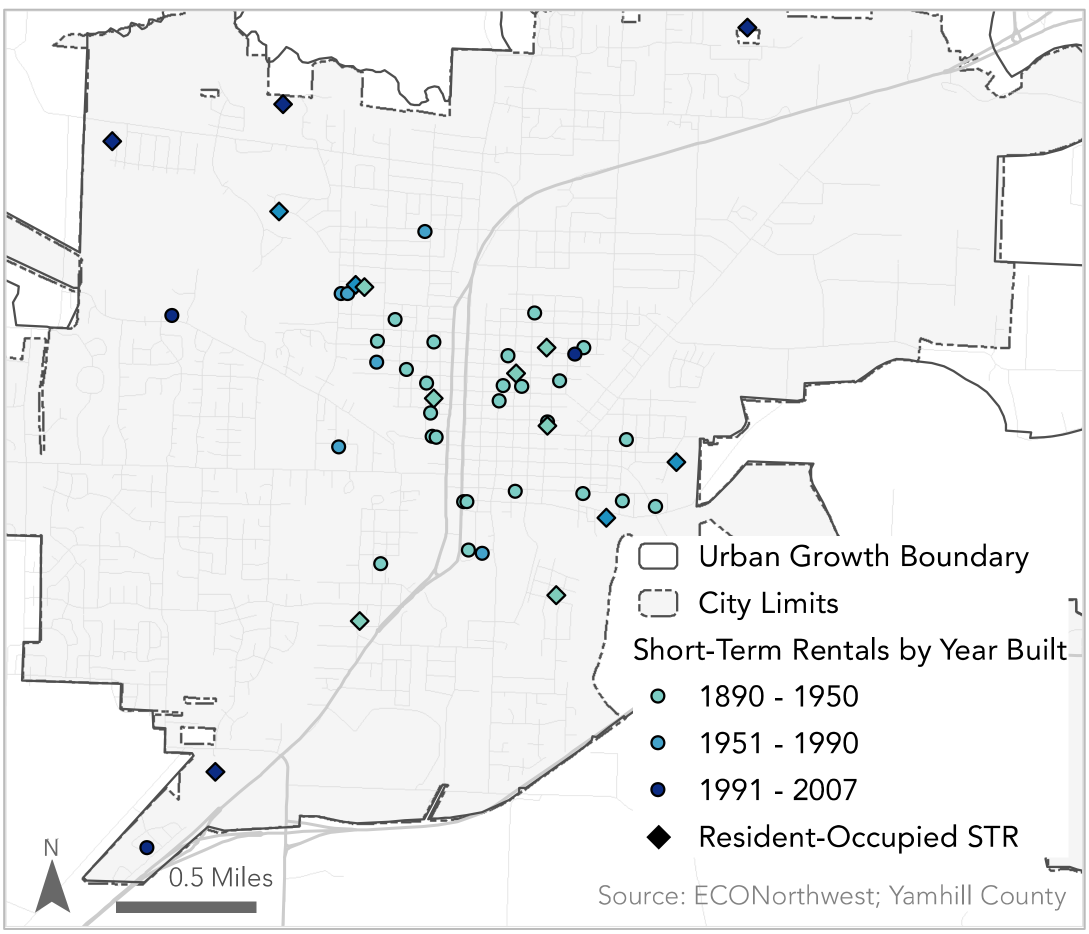
McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

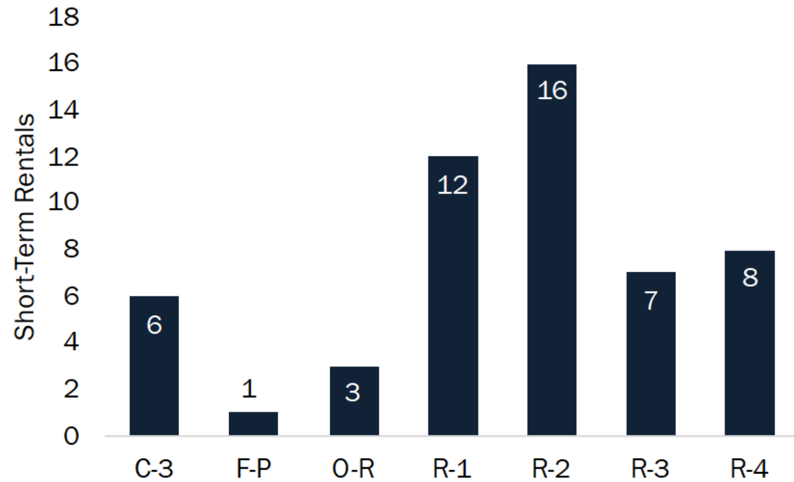


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	52 Units	74 units	222%
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

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[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

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[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
    - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
    - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
    - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
    - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
    - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
    - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
  - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
  - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

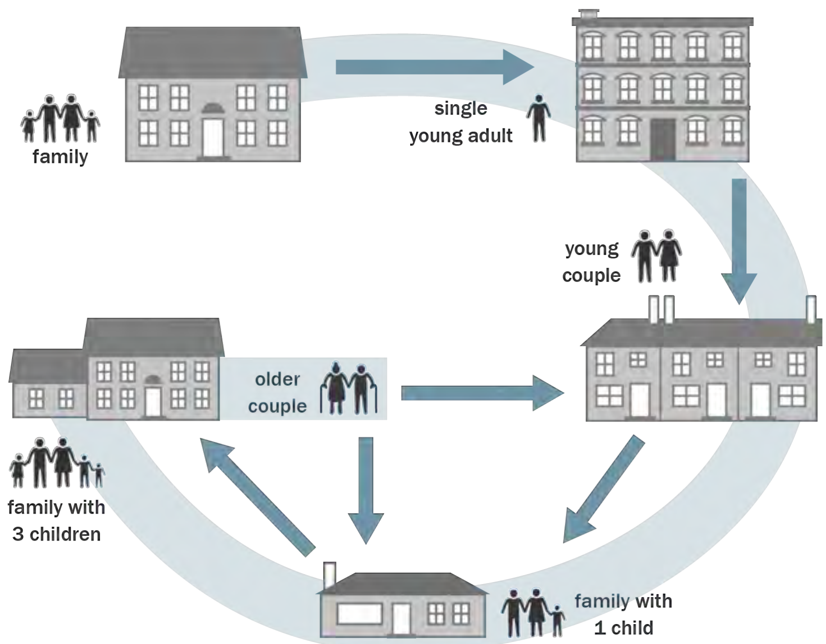
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

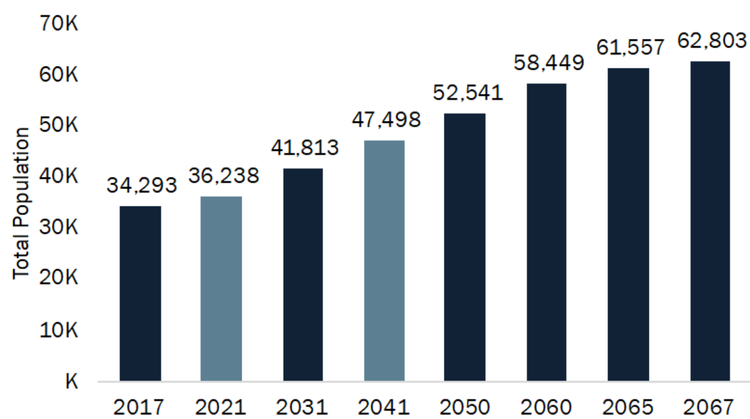
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

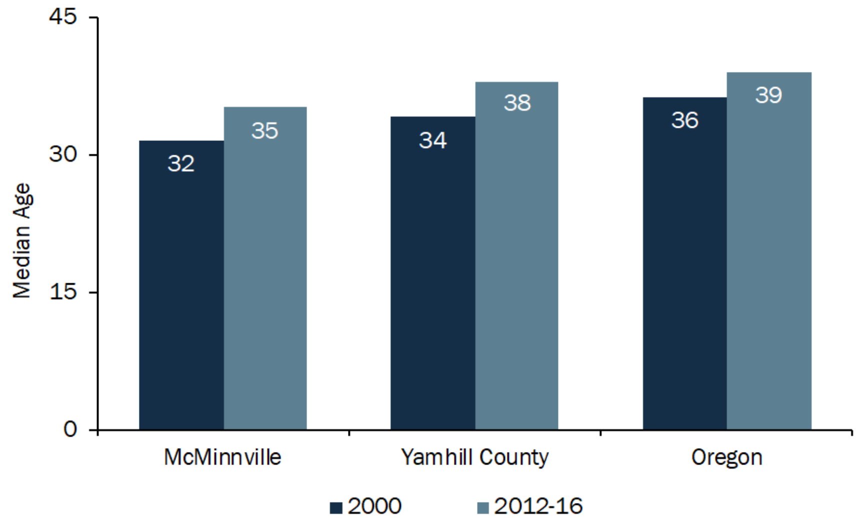
[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014. Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

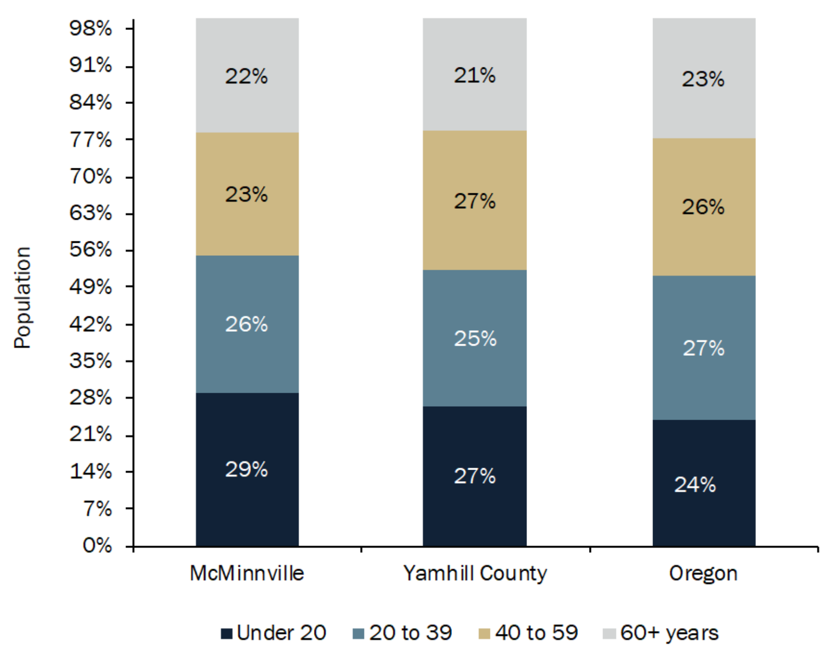
From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

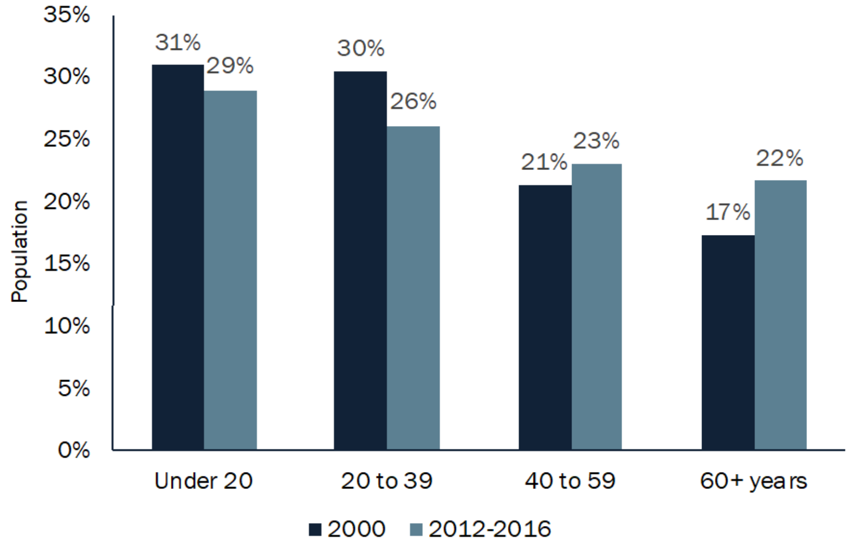
Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

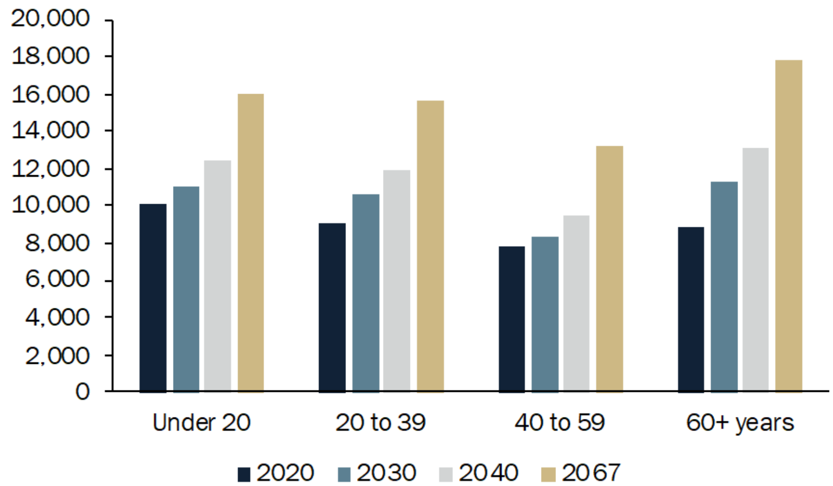
19%	**22%**	**28%**	**56%**
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

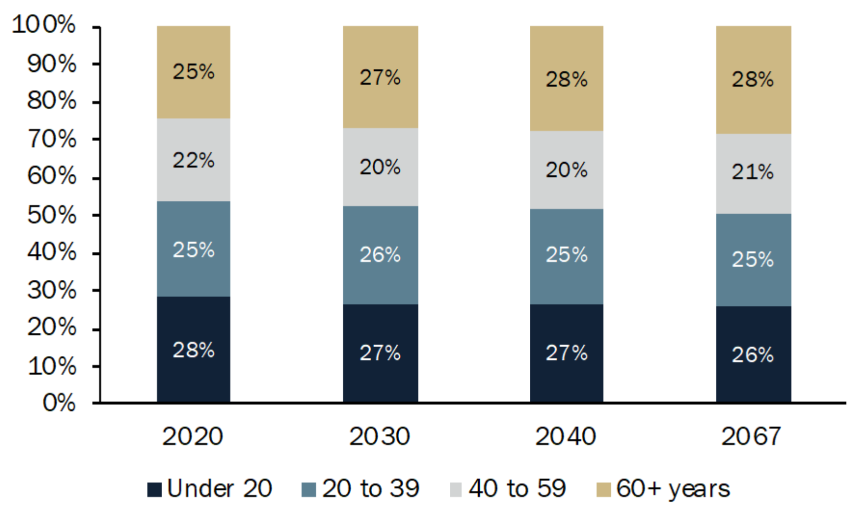
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

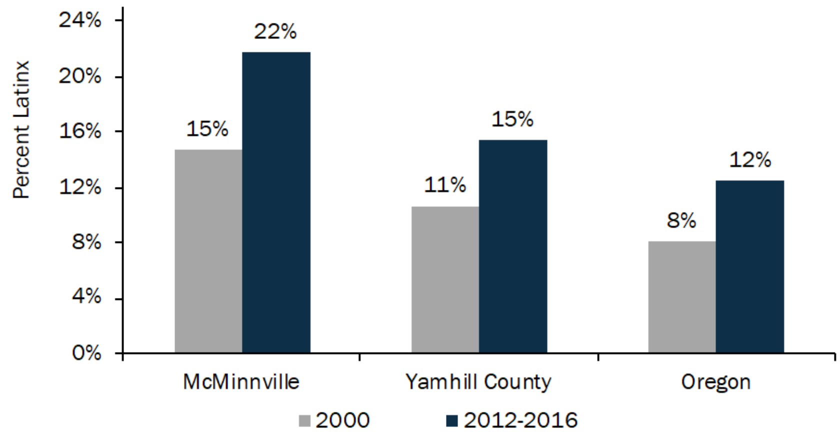
Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	89% White	1% Black/African Am.	2% Asian	8% Other races
Yamhill Co.	89% White	1% Black/African Am.	1% Asian	9% Other races
Oregon	85% White	2% Black/African Am.	4% Asian	9% Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018

Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

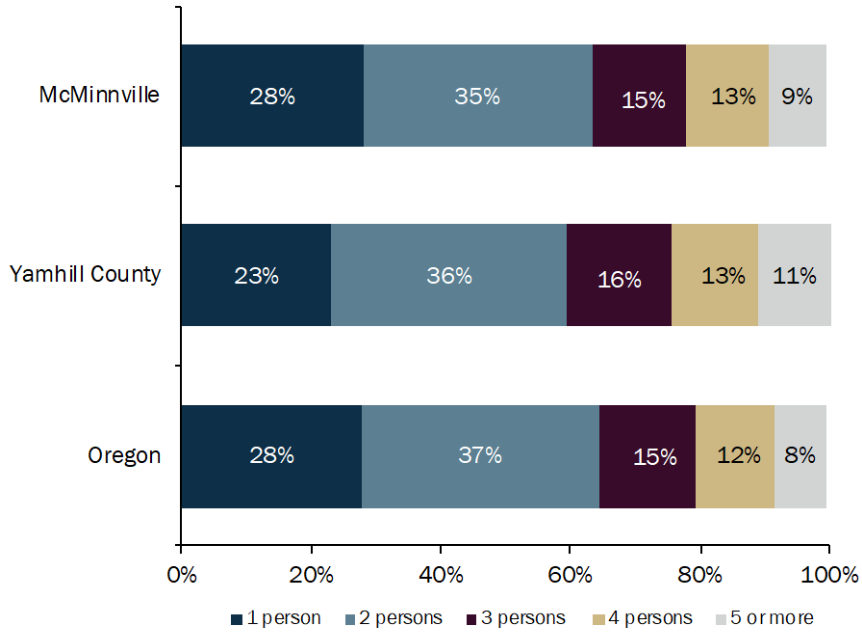
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25009

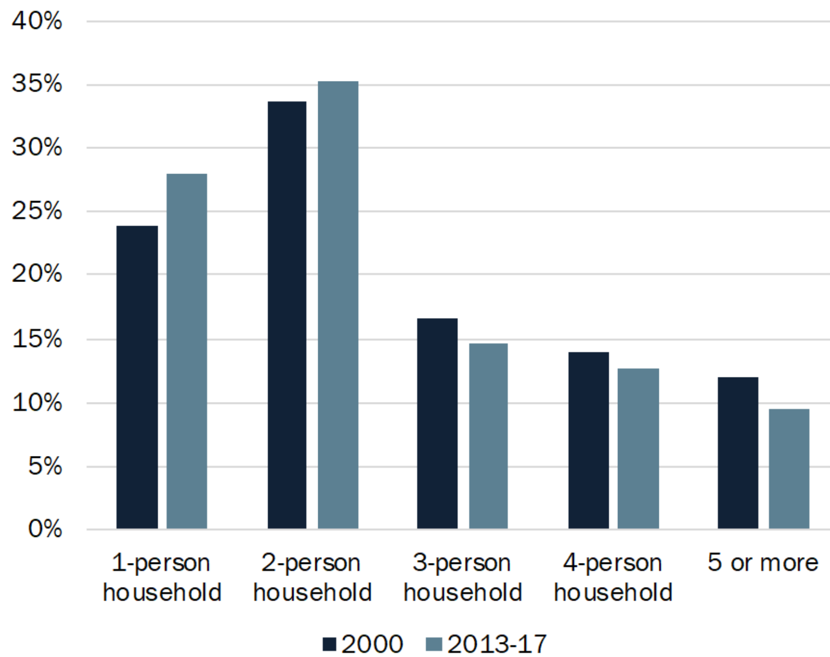


McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17

Source: US Census Bureau, 2013–2017 ACS, Table B25009.

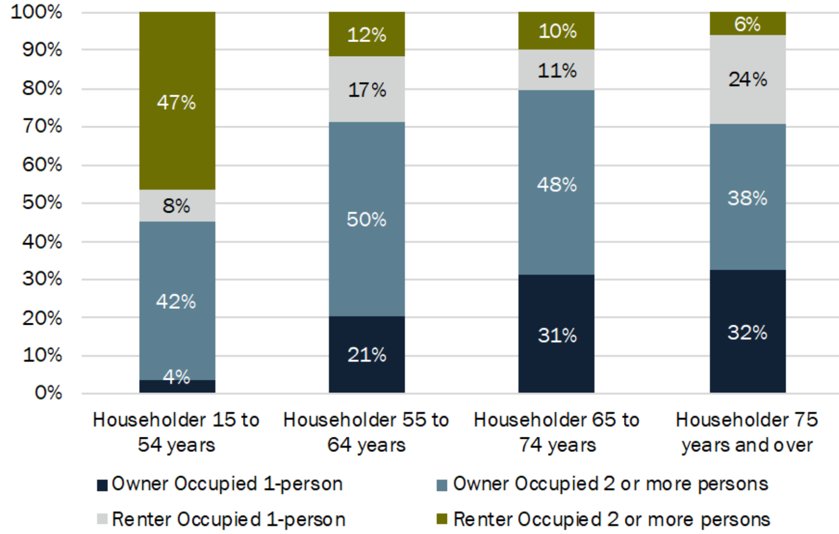


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

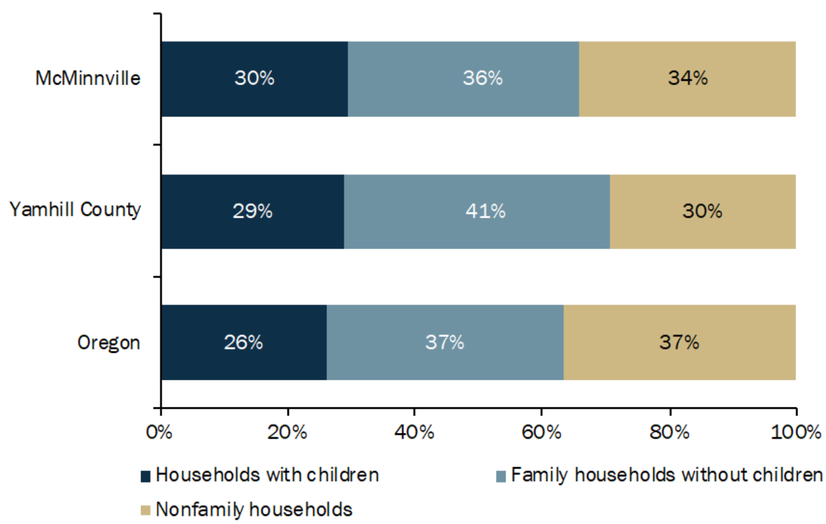


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

Exhibit 52. Household Composition, McMinnville, 2013–2017

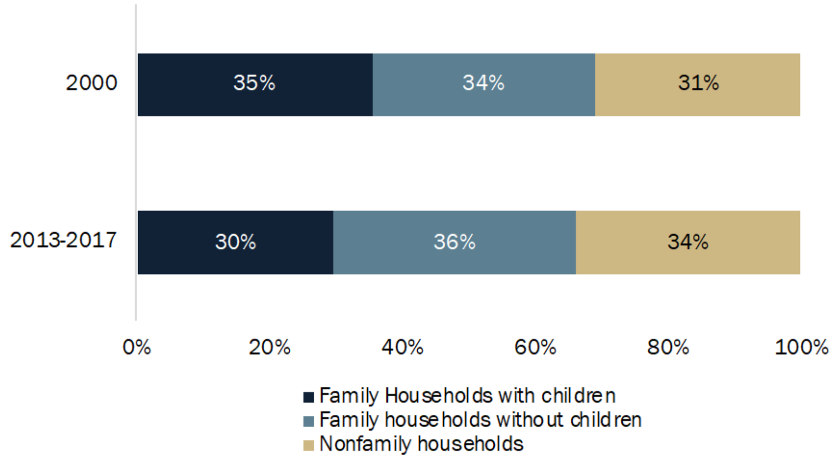
Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017

Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.



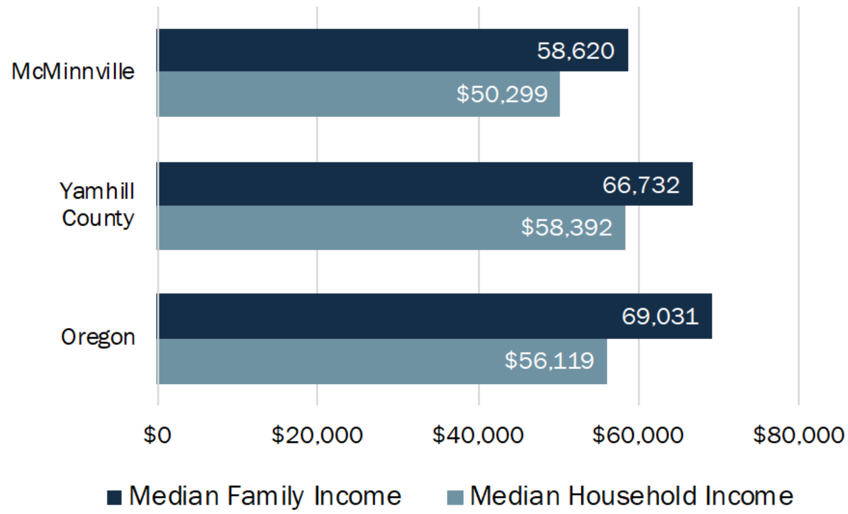
Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.

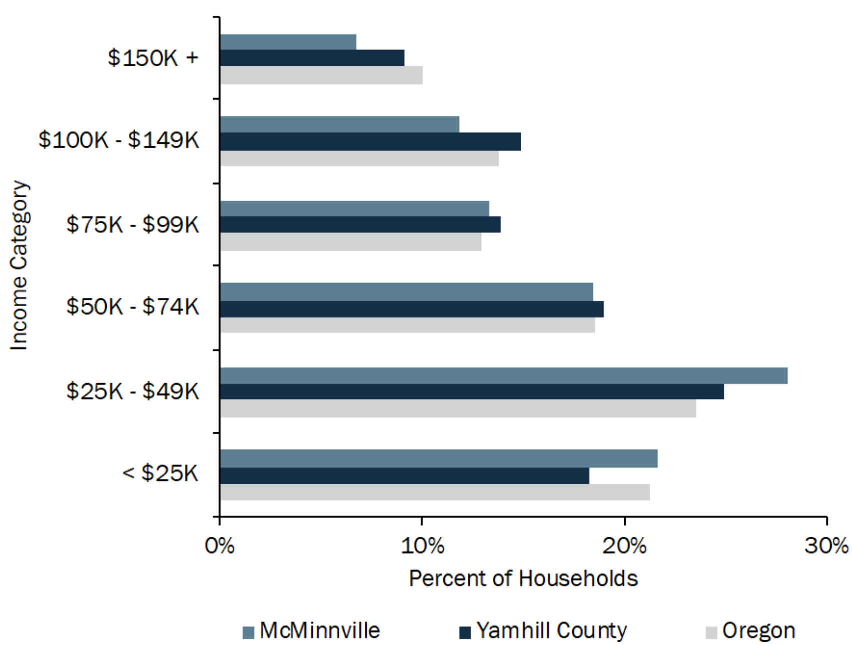


Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B19001.

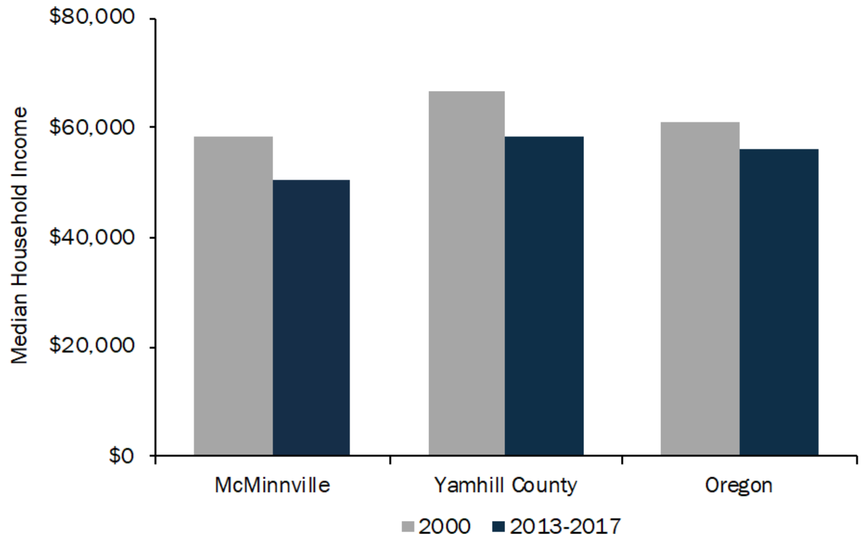


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015
Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015
Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015
Source: US Census Bureau, Census On the Map.

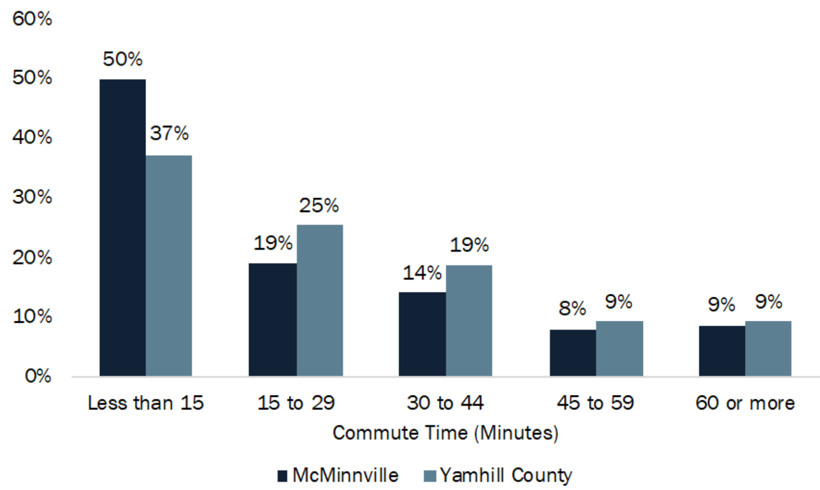
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

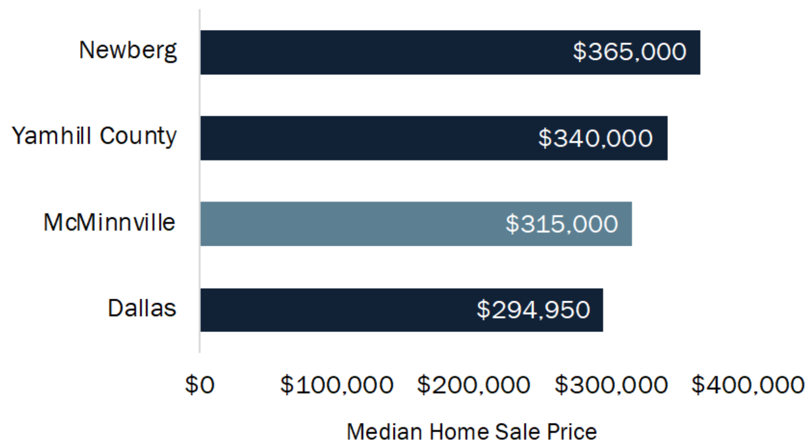
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.

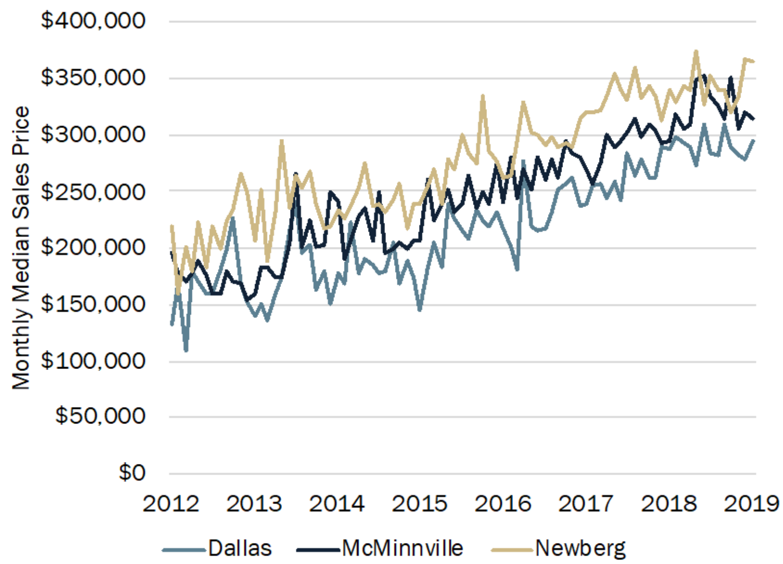


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019

Source: Redfin Median Sales Data 2018.

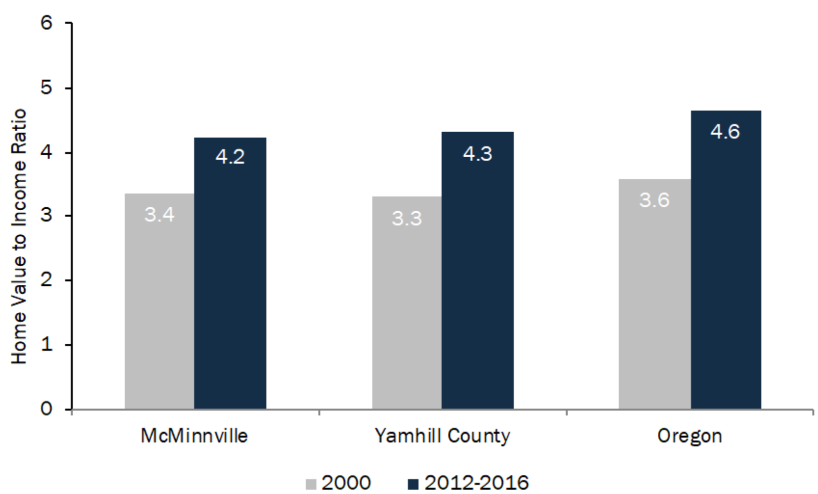


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

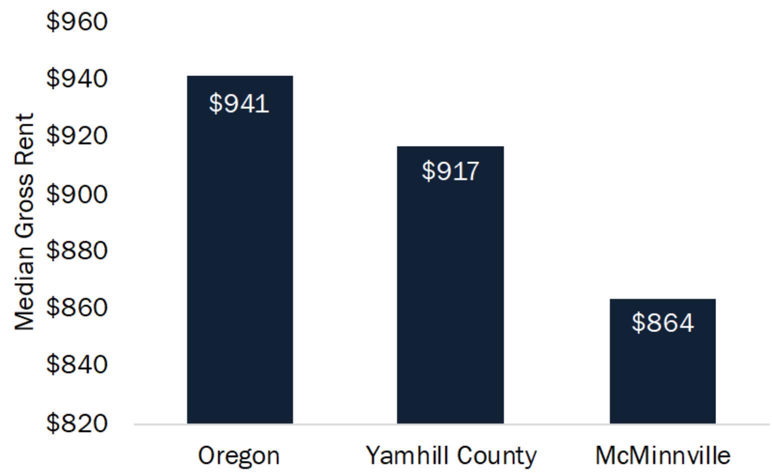
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

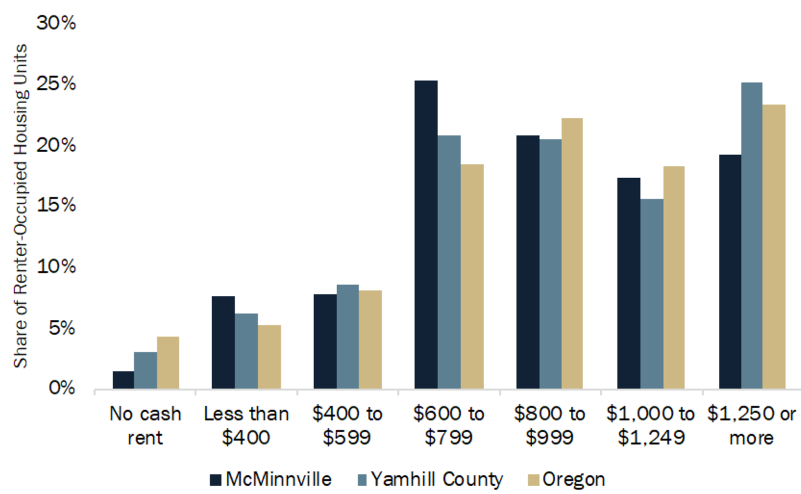


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

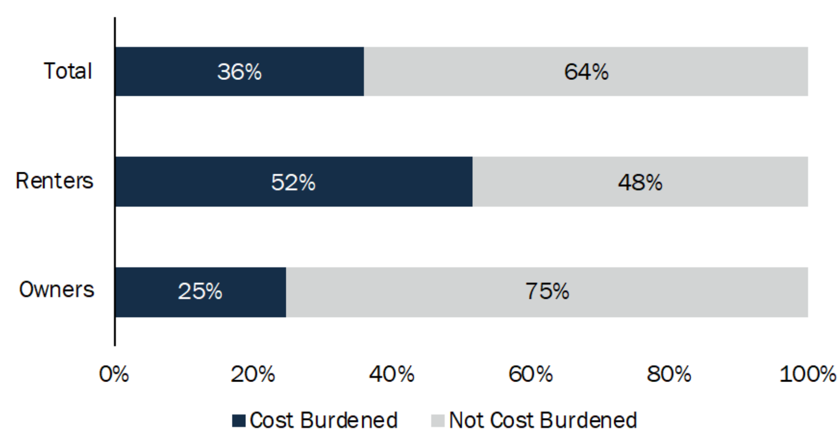
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

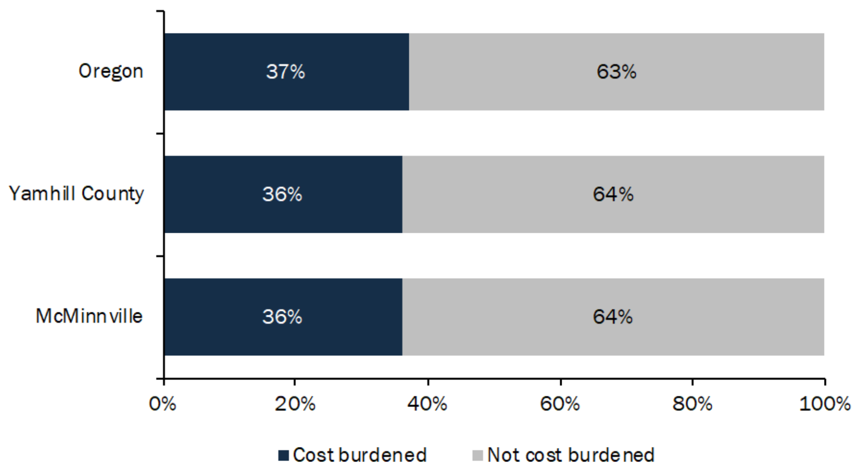
Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



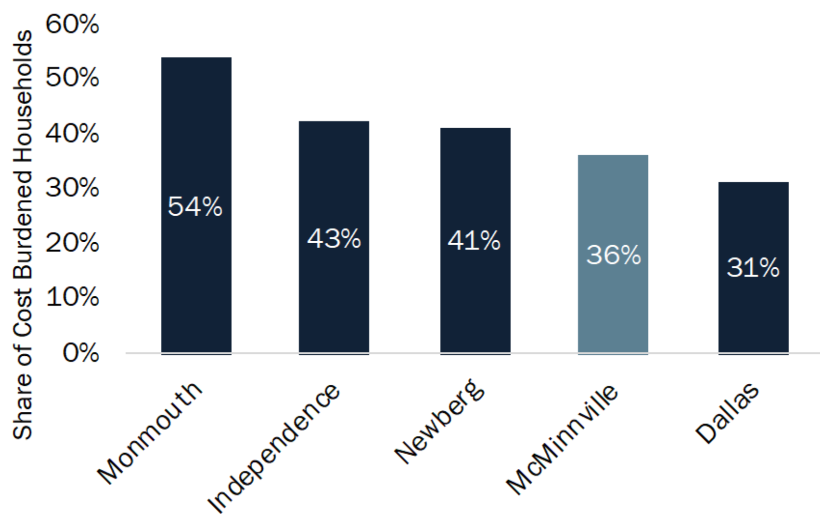
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Other communities in the region have a larger share of cost-burdened households than McMinnville does.

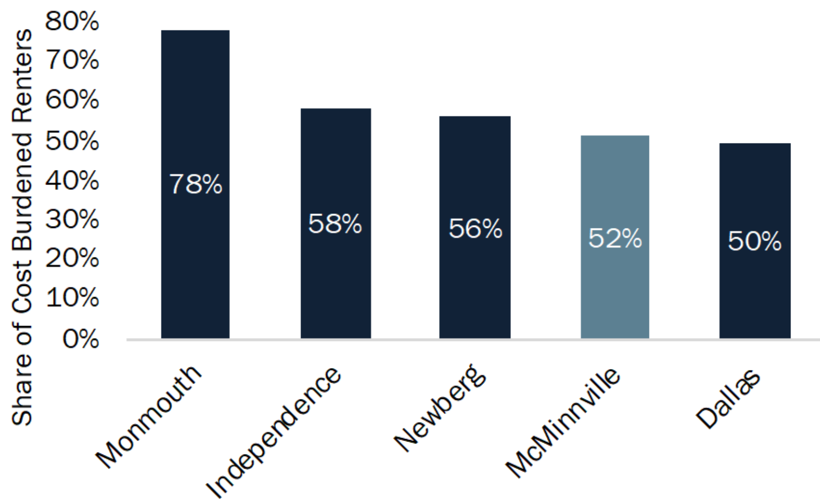
Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016

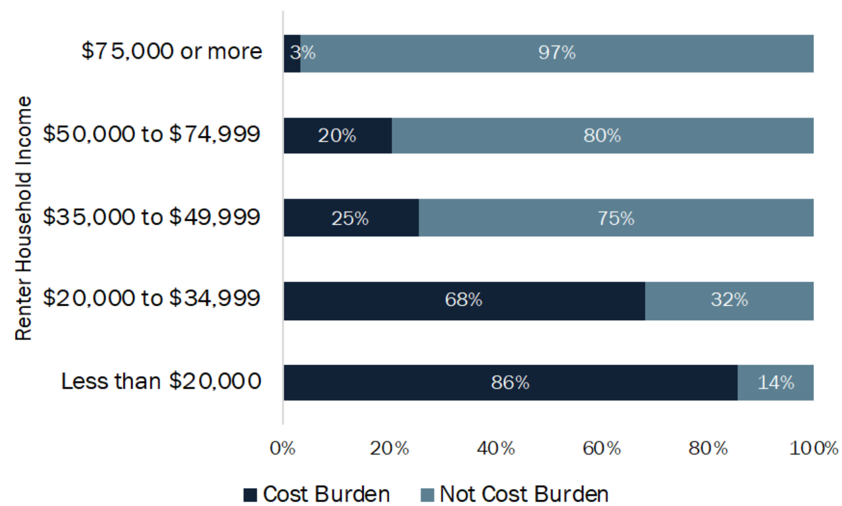
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
$1,026	$1,132	$1,330	$1,935	$2,343

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

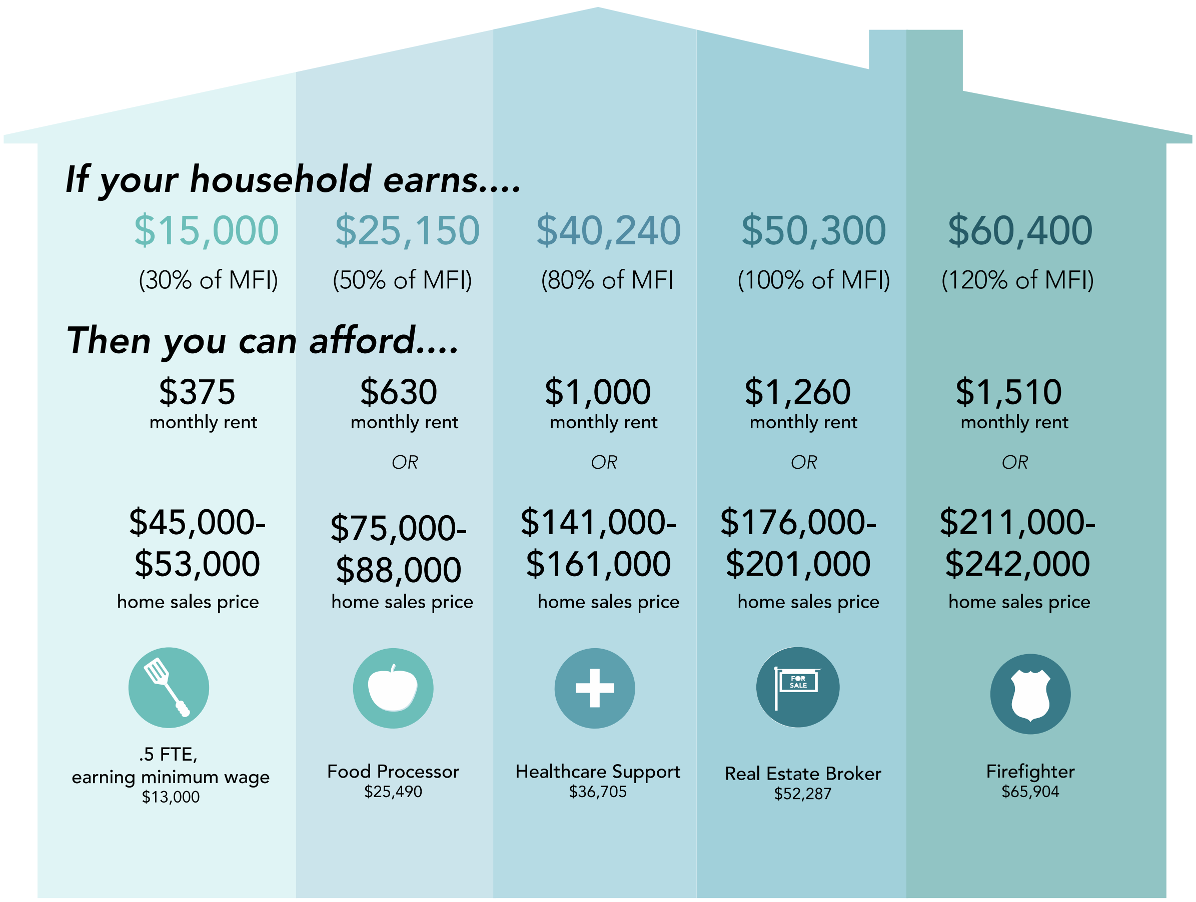
$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017

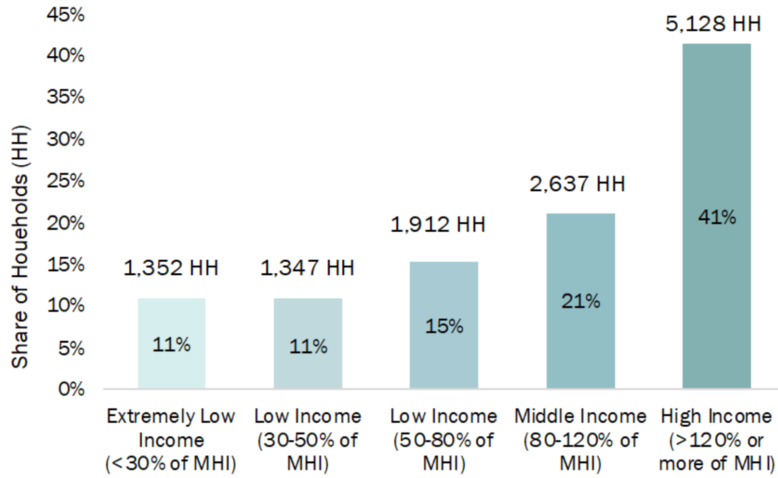
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017

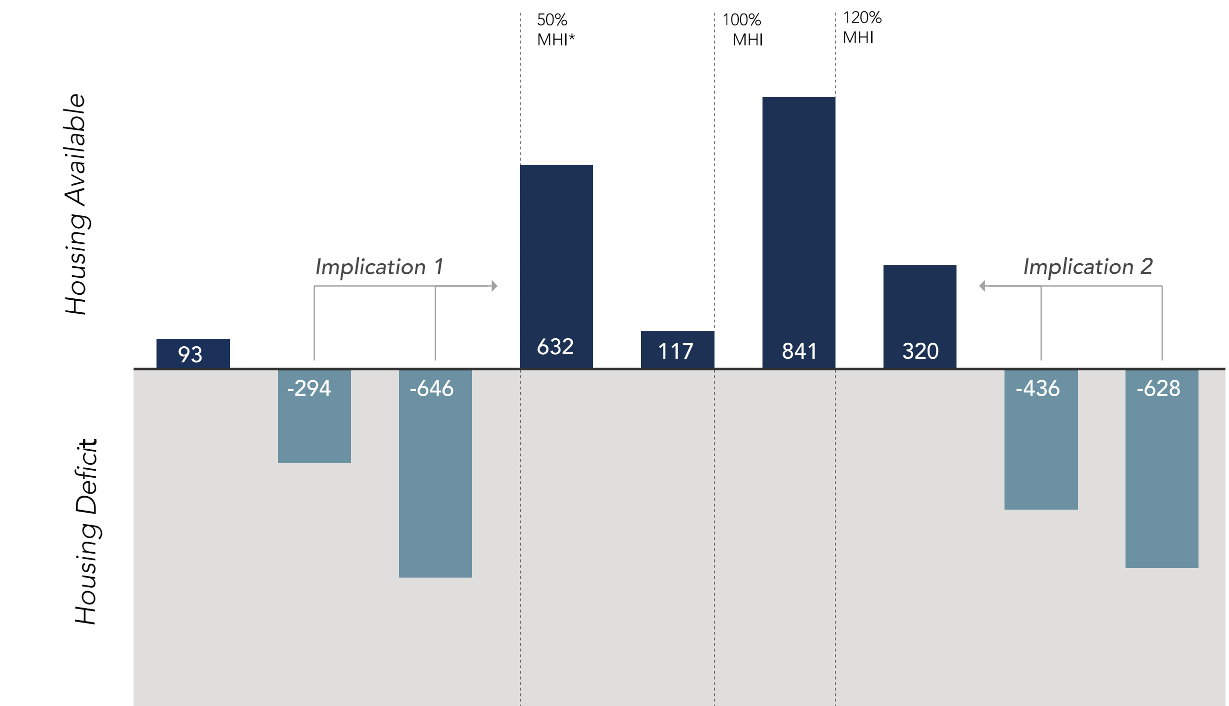
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017

Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

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[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

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[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

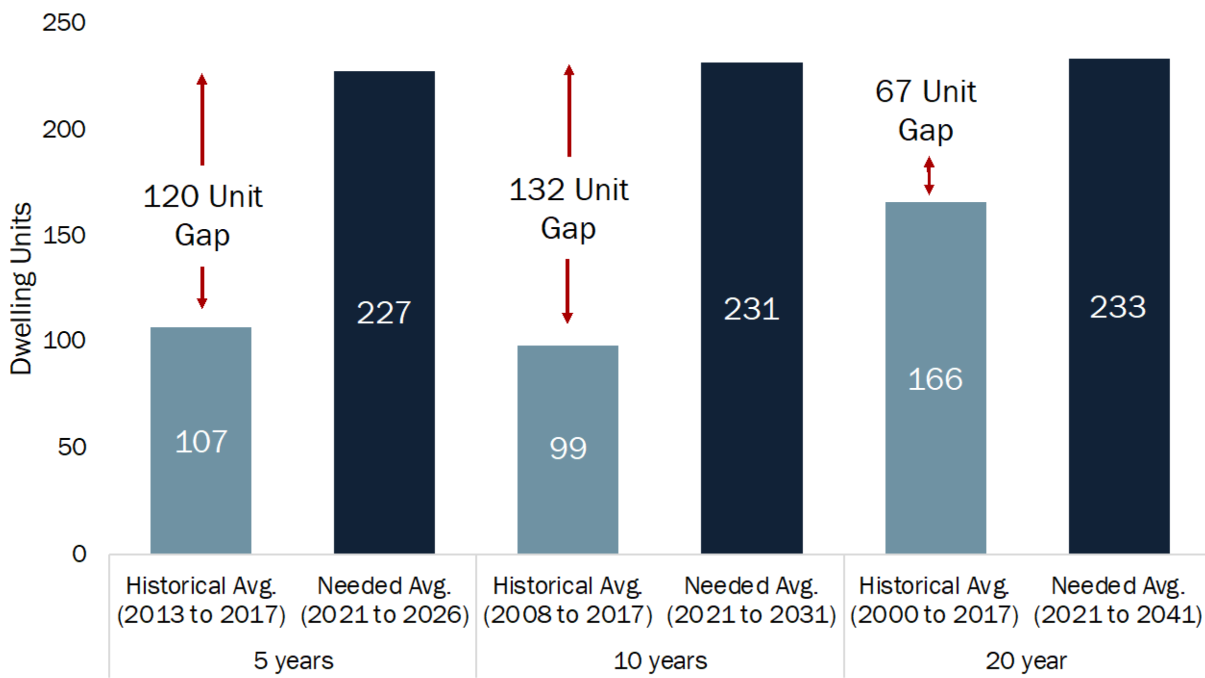
Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041

Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:

(A) the number, density, and average mix of housing types of urban residential development that have actually occurred;

(B) trends in density and average mix of housing types of urban residential development;

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

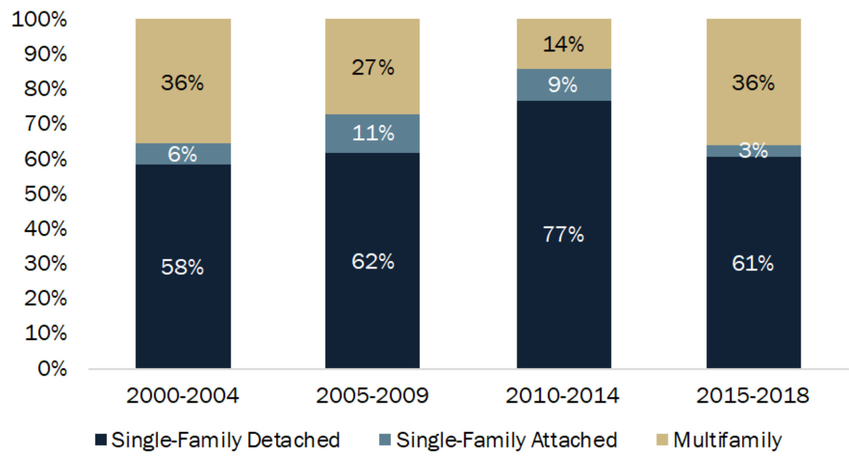
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

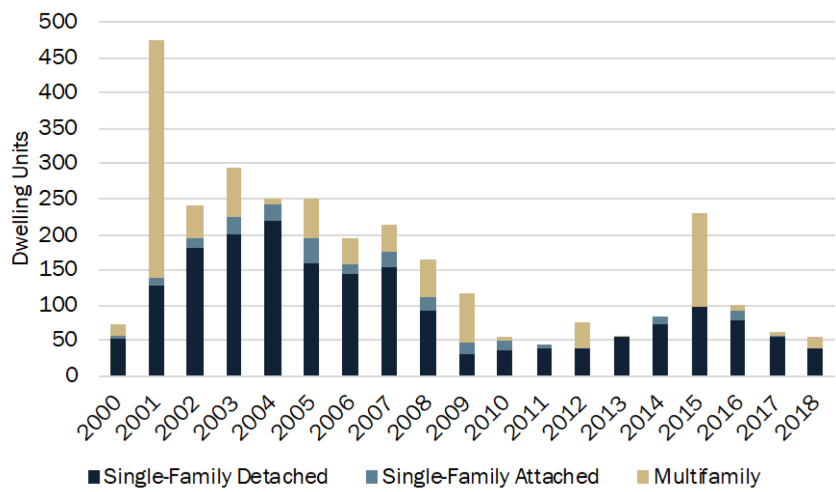
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

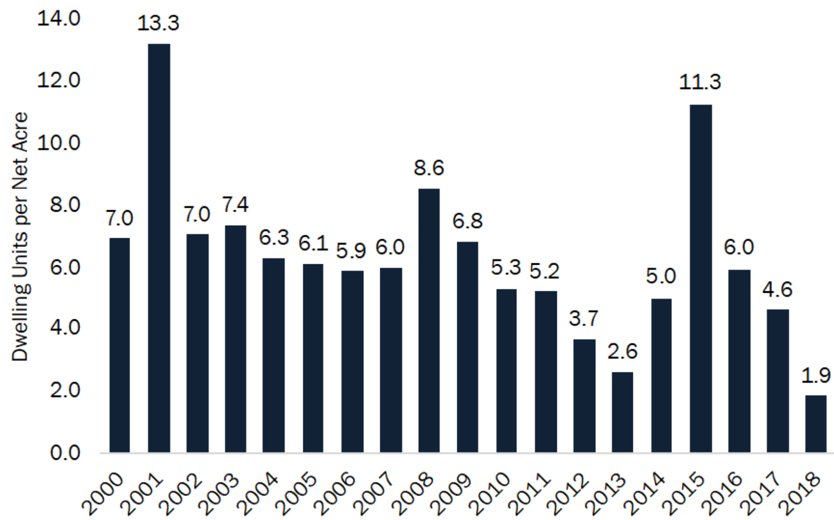
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
    - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
    - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

  - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

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[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
  - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
  - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
  - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

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[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

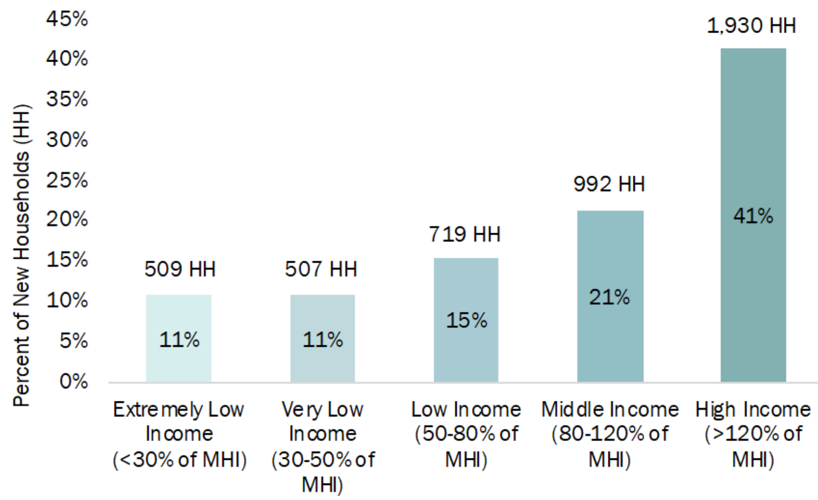

Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
    - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
    - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

      Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

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[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

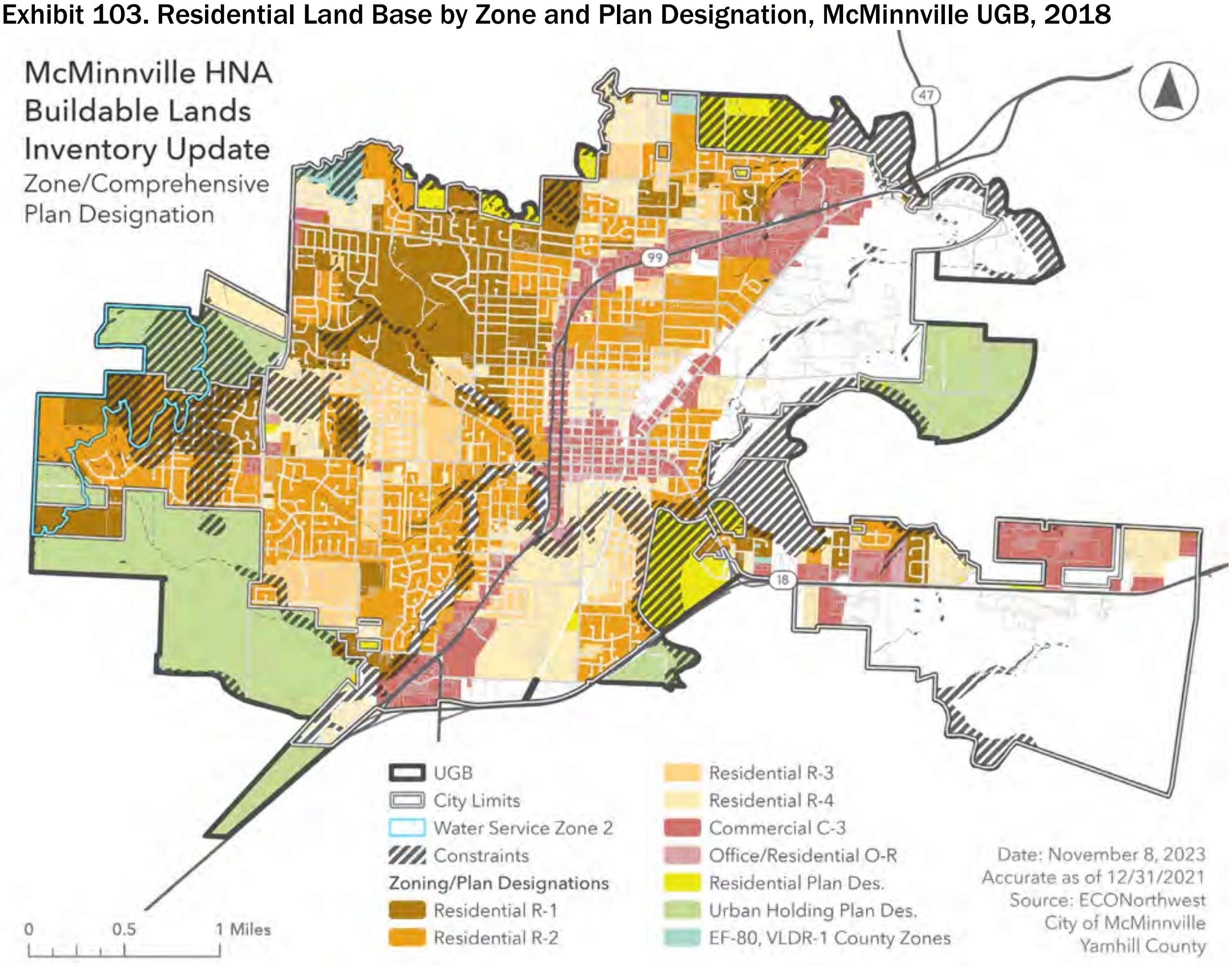
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067

Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041
Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

	Residential Plan Designations							
Housing Type	R-1	R-2	R-3	R-4	O-R	County Zoning	C-3	Total
Dwelling Units								
Single-family detached	575	1,416	**88**	**575**	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

	Residential Plan Designations							
Housing Type	R-1	R-2	R-3	R-4	O-R	County Zoning	C-3	Total
Dwelling Units								
Single-family detached	531	1,283	**88**	**531**	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

City of McMinnville Economic Opportunities Analysis

November 2023

Prepared for:

City of McMinnville

***FINAL* REPORT**

ECONorthwest
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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City thank the many people who helped to develop the McMinnville Economic Opportunities Analysis.

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to "Planned Development" overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

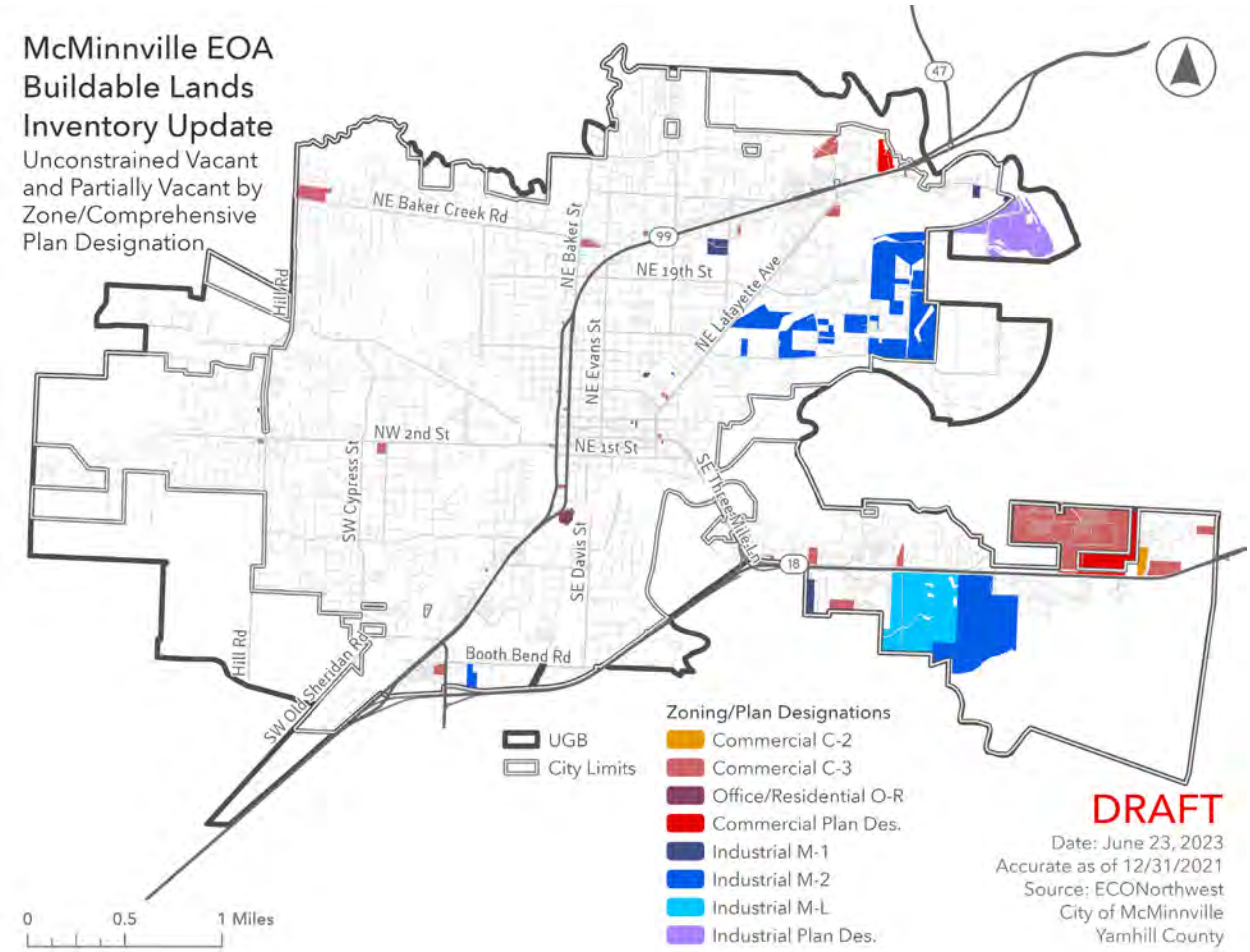
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional
Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need: 20-Year (2021-2041)	Additional Land Need: 46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 444.5 acres, including about 62 acres for Joe Dancer Park. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Note: Park land in the UGB expansion includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
  - Accounting for land brought into the urban growth boundary in 2020
  - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

> Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

> Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.
>
> Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.
>
> Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

> Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.
>
> Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes five appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

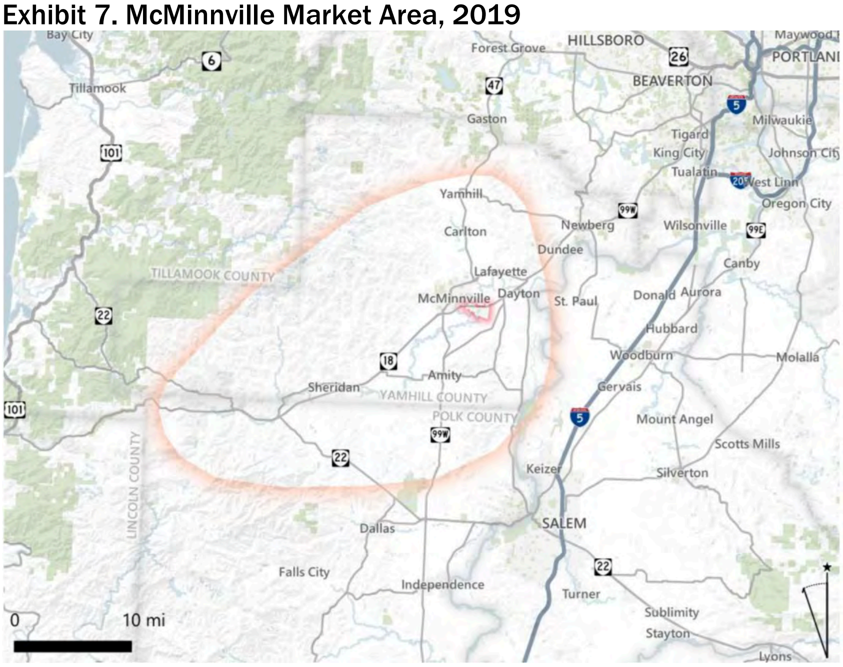
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

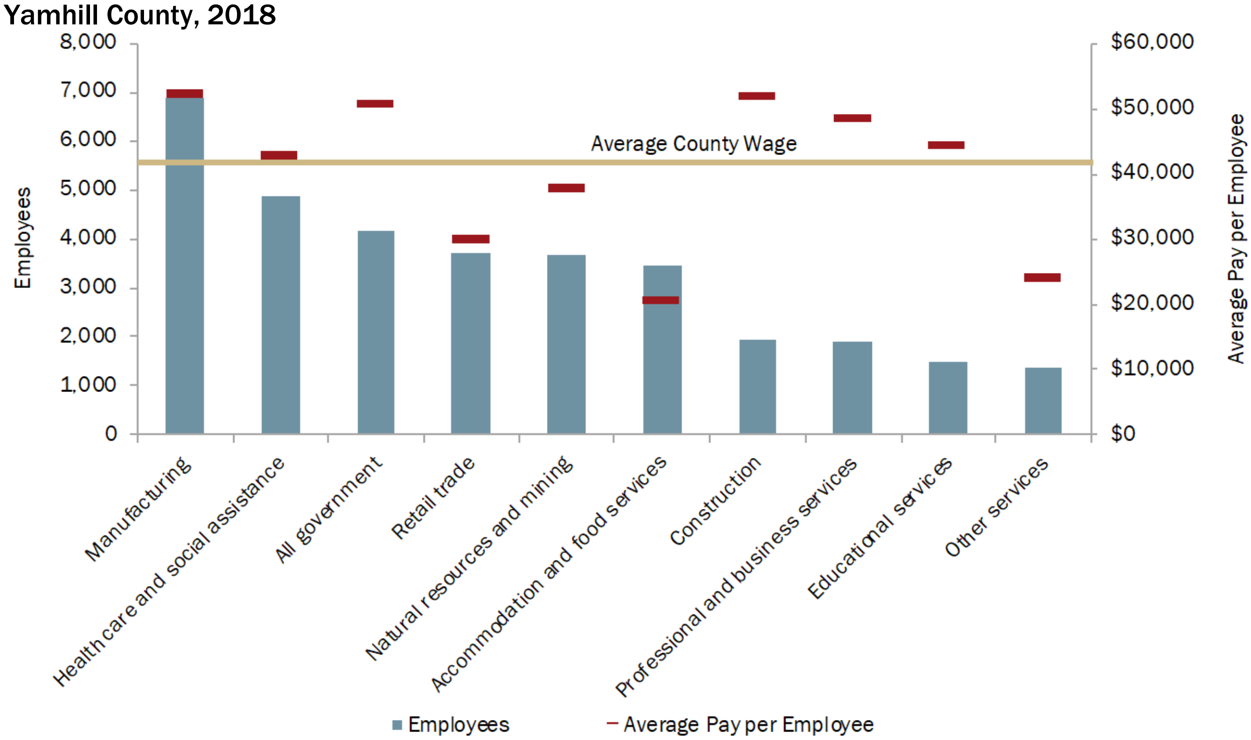
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

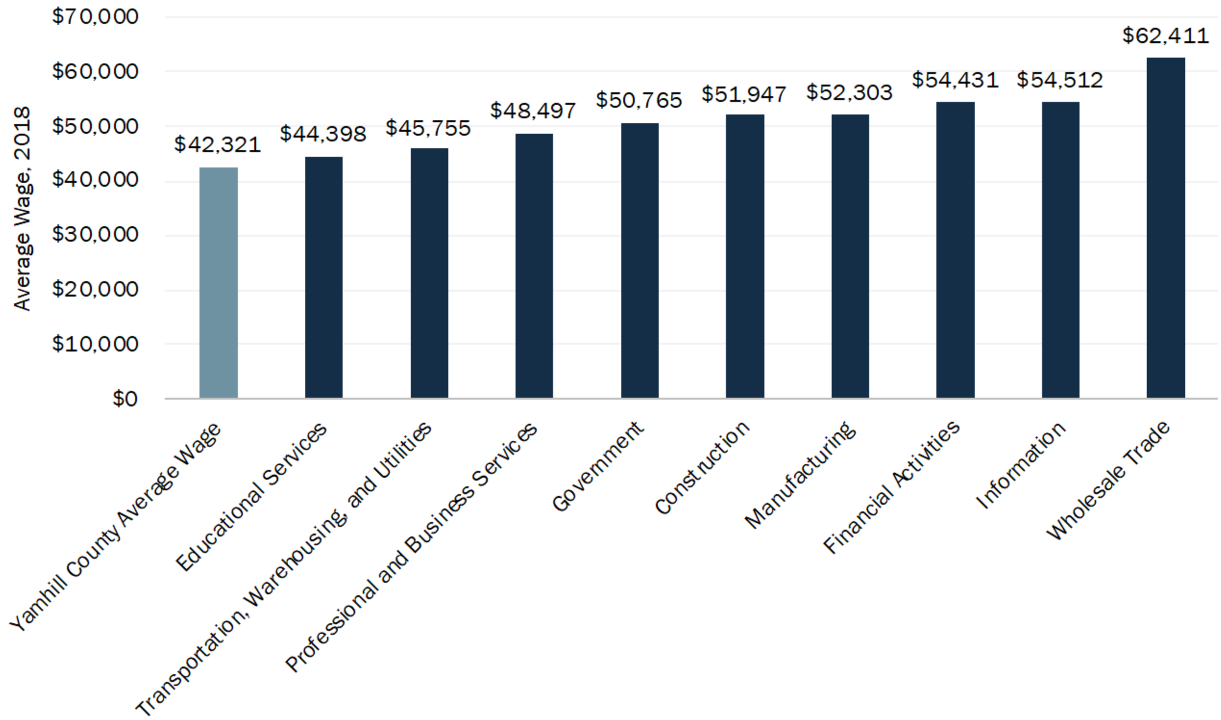
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

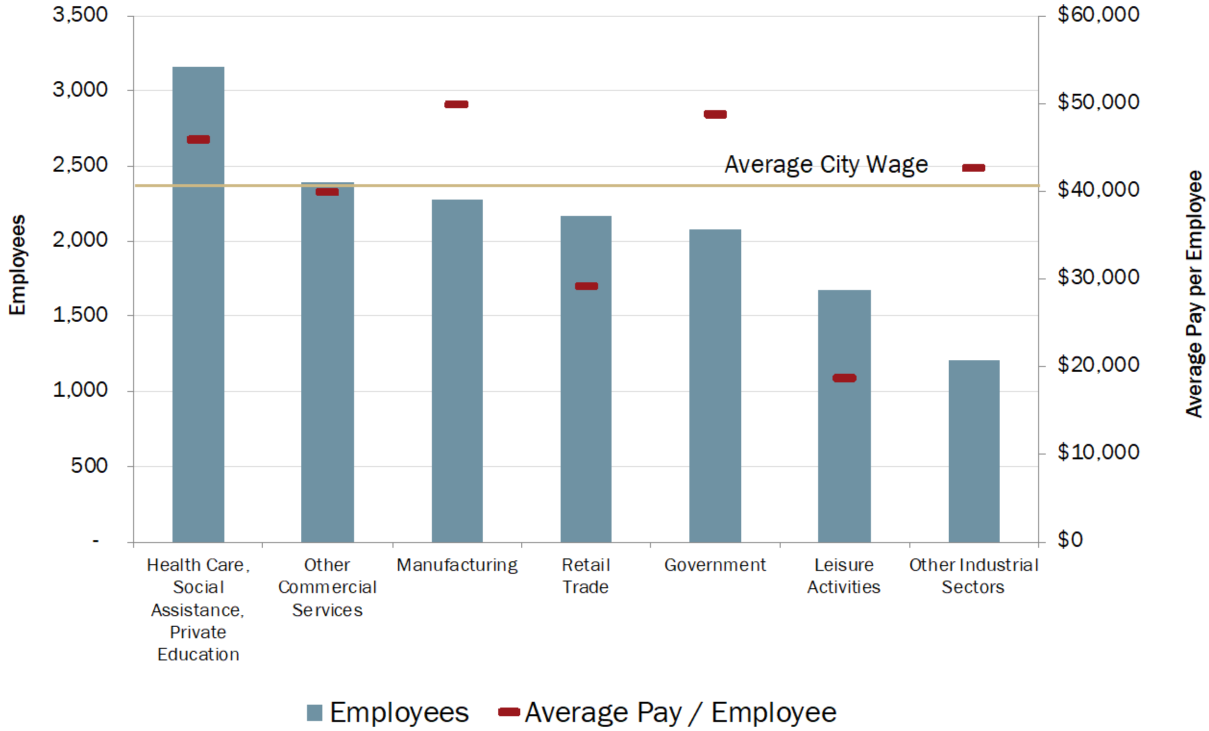
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

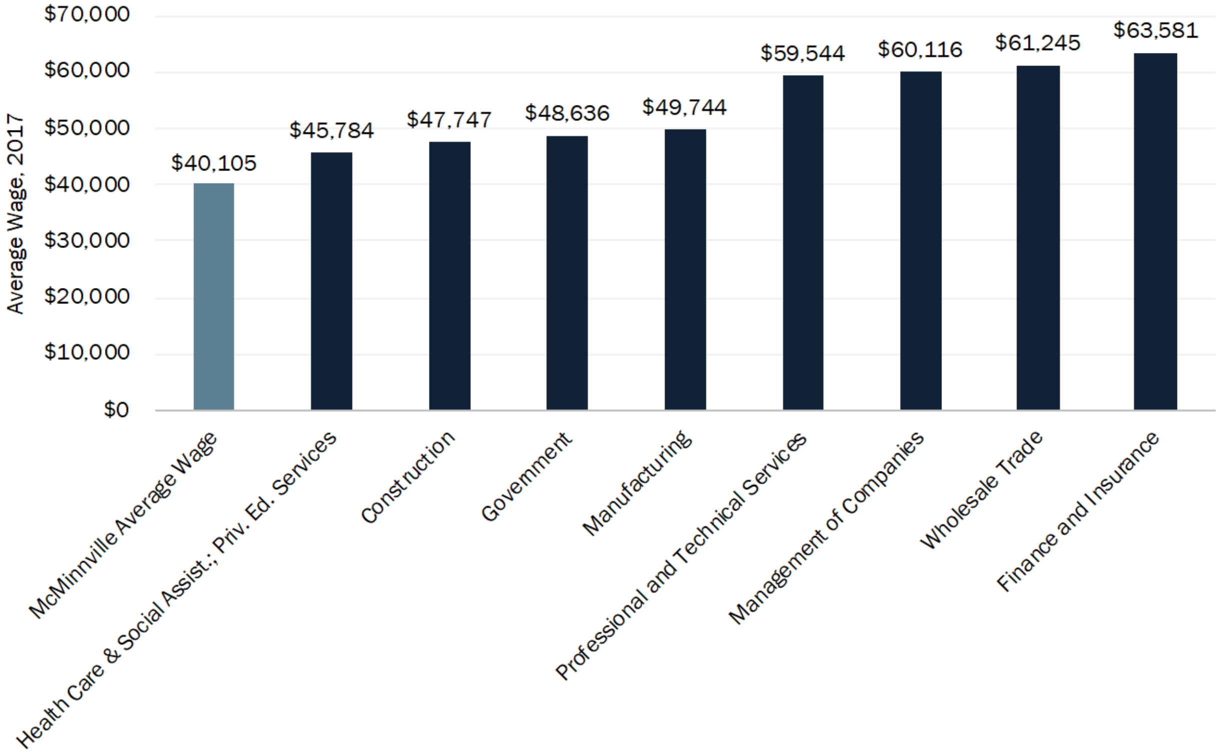
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

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[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

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[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

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[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see,* for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]
- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]
- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

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[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017.

This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

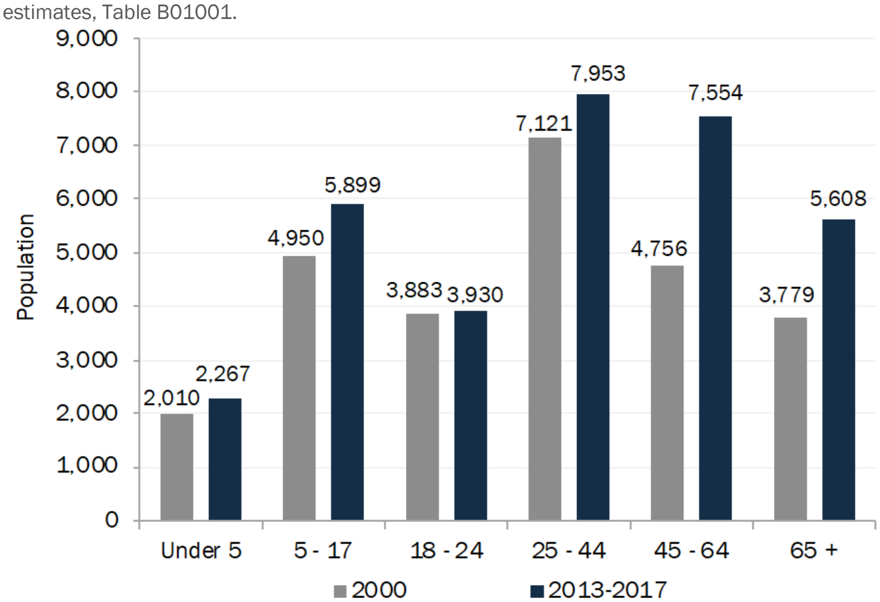
	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).

This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



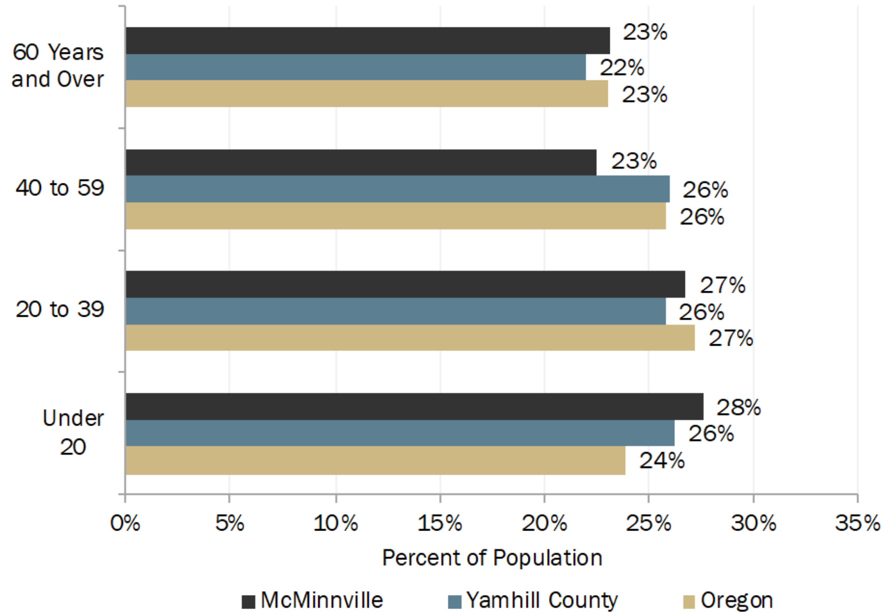
During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.

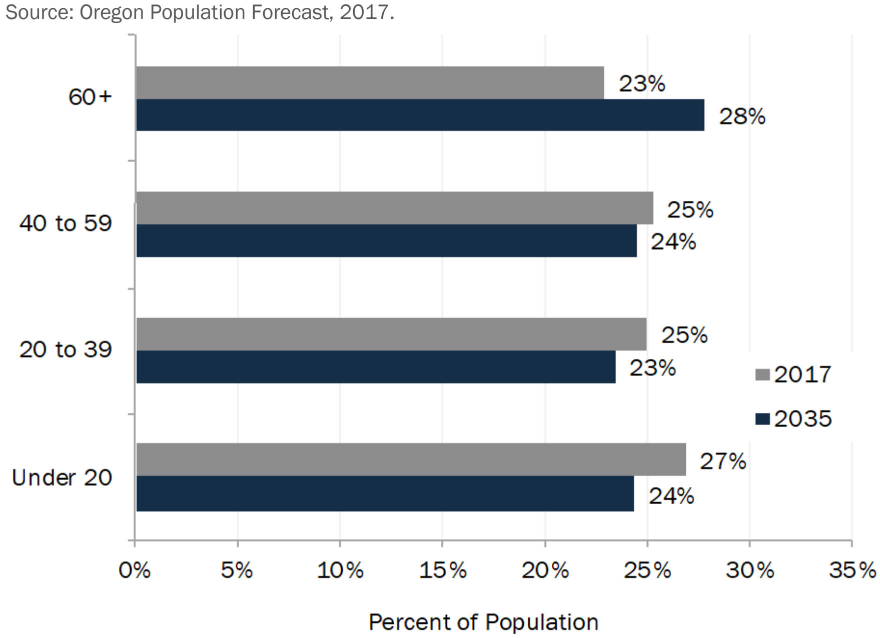


By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



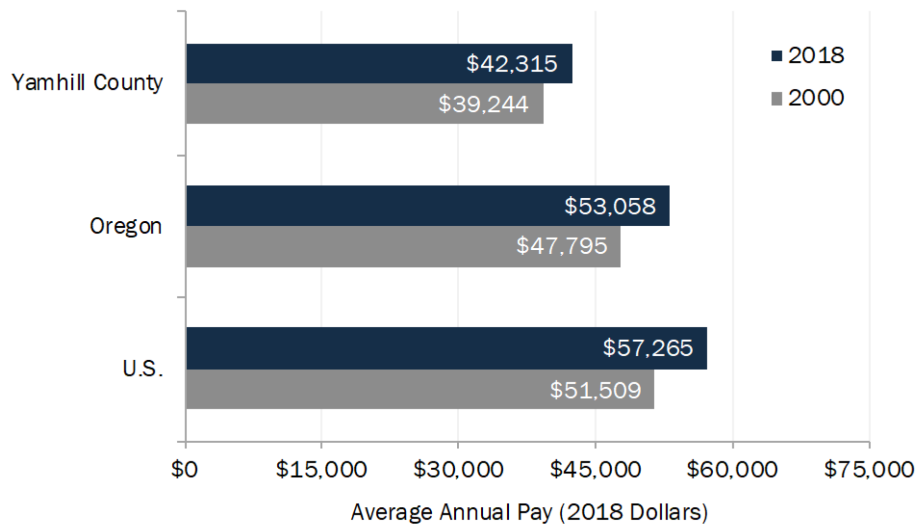
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299	$58,392	$56,119
McMinnville	Yamhill County	Oregon

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

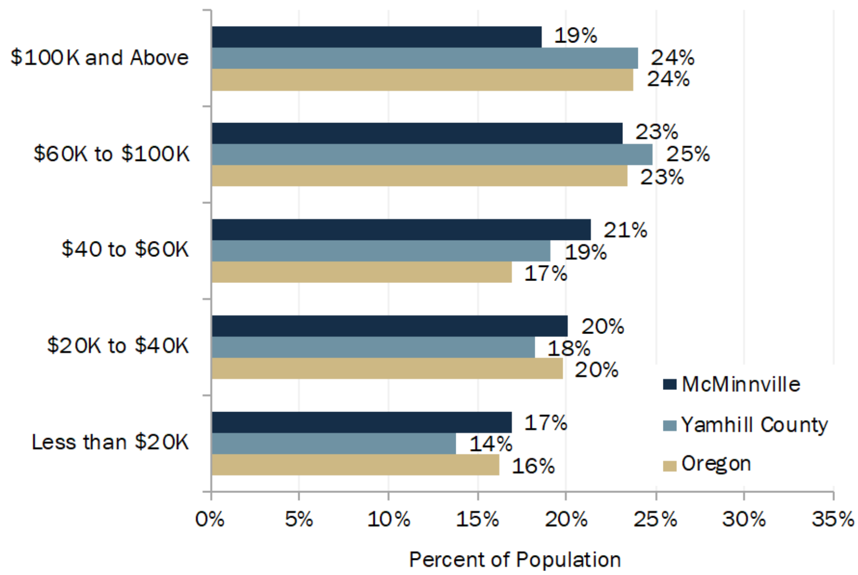
McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



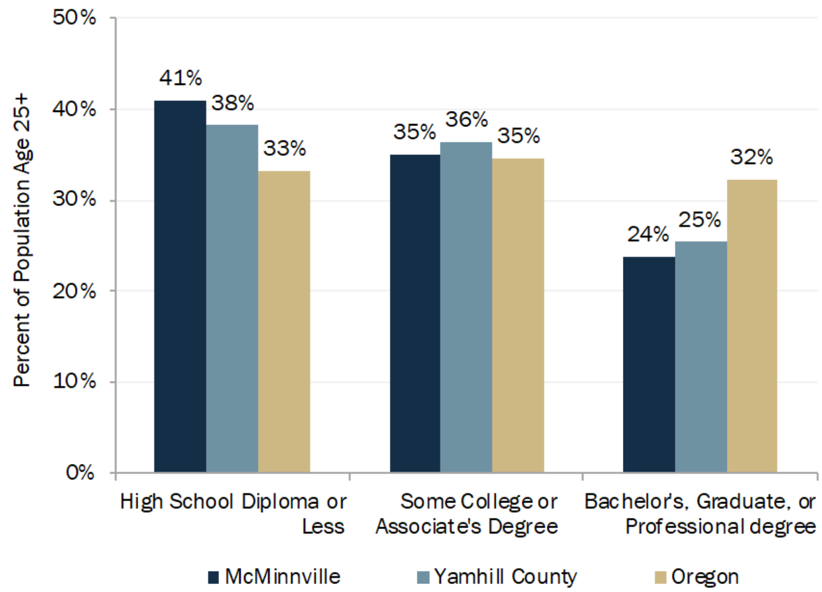
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



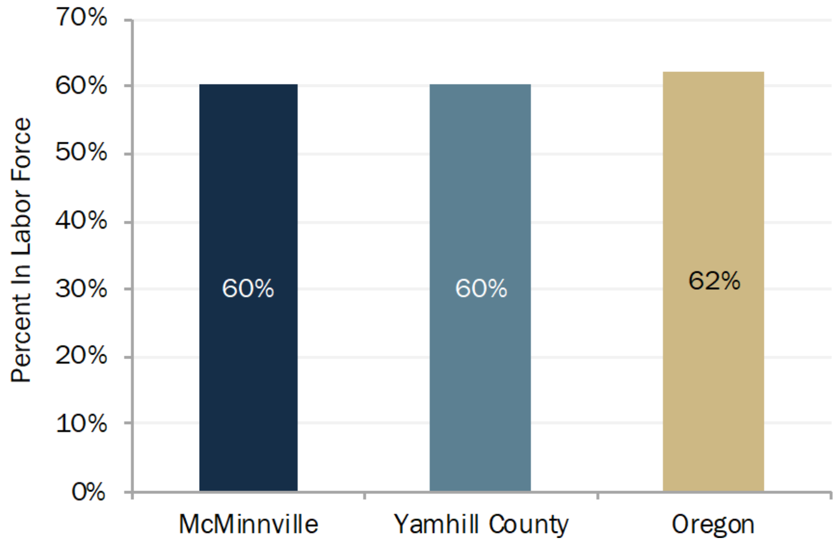
Labor Force Participation and Unemployment

The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



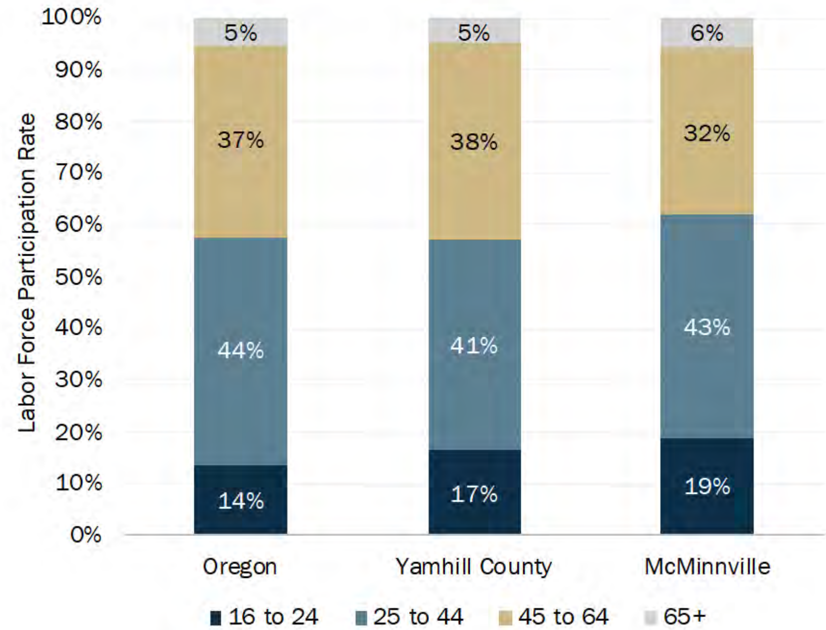
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

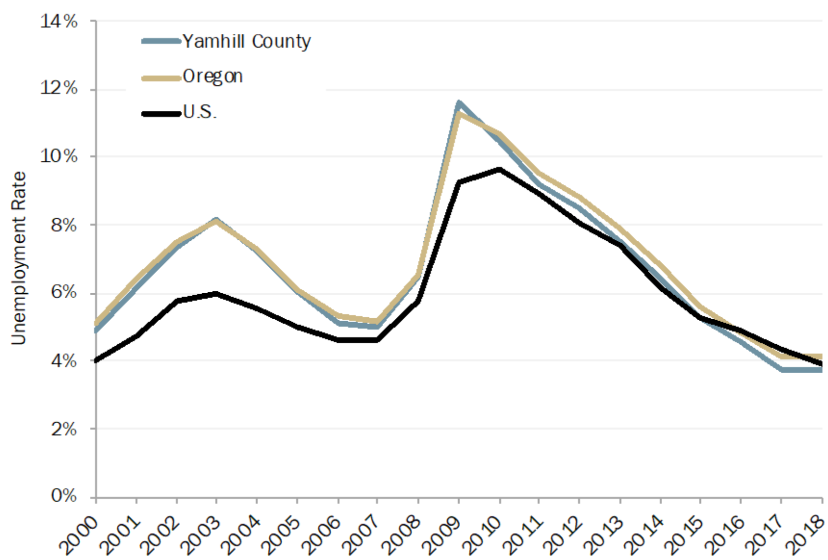


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

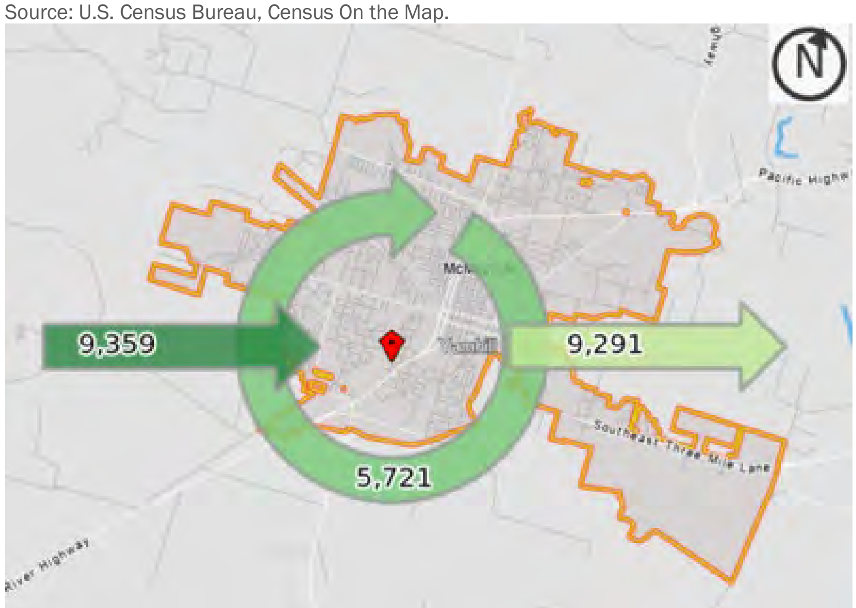
Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.

Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017

Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017

Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

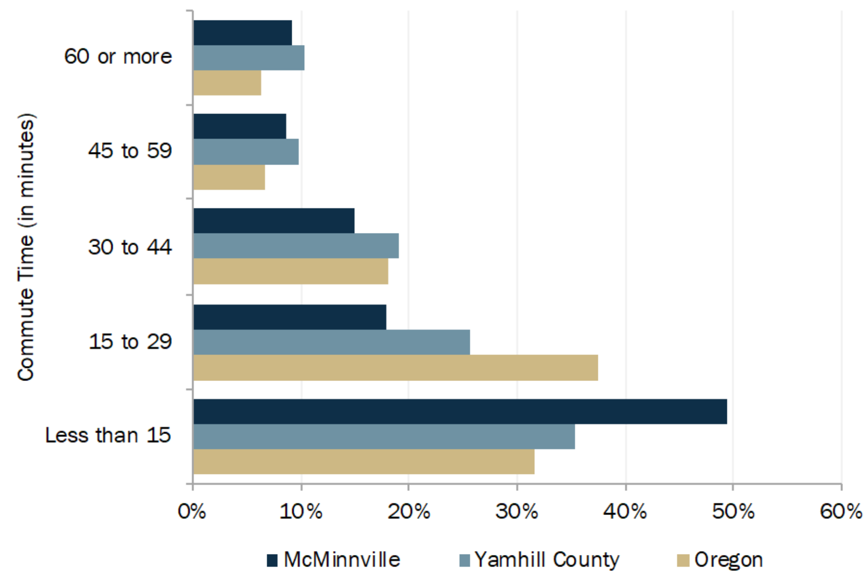
Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



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[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018. The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

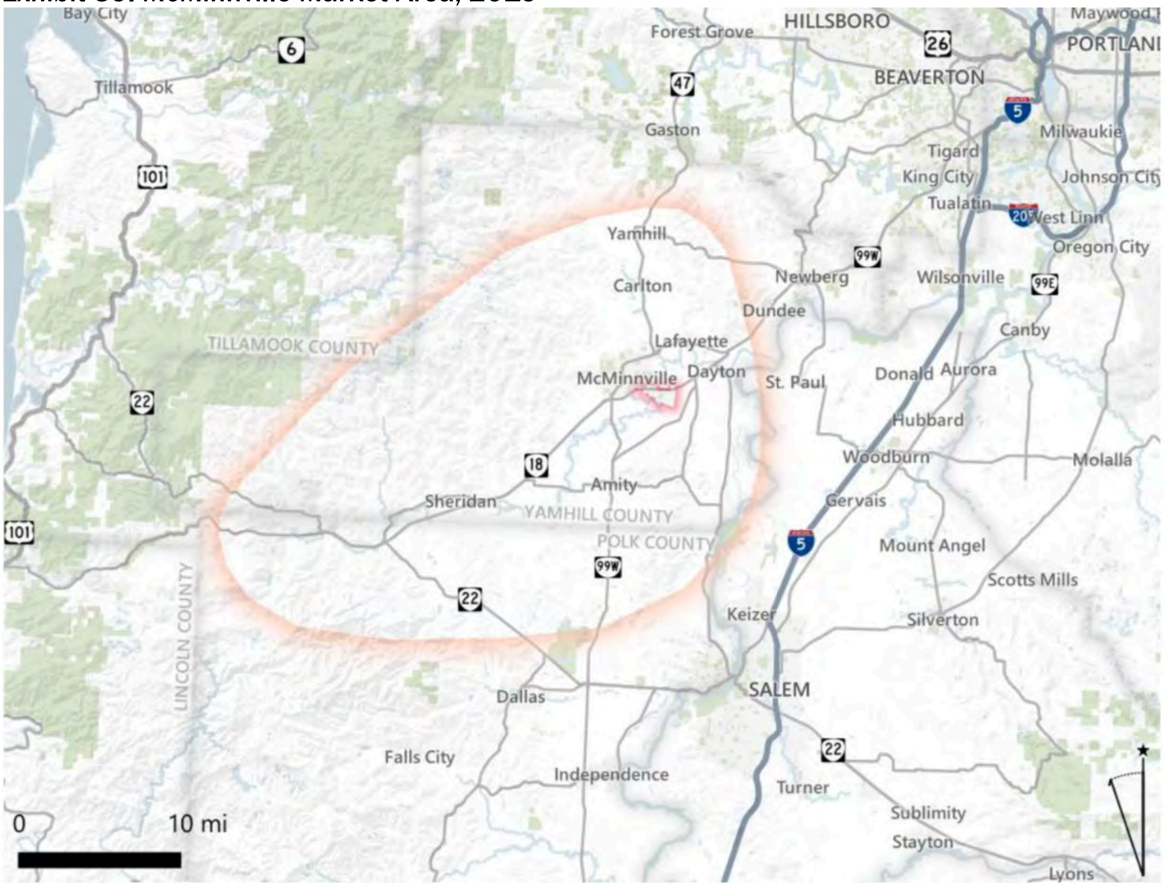
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

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[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

"Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."

- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

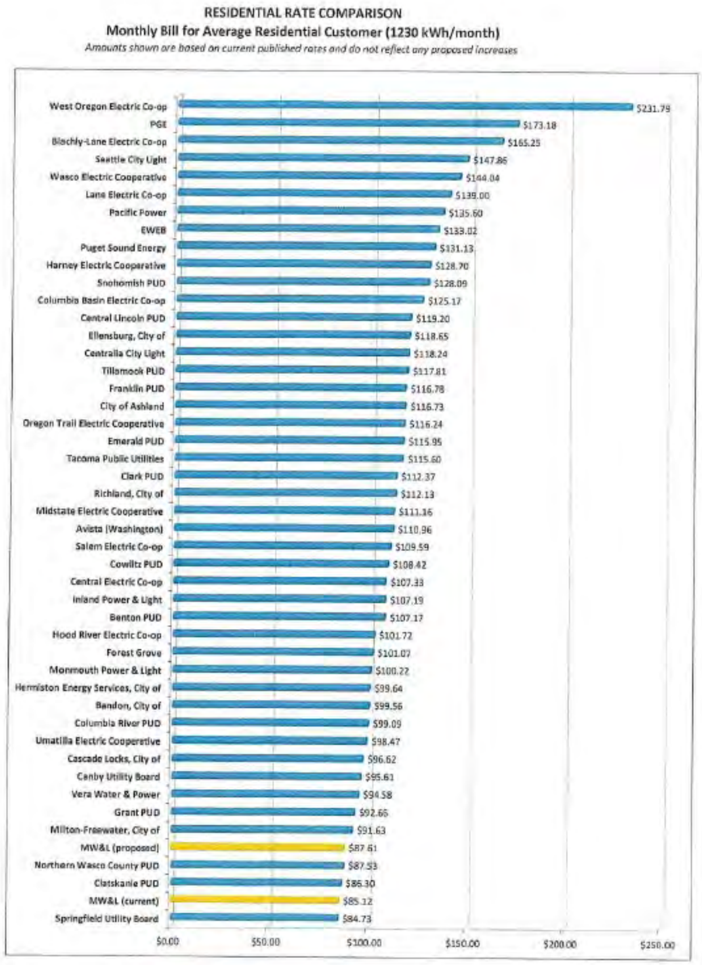
The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*
  - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.
  - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.

- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.

- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.

- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

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[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

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[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.

- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

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Strengths

- High quality of life to boast about and attract investment
- Strong, widely-recognized downtown
- Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors
- Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets
- Balanced employment across industry sectors
- Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College)
- Location advantages:
- Good location in proximity to major metro area
- High quality soils in surrounding areas, climate suited for agriculture
- Natural environment assets nearby, including Yamhill River, access to the ocean and mountains
- Inexpensive power and water, with sustainable sources
- Major infrastructure assets: major highways, freight rail, airport
- Various parks and recreational assets
- Positive business climate perceptions and a sense of civic leadership

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Weaknesses

- Relatively low educational attainment
- A limited labor pool for local companies and those looking to relocate
- Difficult access to and from I-5 and no near near-term possibility of a more direct connection
- End-of -the-line location for wine country visitors coming from the Portland area
- Lack of housing options
- Low levels of professional and office office-using employment
- Comparatively high poverty rates and low median household income

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Opportunities

- Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities
- Local airport has comparative advantages over other regional airports
- Highway 99 bypass : future completion will improve access to McMinnville
- A stronger framework for regional collaboration , improved opportunity in surrounding communities
- Opportunity sites for new downtown development
- New housing development – higher density , diversity of types, live live-work units
- Improved connections to the University of Oregon and Oregon State University
- Stronger branding and improved gateways into McMinnville
- Innovation in agriculture and food systems
- Wine -oriented makerspace
- Food hub
- $6M gift to Linfield College's wine program
- Expanded culinary and craft beverage retail offerings

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Threats

- Limited land availability for residential, commercial and industrial development
- Regulatory challenges associated with UGB expansion
- Worsening housing affordability
- Brain drain due to local graduates leaving for other job markets
- Absorption of projected growth without detrimental impacts to character, congestion, affordability
- Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs
- Need to find a sustainable solution to homelessness
- Future impacts of climate change on agriculture and related industries, including tourism

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Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
    - 4.1 Ensure workforce availability in trades and other mid-skill positions.
        - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
        - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
    - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
    - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
    - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
    - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
    - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
    - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
    - 5.1 Become a place where small and medium technology firms can relocate and grow.
        - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
        - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
        - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
        - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
        - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
        - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
        - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
  - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
  - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
  - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
  - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
  - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
  - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
  - 6.1 Make downtown the best it can be.
    - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
    - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
    - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
    - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
  - 6.2 Become the preferred destination for wine-related tourism.

        - Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
        - Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
        - Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
        - Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville
    - 6.3 Diversify tourism destinations beyond wine.
        - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
        - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
        - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
        - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
        - Become a national destination for bicycle tourism and other recreational and leisure activities.
    - 6.4 Market and promote McMinnville.
        - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
        - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
        - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
    - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

- Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
- Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
- Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
- Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.

o 7.2 Locate higher job-density food and beverage activities within McMinnville.

- Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
- Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
- Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
- Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
- Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
- Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
- Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
- Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
- In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

- Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
- Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
- Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods

- 7.4 Open new markets for local agricultural products.
  - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
  - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
  - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
- 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
  - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
  - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
  - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
  - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
  - Evaluate alignment of current food cart regulations with community goals.
- 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
  - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
  - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.

- Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
- Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
- Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
- Foster R&D opportunities for existing and emerging industries.

o 8.4 Improve and expand connections between key institutions and the City of McMinnville.

  - Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
  - Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	**718**	**73%**	**607**	**41%**
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	**265**	**27%**	**888**	**59%**
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	**100%**	**1,494**	**100%**

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

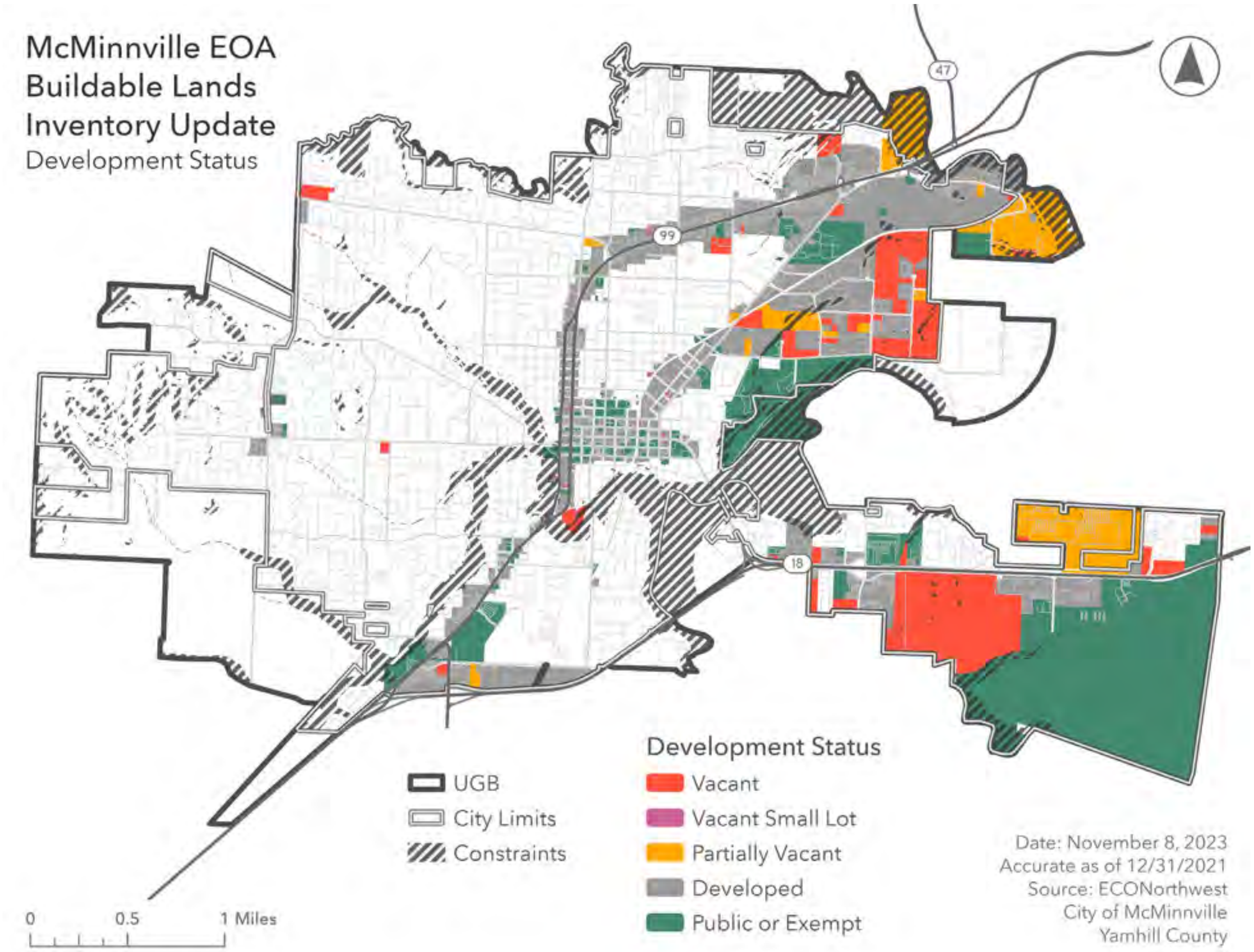
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

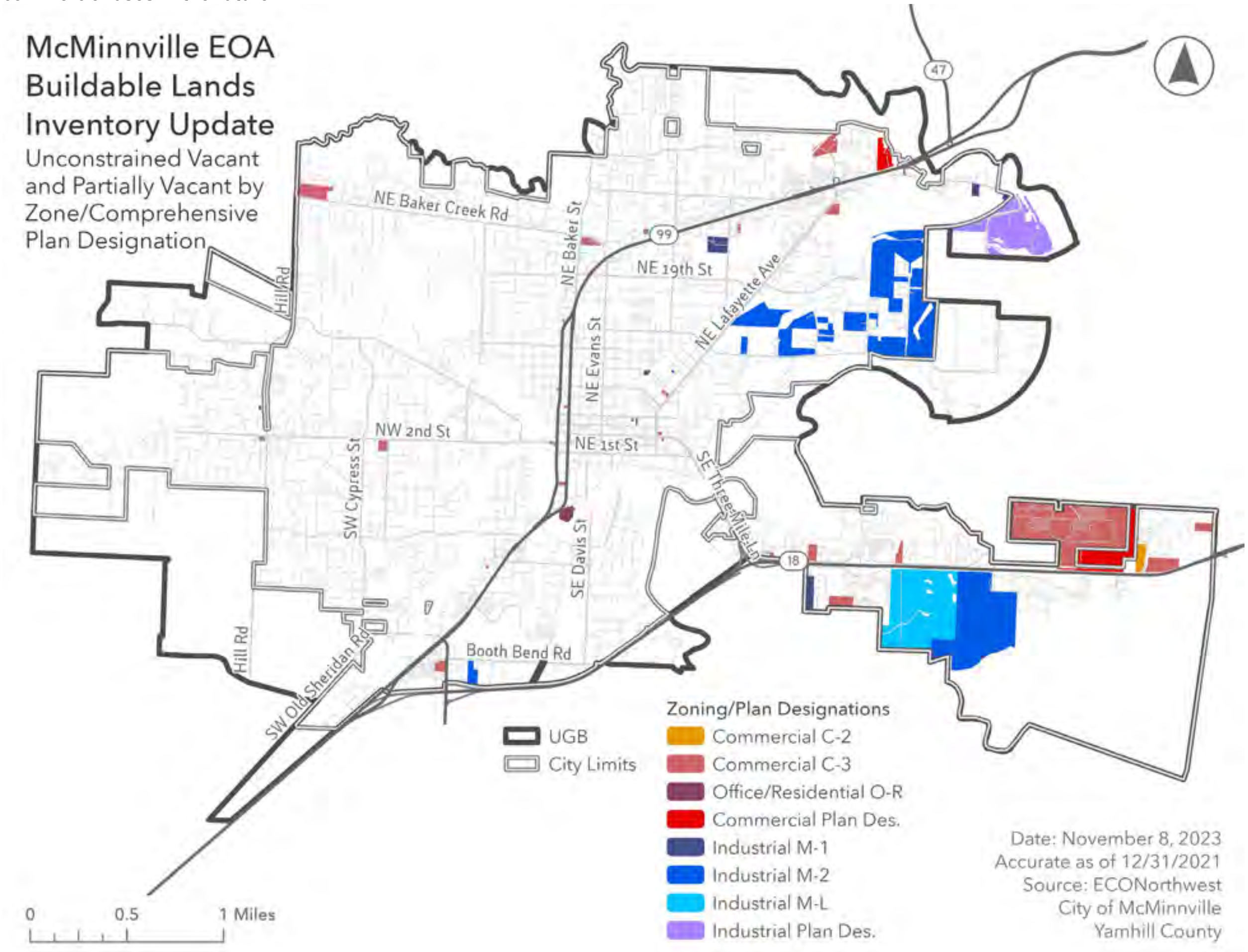
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	-	**4.4**	**22.4**	**13.5**	**23.2**	-	-	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	-	**16.8**	-	-	-	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	-	-	-	-	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	-	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	-	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	-	**1**	**3**	**1**	**1**	-	-	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	-	**1**	-	-	-	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	-	-	-	-	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	-	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	-	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

	2021		2041		Change
Land Use Type	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	**5-year (2021-2026)**	**10-year (2021-2031)**	**20-year (2021-2041)**	**46-year (2021-2067)**
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

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[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

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[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

[109] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= <u>net increase of 49 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft² of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that “[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the City “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

	Developed acres size									
Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

U.S. Shopping-Center Classification and Typical Characteristics*

Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience-store anchor	N/A	N/A	Convenience store, such as a mini-mart	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport.	75,000-300,000	N/A	N/A	N/A	N/A	No anchors, retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

IFA Infrastructure Finance Authority

	CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	GENERAL REQUIREMENTS		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site [illegible] does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only Interstate or equivalent)	w/ in 5 (only Interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 500	w/ in 500	w/ in 500	w/ in 100	w/ in 500	w/ in 100	w/ in 500	w/ in 500	w/ in 500	w/ in 100	w/ in 500	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Diameter)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Diameter)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1620 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1620 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Diameter)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2100 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Diameter)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
##	TELECOMMUNICATIONS:	Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
		Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.) Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
↑	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon*. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
Less Critical	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			Revised Size Classes and Assignments		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

[114] https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			**<u>4:</u>**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			**<u>4:</u>**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Light/Flex Industrial</u>			**<u>6:</u>**							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
			1	25-50 ac						1
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					
<u>Warehousing & Distribution</u>			**<u>5:</u>**							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
			3	10-25 ac			1	1	1	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred			(1) 10ac, (1) 15ac, (1) 20ac					

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Specialized</u>			**<u>2:</u>**							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land for the 2021-2041 period. This analysis does not estimate demand for industrial land for the 2041 – 2067 period.***

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB,
2021–2026, 2021–2031, 2021–2041, and 2021–2067
Note: The analysis did not forecast industrial growth for the 2041-2067 period.

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	**Not forecast for 2041-2067**		
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

  - 5. Energy impacts
  - 6. Traffic impacts
- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that <u>all lands within tax lots</u> identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name

Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
    - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
    - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

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[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>**Examples:**</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>**Example:**</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	<u>**Master Plan Facilities:**</u> Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		**Average Annual Employment:** Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 Makerspace: 3 **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = **net increase of 49 acres** for other needed sites, over acres calculated from average employees/acre	

Appendix D. Site Need Letters

McMinnville | ECONOMIC DEVELOPMENT PARTNERSHIP

Please accept these comments regarding the City of McMinnville's Economic Opportunity Analysis and the estimated future industrial land needs. MEDP has had the good fortune to work with many economic development partners over the years as we work to further our mission of advancing strategies that respond to the needs of McMinnville's traded-sector businesses. We do this through four economic development strategies guided by the City's MAC Town 2032 Economic Development Strategic Plan: 1) Business Retention & Expansion, 2) Business Attraction, 3) Workforce Development, and 4) Innovation Development.

Without available, buildable industrial lands the strategic plan cannot be fully realized. The historical job growth and the projected job growth of 27% over the next 20 years will struggle to take place without planning for necessary industrial land.

The current estimates state McMinnville will need 153 acres of buildable industrial lands by 2041 and 329 buildable acres by 2067. Currently, we have 323 acres of identified industrial land. The reality of those numbers is that 177 of those acres are on two sites. The highest and best use and market realities for these sites with Highway 18 frontage may make these sites impractical to retain as large industrial sites that would be available for industrial use. The potential unavailability of these sites for industrial use would place us well behind the projected need.

While acres available and acres needed may be close to matching up, the fact is there are few perfect sites. An available site may meet a company's minimum requirements, but it's location, shape, slope, or infrastructure may not work. So, they will look for another similar sized site in a different location (hopefully) within the community. McMinnville has lost out on potential opportunities due to lack of rail-served sites, proximity to a major metro area, access to a major airport, or location close enough to an Interstate. It is critical we don't lose out on projects due to a lack of available sites for our targeted industries.

In order to address our targeted industry's needs of high-tech/clean-tech manufacturing, value-added manufacturing, UAV manufacturing, business park, innovation campus, and local and regional headquarters, we will need varying sizes of sites with various requirements. The minimum lot size for these sectors should be 5 acres with a span of up to 25 acres.

Rail served sites continue to be a requirement for some companies interested in a McMinnville location. An additional 5 sites of 5-25 acres would be a good use of rail-served industrial property.

Also, with over 80 manufacturers in McMinnville, we will need sites for existing companies that are growing out of 0.5 – 5-acre sites into larger sites of 10 -20 acres. An additional 5 sites would accommodate additional existing business expansions.

Potential developments associated with targeted sectors include the creation of a mixed-used Innovation Center that would require 20-40 acres, depending on density, and an Airpark allowing for local, regional headquarter space. This could require 3-5 sites of 5-25 acres, and an additional 10 sites between 2-25 acres for companies wanting access to the airport, or access to an Innovation Center.

The types of companies in the targeted sectors are meant to continually diversify the local economy and never rely heavily on a single business, or industry. The ability to have various site sizes and locations to choose from can assist with potential job growth. Available sites are like options that attract opportunity. Without multiple options of readily buildable industrial lands, you risk the loss of new business growth.

Sincerely,

Scott G. Cooper, CEcD
Executive Director
McMinnville Economic Development Partnership

231 NE 5th Street | McMinnville, Oregon 97128 | 503.474.6814 | www.McMinnvilleBusiness.com

McMinnville Industrial Promotions, Inc.

P.O. Box 328
McMinnville, Oregon 97128

To Whom It May Concern:

McMinnville Industrial Promotions, Inc. ("MIP") appreciates the opportunity to present its written comments related to the City of McMinnville's Economic Opportunities Analysis and Urbanization Report (Phase 2) as coordinated with the City's MAC-Town 2032 Economic Development Strategic Plan. MIP specifically addresses its remarks regarding future industrial land needs and sufficiency of the City's Urban Growth Boundary to ensure a reasonable estimate of industrial land inventory necessary to support good jobs and amenities in the future that create a high quality of life for McMinnville residents.

MIP advocates for a robust industrial lands inventory that accomplishes the City's Strategic Plan priorities by providing enough flexibility to foster an attractive business climate, positioning McMinnville's businesses for modern development and investment, and utilizing the City's strengths to encourage a sustainable economy for future generations.

MIP was incorporated in 1953 in response to the closure of two large manufacturers in the area, a devastating loss at the time of approximately 350 jobs. Also facing a slowdown in the timber industry, a local group of business and professional leaders pledged their own money to attract new businesses to McMinnville and diversify its economic base. In 1955, the corporation was expanded to a community corporation, and ultimately it progressed to a for-profit corporation a year later. Regardless of its structure, MIP has never lost sight of its initial mission and special corporate purpose- to foster, encourage, promote, and improve the industrial, commercial, and physical development of the City of McMinnville. MIP seeks to support the continuation of present businesses, but also attract new industries that strengthen the community as a whole, provide long term economic stability to the area, and which provide living wage opportunities to residents. Over the last 67 years, MIP has invested and assisted in growing industrial businesses. Notable accomplishments of MIP include being the first industrial development company in the Pacific Northwest to qualify for Small Business Administration funds, which was recognized when nine different industrial projects broke ground in McMinnville in 1969. In addition, MIP formed a unique partnership with the City of McMinnville to acquire and develop the major industrial park infrastructure in 1983. MIP has and continues to play a unique role in business and industrial real estate development in the City.

There is no denying that McMinnville is uniquely situated. While the City is disadvantaged due to its relatively far location from a major metropolitan area and its airport (PDX) (approximately 60 miles away), it has developed into an economic hub nonetheless. The availability of ample water and electricity at a low price continues to make the City attractive for businesses to locate to a more rural area and provides occupational opportunities to McMinnville and the surrounding communities. Encouraging vibrant and diverse businesses has created economic collaboration and resiliency, which should be prioritized and maintained if McMinnville is to continue to be an economic engine in Yamhill County. As such, MIP is a proponent of protecting currently industrially zoned properties and supports the future planning for expansion of the industrial zone.

The availability of shovel-ready industrial employment lands is critical to expanding and attracting businesses that provide high-wage jobs. The City has forecasted that employment in the industrial area will grow by approximately 27% over the next 20 years. In that analysis, it is determined that approximately 153 buildable acres are needed to account for and service this growth by 2041, and upwards of 329 buildable acres are needed by year 2067. Currently, 323 acres are part of the overall identified inventory.

The foregoing indicates that McMinnville has just barely enough gross industrial lands inventory for its needs over the next 40 years. However, simply looking at the gross numbers provides an inaccurate and incomplete picture of the location and suitability of the currently zoned industrial sites and does not account for the various development costs associated with many of those acres. 177 of those buildable acres are concentrated in two large tax lots located on the Three Mile Lane corridor, 89.6 and 87.5 acres respectively. There are significant and very costly barriers to the development of this land. First and foremost, ODOT has been fiercely protective of preserving the Hwy 18 McMinnville bypass, and costs of developing the public improvements to accommodate ODOT's requirements would be substantial (and not possible for most buyers). Other hurdles to overcome include actual acquisition of the property, time for site readiness, site planning, and additional infrastructure and improvement changes. The costs associated with the 177 acres has impeded industrial development of this property and will likely continue for the foreseeable future.

Also, due to the fact that the majority of growth and development in the industrial sector has occurred, and continues to occur, on parcels between 0.5 and 10 acres in McMinnville (and on 25 acres or less statewide), having more than half of the industrially zoned lands tied up on two parcels has made it impractical for business placement or relocation to the Three Mile Lane area. As such, growth is constrained with available parcels located in the industrial park unless a second industrial area is constructed with the needed infrastructure, which is unlikely at this time.

Finally, it is also very possible that owners or developers of either or both of these large parcels will ultimately seek rezoning to respond to the current severe deficit of lands available for residential development or commercial requirements located within the Urban Growth Boundary.

As such, only 146 acres are reasonably and realistically available for development in the core industrial area. If the type and character of available sites are taken into consideration, McMinnville actually has a large deficit of available and buildable industrial lands that will not meet its needs even in the next 20 years. With this, McMinnville risks local businesses leaving, or the encroachment of industry into other neighborhoods, resulting in safety and other nuisance concerns.

It has been the collective experience of MIP's leadership that the majority of companies looking to locate here in McMinnville need small parcels (0.5-5 acres in size) for development. In fact, MIP has partitioned many of its larger holdings for sale to businesses looking to build on smaller parcels. MIP has seen this type of development crucial to its mission. Industries in close proximity cultivate a vibrant manufacturing sector by offering differentiated as well as supportive services and products. Additionally, a mixture of locally owned businesses allow for the community to weather ups and downs throughout the business cycle, and not be dependent on a few large employers. If readily and economically developable industrial lands hit a ceiling, McMinnville is in danger of losing businesses that would otherwise integrate into and diversify the economic base. Not only would business opportunities be stifled, but would also consequentially result in lost or lower wage jobs.

Recently, MIP has negotiated transactions that proposed developing between 20-30 acres of property. While there is not a tremendous immediate need for sites between 10-30 acres, MIP sees the importance for these options to be included as part of the overall land inventory to accommodate and attract various future developments. After reviewing the State of Oregon Industrial Development Competitive Matrix, it is clear that to be competitive in all fields of manufacturing (including high tech), light industrial uses, warehousing and distribution, and other specialized uses, the most common requested site size is between 5-25 acres. As such, in order to stay competitive with the rest of the state, McMinnville will need to have a variety of industrial sites that are readily and economically developable.

McMinnville needs a sufficient industrial land inventory with a larger variety of different-sized parcels to continue to cultivate business growth and infrastructure development. This can only be done by steadfastly preserving the current zoning of industrial properties, and by the City expanding its Urban Growth Boundary to increase industrial acreage.

Further, if the City considers rezoning the Three Mile Lane parcels for a use that could justify the significant costs of infrastructure, the City must first increase the number of readily buildable industrial lands in its Urban Growth Boundary to accommodate industrial needs over the next 40 years, ensuring there is no net loss of lands available for industrial uses.

Thank you for your consideration.

Respectfully Submitted,

Doug Hurl, President

Appendix E. Public and Institutional Land Need

Public and Institutional Land Needs were developed by a special work group (Public Lands Work Group) in 2019 that then presented their recommendations to the Project Advisory Committee for approval. The Public Lands Work Group solicited data and concurrence from the City of McMinnville, McMinnville Water and Light, Chemeketa Community College, Linfield College, McMinnville School District and Yamhill County.

Below is the content of a memorandum dated November 13, 2019, that was presented to the Project Advisory Committee. Where identified, this memorandum was updated to reflect the 2023 update.

Summary

Public and institutional land needs calculated separately from the employment forecast are summarized in ***Figure 1*** below, and more detailed information follows.

Figure 1. Estimated Public and Institutional Land Needs

Organization/Sector	Add'l Land Need By 2021	Add'l Land Need 2021-2041 (ac)	Add'l Land Need 2041-2067 (ac)	SUM Through 2067 (ac)	Method/Notes
City of McMinnville (non-parks), 1	0	7	4	11	4.5 ac for fire stations plus 0.26 ac/1,000 pop
City of McMinnville (parks), 2	27	365	214	606	Parks Master Plan LOS
McMinnville Water & Light	0	21	0	21	Interview, See Narrative
Chemeketa Community College	0	0	0	0	Interview, See Narrative
Linfield College	0	0	0	0	Interview, See Narrative
McMinnville School District	0	10	30	40	Interview/Memo, See Narrative
Yamhill County	0	6	8	13	Interview, 0.5 ac/1,000 pop
State of Oregon	0	1	1	2	0.08 ac/1,000 pop
Federal Government	0	2	2	4	0.14 ac/1,000 pop
Churches	6	32	44	83	2.88 ac/1,000 pop
Other	0	0	0	0	
SUM	**33**	**444**	**303**	**780**	

Note 1: Site needs for fire stations are inlcuded in 2021-2041 calculation

Note 2: Needs for 2021-2041 include current deficit

General: Figures above don't reflect additional needs if direction of growth absorbs additional sites outside UGB needed/required for services

The City expanded its UGB in 2020, including land for public and semi-public uses. ***Figure 2*** shows the need for housing and public and semi-public land needs from City of McMinnville based on the report *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*.

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase 2 after land-use efficiencies are applied.

Source: City of McMinnville, *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*

Note: Park land includes about 62 acres of land for Joe Dancer Park, which was brought into the UGB but is in a floodplain.

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222.0
Parks	315.4
Schools	54.0
Private Schools	1.5
Religious	47.6
Government	0.9
Semi-public Services	22.5
Infrastructure	2.6
Total	**666.5**

Figure 3 compares the land need for Public and Institutional land needs through 2041 in Figure 1 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Figure 3 shows that McMinnville's UGB expansion added about 444.5 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Figure 3. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	315.4	392.0	(76.6)
Schools (McMinnville SD)	54.0	10.0	44.0
Private Schools (colleges)	1.5	0.0	1.5
Religious (churches)	47.6	38.4	9.2
Government (City, County, State, Federal)	0.9	15.5	(14.6)
Semi-public Services (Water & Light)	25.1	21.0	4.1
Total	444.5	476.9	(32.4)

Background

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. At a previous meeting, information was presented about public and institutional organizations and lands. Preliminary data was presented about calculations using a ratio of acreage per 1,000 population that can be used to

forecast site needs. However, this method isn't always applicable to each of these entities. Following the September 5, 2019 PAC Meeting #2, staff held meetings with representatives of public and institutional organizations to discuss land needs and methods. This memo summarizes the results of the meetings and summarizes some information discussed at the last PAC meeting.

<u>**City of McMinnville**</u>

- **General, Misc. City Departments: (Administration, Office, Police, Public Works, Fleet, Library, Recreation Buildings, etc.).**

    - Planning staff met with representatives from respective City departments to discuss land needed by the City of McMinnville. Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

    - The City Manager indicated that a ratio of current acreage per 1,000 population would likely over-estimate the City's future land needs. Given existing facilities and site arrangements, there are opportunities to consolidate facilities, redevelop/expand onto existing city sites, use land more efficiently, grow into more recent expansions that retain capacity, etc.

    - With a forecast population of about 48,000 in 2014 and 63,000 in 2067, it is not expected that the City would grow to a size that would necessitate substantial branch facilities or satellite locations during the planning period (such as a library branch etc.).

    - The City Manager and Engineering Staff suggested that base year acres/1,000 population data from cities of approximately 48,000 population and 63,000 population corresponding to the future panning horizon year population for McMinnville might help inform ratios associated with McMinnville's future land needs.

    - Data for cities of approximately 48,000 and 63,000 population was analyzed for comparison. ***Figure 4*** shows a summary of data for comparison cities – including cities for which data was not available. As noted above, the City Manager and Engineering Staff suggested that a straight-line ratio of acres per 1,000 population might overestimate needs. Therefore, staff used only the portion of City lands with facilities exclusive of the airport, floodplain, and utility sites for estimating additional City land needs. (Parks were calculated separately). Approximately 18 acres of the 83.1 City acres is non-utility facilities. Only that portion was used for calculating future needs. That portion had a 0.51 ac/1000 population ratio. Since it was assumed a straight-line extension would

overestimate needs, staff used half of that ratio (0.25 ac/1000 population), and the specific information for fire station sites noted below was added to that estimate.

Figure 4. Ratio Information Available from Other Cities

▪ City	▪ Ratio ▪ (acres per 1,000 pop)
Redmond 2005 (total)	▪ 110 ac/1000 (calculated) 10 ac/1000 (assumed need)
McMinnville 2019 (less parks, airport, floodplain)	▪ 2.38/1000
McMinnville, 2019 (less parks, airport, floodplain, utility sites)	▪ 0.51/1000
Corvallis	No additional land need identified, didn't list ratio
Albany	▪ Not readily available
Springfield	▪ Not readily available
Medford (less parks)	▪ 1.5/1000

- **Fire:**
    - The Fire Department anticipates transition from a single downtown station to three satellite stations at approximately 1.5 acres each: (1) Baker Creek/Hill Road area, (2) Airport area, (3) Northeast area. The estimated need would be about **4.5 acres for three substations.** There could be opportunities to co-locate police substations at sites. There is potential that they could be co-located on sites with other uses. The NE station may be within the current UGB or may be further to the northeast. There is potential for the current station to be re-used for other municipal or other uses.

- **Police:**
    - **No specific plans for new facilities.** Their needs can be accounted for as part of the overall City need using the same methods.

- **Airport:**
    - **No additional land needs identified.**

- **Sewer:**
    - **Treatment: No additional land needs anticipated.** The City owns 5 tax lots with approximately 70 acres east of the UGB where the sewer treatment plant is sited. No additional land need is anticipated. There is capacity to expand the treatment plan on the existing site. If there is a UGB expansion to east which includes this area, these properties won't be available for buildable land for other uses.

- **Collection System: No significant additional land demand is assumed outside of the public right-of-way, so no calculation has been added or assumed for this de minimus need.** Minimal needs for future pump stations may be needed for new development. Site needs for small pump stations are similar to or smaller than a residential lot. The land needs for these facilities are relatively small and no additional acres are proposed. Depending on direction of growth, there could be needs for larger pumping facilities.

- **Parks:**
  - The Comprehensive Plan includes the following policies:
    - **159.00.** The City of McMinnville's Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects
    - **163.05.** The City of McMinnville shall locate future community and neighborhood parks above the boundary of the 100-year floodplain
    - **170.05**. For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used
  - The Master Plan level of service (LOS) standard is 14 acres/1,000 persons.
  - The 2017 UGB population was 34,293.
  - The City has approximately 273 acres of developed park land and 76 acres of undeveloped park land, totaling about 349 acres.
  - The 2017 need was approximately 480 acres; there's a deficit of approximately 207 acres of developed park land.
  - Need for 665 total acres by 2041 (an additional need of 185 ac, or total of 392 ac with the current deficit
  - Need for 879 total acres by 2067 (an additional need of 399 ac, or total of 606 ac with the current deficit.
  - Absent joint use agreements with other entities for public use of facilities consistent with the needs identified in the Park Master Plan, park sites and recreational facilities that aren't city-owned aren't assumed to meet the LOS for developed park needs. If there are separate standards for open space, that may be evaluated.

Note: Mark Davis, a member of the Project Advisory Committee wrote a memo for the committee to consider on park land need, which is attached at the end of this appendix.

- **Other (stormwater):** While no specific need was identified, there was a sense that stormwater detention and water quality standards would likely increase the amount of land that will need to be dedicated for on-site stormwater management (detention and treatment) as best practices seek to manage stormwater close to "where the rain hits the ground" to reduce peaking of down stream flows and conveyance of sediment and/or contaminants in runoff. These sites may be privately or publicly owned and maintained, but should be accounted for.

- **Other (transit related):** There was a sense that, as the community grows and the transit system expands and matures, it expected that there will be a more robust transit system with some additional land needs.

Planning Staff met with representatives of the following organizations regarding their future land needs.

<u>McMinnville Water & Light (MWL):</u>
Estimated need of 21-24 acres for the 20- and 46-year periods, plus additional location/development specific needs

- General: It is estimated that in addition to sites already owned by MWL, they will need approximately 21 additional acres for power and water, and may have additional needs that are dependent on specific growth characteristics and developments. Some users require an on-site substation that requires a site and land. If growth occurs to the west further upslope into the west hills, that might include the 3-acre reservoir site needed to serve water pressure Zone 2, and could necessitate an additional reservoir/site if growth continues far enough upslope to result in a Zone 3 service area.

- The additional 21-acre need includes 16 acres for a treatment plant and pumping facilities which could co-locate with a power substation in the easterly portion of the UGB; an additional 2 acres in the easterly UGB area for power, and an additional 3 acres in the westerly UGB for additional storage for fire flow.

<u>Yamhill County</u>

- Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

- The acreage per 1,000 population estimate is a reasonable method, first deducting the fairgrounds property before calculating the ratios. The Fairgrounds is approximately 36 acres of a 44-acre site.

- Current county-owned sites don’t allow for much incremental on-site expansion, so additional capacity would likely require redevelopment or expansion onto additional land.

- Transit may have a need for expanded bus parking/storage area that doesn’t require new structures

- Locational analysis: The County Parks Master Plan identifies potential lands for parks at key locations in proximity to McMinnville near confluence areas shown on vision map in the Master Plan)

- The County owns approximately 44 acres in the UGB, including the Fairgrounds. The 36-acre Fairgrounds site includes other uses including County Public Works, which occupies about 7 acres. Therefore, approximately 29 acres of County-owned land was deducted for the Fairgrounds before calculating the ratio of acres per 1,000 population, leaving 16 acres remaining, which is approximately 0.5 acre/1000 population.

Chemeketa Community College

No new land needs. Chemeketa Community College sold the property they previously owned, the former campus site, on Hill Road. Their McMinnville campus on Norton Lane houses their facilities as well as commercial and office tenants. For planning purposes, Chemeketa doesn’t anticipate new land needs beyond their current ownership, and doesn’t anticipate displacement of tenants.

Linfield College

No new land needs. Linfield College doesn’t anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.

McMinnville School District

In addition to existing schools, the School District owns three reserve sites for future schools. Below is a summary of needs in addition to existing schools and reserve sites. In addition to these sites, the School District estimates it will need 40 additional acres for future school sites, with 10 of those additional acres needed between 2021 and 2041, and 30 of those acres needed between 2041 and 2067. ***See Attachment 1***.

2021-2041

- The need is for one additional 10-acre early learning center site.

2041-2067

- The need includes one additional 12-acre elementary school site.

- The need includes an additional 18 acres for a new high school, in addition to the 42-acre site on Hill Road, whether that site could be added to for a total of 60 acres or whether that site would be sold and a new 60-acre site acquired.

Other Land Needs

Other public and semi-public land needs presented in ***Figure 1*** which aren't part of the employment forecast were calculated using the ratios in ***Figure 5.***

Figure 5. Other Existing Ratios for McMinnville, 2019

Public/Semi-Public Use	Tax Lots	Acres	Acres/1000 persons	Percent of Acres
State	**4**	**2.92**	**0.08**	**0%**
State	4	2.92	0.08	0%
Federal	**5**	**4.96**	**0.14**	**0%**
Federal	5	4.96	0.14	0%
Religous/Cemetary	**76**	**104.23**	**2.98**	**6%**
Church	64	100.53	2.88	6%

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed \$50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over \$100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, \$9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

ATTACHMENT 1

McMinnville
School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: (503) 565-4000 Fax: (503) 565-4030

MEMO

DATE: November 14, 2019
TO: City of McMinnville Public Lands Work Group
From: Susan Escure, McMinnville School District Finance Director
Subject: Land Needs Assessment - Public Schools

Introduction
Currently the District does not have an adopted plan for school facility needs for the periods going out the 50 years needed by the urbanization study. The District is in the process of updating our Long-Range Facilities Plan which will not be formally adopted until next year. In 2017, The District contracted with Flo Analytics to prepare a 5 year and 10 year enrollment forecast with a more in depth study of enrollment within our elementary boundaries. This study provided information for our most recent boundary changes adopted for the 2019-20 school year. The following land needs assessment is based upon a combination of the demographer report, our internal enrollment projections and decisions made as part of our 2016 capital bond project.

Flo Analytics Enrollment Forecast
Our demographer's forecast was limited to 10 years. However, it did take into account planned developments within the District. The District is projected to capture 84.4% of the District population of all school-age children. Overall average student yield factors applied to new housing development are 0.45 students/Single Family Unit and 0.20 students per Multi-family Unit. The following is a summary of their 5-year and 10-year forecast:

October 1	2017	2022	2027
Elementary	3,047	2,969	3,103
Middle School	1,541	1,587	1,550
High School	2,176	2,347	2,159
Total	**6,764**	**6,902**	**6,813**
% increase over 2017		2.0%	.7%

Internal Projections
The District uses a 3 year or 8 year average cohort survival rate to forecast increases in enrollment for grades 1-12. The increase in these grades are due to in-migration and enrollment of students from private schools and home school as they age. This cohort survival rate across all grades = 2% increase in enrollment annually. Kindergarten enrollment is based on a historic average capture rate of 40% of the county births five years prior. For 2025 and after, the kindergarten enrollment increase is projected at 1%. Student enrollment counts are attendance-based not residence-based. Enrollment includes intra-district transfers from neighboring districts. Additionally, the enrollment projection includes attendance of all District students, not just those located within the City of McMinnville.

Land Needs Assessment - Public Schools (continued)

October 1 Enrollment Projection	2017	2019	2021	2041	2067
Elementary	3,047	2,885	2,883	3,281	4,252
Middle School	1,541	1,686	1,596	1,650	2,138
High School	2,176	2,130	2,251	2,263	2,934
Total	**6,764**	**6,701**	**6,730**	**7,194**	**9,324**
(Decrease) Increase over 2017		(63)	(34)	430	2,560
% (decrease) increase over 2017		(0.9%)	(0.5%)	6.4%	37.8%
Average Annual Growth Rate		(0.5%)	(0.1%)	0.3%	0.8%

Capacity
The following capacity estimates are based on current class size and programs. If future funding allows the District to substantially decrease class size or increase programs, these capacities would be less. Additionally, classroom modulars are used at some school sites and they are included in the calculation of our current capacity. The District foresees the need to add on to the current school sites to increase classroom space for additional programs and replacement of classroom modular before adding schools for enrollment growth, especially at the elementary level.

Property held for future school sites:

Hill Road & Cottonwood Drive	11 acres	Future Elementary Site
McDonald Lane, next to Grandhaven	26 acres	Future Middle School Site
Hill Road property	42 acres	Future High School Site

Elementary School Capacity
Elementary schools are configured for grades K through 5 with a capacity of 600 each. Currently there are six elementary schools which totals a maximum capacity of 3,600. For purposes of this land needs assessment, we are assuming a per school capacity ranging from 550 to 600 to account for pre-school and/or additional program needs.

Elementary school sites are on average 10 to 12 acres. The District currently holds property at Cottonwood and Hill Road for a future elementary site. The District would need to purchase one more 8-10 acre site by end of 2067 according to this projection.

Middle School Capacity
We currently have two middles schools with a maximum capacity of 900 each configured for grades 6-8 for a total capacity of 1,800. There is a wave of larger cohort classes in middle school currently, however, future cohorts entering middle school are expected to decrease and remain lower until 2041 – 2067.

The desired middle school is approximately 20 acres. The District currently holds 26 acres on McDonald Lane adjacent to Grandhaven Elementary for a future middle school site. No additional acreage is needed for a middle school site before 2067.

Land Needs Assessment - Public Schools (continued)

High School Capacity

Our current high school configuration after the 2019 Addition has a maximum capacity of 2,800 students. Approximately 160 students are served off site at the alternative program at Cook School and the online program at Adams Campus Based on this projection, the high school would not reach maximum capacity until 2060-65.

In 2015, the Long Range Facilities Task Force recommended to the School Board to continue the High School Master Plan proposed in 2006 to the voters which included a plan to rebuild the high school at the current site over three phases. The first phase was completed in 2010, the second phase was just completed in 2019 with the addition of a Career Technical Center. Although many constituents desire two small high school versus one large high school, current school funding does not cover the cost of operating two high schools. (Operating costs include costs such as: utilities, maintenance, administration and support staff). The high school enrollment would need to grow to almost 3,000 in order for the District to afford the operation costs of two comprehensive high schools (1,500 each).

During this planning period, the committee also looked at building a new high school at the Hill Road location and repurposing the current high school property. The committee decided against this for several reasons: 1) the District would need to ask voters for a significant increase over the current school capital bond rate, 2) the Hill Road site is only large enough for a high school of 2,300-2,500, which could be outgrown before the District could afford a second high school, and 3) the Committee felt that the District should continue with the plan that the voters had already approved in 2006.

The District currently holds 42 acres on Hill Road as a future high school site. A larger site of closer to 60 acres may be more desirable in order to include additional space for career technical programs. In addition, satellite sites may be needed for increased professional technical classes such as home construction or HVAC certification.

Summary

Based on our enrollment projections as described, the District projects the need for the following additional school buildings during the periods 2021-41 and 2041-2067.

Number of Schools	Current	2021-2041	2041-2067
Elementary & Early Learning Center	6	+1	+ 2
Middle School	2	0	+ 1
High School	1	0	+ 1
Total	**9**	**+1**	**+ 4**

After taking into account current property held for future use, the District projects the following land needs:

- **An additional site of 10 – 12 acres for an Elementary School.**
- **A larger 60 acre high school site for a second high school.**
- **An additional 8-10 acre site for an Early Learning Center.**

Linfield College

Vice President for Finance & Administration
900 SE Baker Street
McMinnville, OR 97128-6894
t 503.883.2458 f 503.883.2630

January 16, 2020

To: Tom Schauer

Subject: Land Needs Summary Memorandum Dated November 13, 2019

As requested per your email January 16, 2020, this memo confirms the information below which summarizes Linfield College's response per the Land Needs Summary Memorandum dated November 13, 2019.

No new land needs. *Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.*

MbRodriguez

Mary Ann Rodriguez
Vice President of Finance & Administration/CFO

City of McMinnville
PLANNING

CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128
503-434-7311
www.mcminnvilleoregon.gov

DECISION, CONDITIONS OF APPROVAL, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF LEGISLATIVE AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 "McMINNVILLE HOUSING NEEDS ANALYSIS" AND THE NOVEMBER 23 "McMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS".

DOCKETS:	G 1-20 and G 3-20
REQUEST:	The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, adopting the analysis and conclusion of a housing, economic development, public and institutional land needs analysis to serve a planning horizon of 2021-2041, and a future population of 47,498 people.
LOCATION:	N/A
ZONING:	N/A
APPLICANT:	City of McMinnville
STAFF:	Heather Richards, Community Development Director
HEARINGS BODY:	McMinnville Planning Commission
DATE & TIME:	May 20, 2021, 6:30 PM. May 18, 2023, 6:30 PM September 7, 2023 PM September 21, 2023 PM
DECISION-MAKING BODY:	McMinnville City Council
DATE & TIME:	October 10, 2023, 7:00 PM November 28, 2023, 7:00 PM
PROCEDURE:	The application is subject to the legislative land use procedures specified in Sections 17.72.120 - 17.72.160 of the McMinnville Municipal Code.
CRITERIA:	Amendments to the McMinnville Comprehensive Plan to fulfill statutory requirements for growth planning, such as ORS 197.626, OAR 660 Division 8, OAR 660, Division 9 must be consistent with the applicable portions of OAR 660-046-0000 through 660-046-0235, Oregon State Land-Use Goals, the Goals and Policies in Volume II of the Comprehensive Plan and the Purpose of the Zoning Ordinance.

APPEAL: The City Council's decision on a legislative amendment will be submitted to the Director of the Department of Land Conservation and Development for consideration. Comments objecting to the acknowledgement of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis can be submitted to the Director of the Department of Land Conservation and Development within 21 days of the date written notice of the City Council's decision is mailed to parties who participated in the local proceedings and entitled to notice and as provided in ORS 197.620 and ORS 197.830, and Section 17.72.190 of the McMinnville Municipal Code. The Department of Land Conservation and Development Director's decision can be appealed to the Land Conservation and Development Commission.

DECISION

Based on the findings and conclusions, the McMinnville City Council **APPROVES** the adoption of the November 2023 Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I, per Docket G 1-20 and Docket G 3-20.

//

DECISION: APPROVAL

//

City Council:____ Date:____________________
Remy Drabkin, Mayor of McMinnville

Planning Commission:________________________________ Date:____________________
Sidonie Winfield, Chair of the McMinnville Planning Commission

Planning Department:_________________________________ Date:____________________
Heather Richards, Community Development Director

I. Application Summary:

The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, by adopting the November 2023 Housing Needs Analysis and Economic Opportunities Analysis.

Oregon Administrative Rule 660-008-0045 requires the City of McMinnville to submit a new Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023. The City is choosing to submit both a Housing Needs Analysis and an Economic Opportunities Analysis

The planning horizon for this analysis is 2021-2041, for a projected population of 47,498 people.

The analysis identifies a land deficit of 422 gross buildable acres in the city's urban growth boundary to meet the residential (202 acres), employment (188 acres) and public (32 acres) land supply needs of the City of McMinnville for a planning horizon of 2021-2041.

II. GENERAL FINDINGS

The City Council finds, that based on the findings of fact and the conclusory findings contained in this findings report, that the November 2023 Housing Needs Analysis and Economic Opportunities Analysis are consistent with all of the applicable state and local regulations.

Generally, these findings summarize the more detailed analysis found in the Housing Needs Analysis and the Economic Opportunities Analysis and their appendices in order to address the relevant legal standards.

This findings document provides conclusory findings regarding consistency with applicable provisions of state and local law. Supporting these is a factual basis upon which the conclusory findings rest.

III. FINDINGS OF FACT

The fact base includes the data referenced in the Housing Needs Analysis, the Economic Opportunity Analysis and their appendices, as well as the information provided in the record.

1. The City of McMinnville must comply with Oregon Administrative Rule 660-008-0045, submitting a Housing Capacity Analysis (Housing Needs Analysis) to the Department of Land Conservation and Development by December 31, 2023.

2. The City established a Housing Project Advisory Committee that met 7 times in 2018 and 2019 with city staff and consultants to draft the McMinnville Housing Needs Analysis for a planning horizon of 2021-2041, population of 47,498 people.

3. The City established an Economic Opportunities Analysis and a Public Lands Subcommittee that met 8 times in 2019 and 2020 with city staff and consultants to draft the McMinnville Economic Opportunities Analysis for a planning horizon of 2021-2041, population of 47,498 people.

4. On May 14, 2020, the City notified the Department of Land Conservation and Development of their intent to adopt the draft Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume 1, with a first evidentiary public hearing scheduled for May 20, 2021. (File #: 001-20, and 003-20).

5. On May 20, 2021, the McMinnville Planning Commission opened the public hearing and continued it to May 18, 2023.

6. In 2023, the City appointed a Project Advisory Committee to update the Housing Needs Analysis and the Economic Opportunities Analysis incorporating the April 9, 2021 UGB expansion and the effects of HB 2001 (2019 Legislative Session). This committee met twice to consider the amendments.

7. On May 18, 2023, the City of McMinnville noticed that the public hearing was continued to September 7, 2023.

8. On July 11, 2023, the City Council held a work session on the proposed analysis.

9. On August 3, 2023, the Planning Commission held a work session on the proposed analysis.

10. On August 8, 2023, File # 001-20 and 003-20 at the Department of Land Conservation and Development were updated with the revised draft Housing Needs Analysis and Economic Opportunities Analysis.

11. On September 7, 2023, the McMinnville Planning Commission continued the public hearing and heard public testimony.

12. On September 21, 2023, the McMinnville Planning Commission continued the public hearing, heard public testimony, closed the public hearing and voted to recommend the Housing Needs Analysis and the Economic Opportunities Analysis to the McMinnville City Council.

13. On October 10, 2023, staff presented the Planning Commission's recommendation to the McMinnville City Council.

14. On November 28, 2023, the McMinnville City Council considered the public record and voted to approve the McMinnville Housing Needs Analysis and Economic Opportunities Analysis, dated November 2023.

IV. COMMENTS RECEIVED

The following comments were received by the Planning Commission and provided at the Planning Commission public hearing and are on file with the City of McMinnville Planning Department.

- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated August 30. 2023
- Letter from Mark Davis, dated September 5, 2023 with attachments
- Letter from Mark Davis, dated September 7, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 7, 2023, Planning Commission public hearing
- Memorandum from City of McMinnville staff, Bateman Seidel, and ECONorthwest, dated September 18, 2023
- Letter from 1000 Friends of Oregon and Friends of Yamhill County dated September 20, 2023
- Powerpoint presentation provided by Friends of Yamhill County at the September 21, 2023 Planning Commission public hearing

V. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application.

These findings explain how the City finds that the adoption of the proposed Housing Needs Analysis and Economic Opportunities Analysis as amendments to the McMinnville Comprehensive Plan, Volume I satisfy applicable state and local land use regulations.

Alignment with Oregon's Statewide Planning Goals and Administrative Rules:

The applicable state land use laws are those identified in either the Oregon Revised Statutes (ORS) or the Oregon Administrative Rules (OARs),

Oregon Land Use Goal #1 (Citizen Involvement)

Goal 1 calls for the opportunity for citizens to be involved in all phases of the planning process. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- City Council Meetings
  - October 10, 2023
  - November 28, 2023

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

- Project Advisory Committee Meetings
  - July 16, 2019
  - September 5, 2019
  - October 10, 2019
  - November 13, 2019
  - January 21, 2020
  - February 27, 2020
  - March 19, 2020
  - May 11, 2020
  - May 8, 2023
  - June 22, 2023

- Work Sessions:
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- Public Hearings:
  - Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
  - Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
  - Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
  - Planning Commission, September 21, 2023 (Heard public testimony)

- City Council Meetings
  - October 10, 2023
  - November 28, 2023

FINDING - SATISFIED: The City finds the opportunities for involvement above satisfies Goal 1.

Oregon Land Use Goal #2 (Land Use Planning)

Goal 2 outlines the basic procedures of Oregon's statewide planning program, stating that land use decisions must be made in accordance with comprehensive plans and that effective implementation ordinances must be adopted. The following describes the factual basis for the legislative decisions of the City.

Housing Need Analysis

In the process of developing the housing needs analysis, the City inventoried existing residential land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the HNA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This HNA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address unmet residential land need.

The findings for Goal 10 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Housing Needs Analysis, which provides information about the factors that could affect housing development, including demographics, affordability trends, workforce housing availability, market health, and regulatory structure (see findings for Goal 10).

Economic Opportunities Analysis

In the process of developing the economic opportunities analysis, the City inventoried existing commercial and industrial land uses, projected suitable land needs by land use classifications, and compared these needs with potentially suitable land within the McMinnville urban growth boundary. The resolution of land need and supply is found in the EOA report, which will serve as the factual basis for the City to rely on for future planning efforts. The data in the analysis is from reputable sources such as the Census, City of McMinnville, and Yamhill County. This EOA, when adopted into the comprehensive plan, will provide an important source of information to use when considering land use efficiency measures to address commercial and industrial land needs.

The findings for Goal 9 provide more detailed information about the background analyses and inventories and rely on specific data to establish findings that provide a technical basis for developing policy recommendations. The analysis and inventories include:

- Buildable Lands Inventory, which analyzes existing development patterns and intensity, land and development values, existing land use designations and zoning, site characteristics (such as site size, site location, or existing improvements), and building constraints to determine where there is vacant land or partially vacant land, and compares the existing supply of land to emerging trends and indicators for future estimates of demand; and

- Economic Opportunities Analysis, which provides information about the factors that could affect commercial and industrial development (see findings for Goal 9).

Public and Institutional Land Needs

The public and institutional land needs are documented in Appendix E of the EOA report. Public and institutional land needs document need for:

- Government, based on plans for land needed for additional facilities for the City of McMinnville and Yamhill County, based on discussions with municipal staff. Land needed for state and federal facilities is based on existing acres per 1000 people of land for state and federal facilities in McMinnville.

- Parks, based on the City of McMinnville's Parks, Recreation, and Open Space Master Plan. See findings about Goal 8.

- Schools, based on discussions with the McMinnville School District, Chemeketa Community College, and Linfield College.
- Religious organizations, based on existing acres per 1000 people of land for religious organizations in McMinnville.
- Semi-public services, based on estimate of land need from McMinnville Water & Light.

FINDING - SATISFIED: All pertinent documentation has been made available to all interested parties. Goal 2 has been properly addressed. The HNA, EOA, and Public Land Needs, as referenced, are consistent with Statewide Planning Goal 2

Oregon Land Use Goal #3 (Agricultural Lands)

As stated in 660-024-0020(1)(b), Goal 3 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #4 (Forest Lands)

As stated in 660-024-0020(1)(b), Goal 4 is not applicable to the HNA, EOA, or Public Land Needs.

FINDING – NOT APPLICABLE: No further analysis is required.

Oregon Land Use Goal #5 (Natural Resources, Scenic and Historic Areas, and Open Spaces)

OAR 660-008-005 requires cities to exclude land subject to Goal 5 measures. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #6 (Air, Water and Land Resources Quality)

Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water and land resource quality policies in the McMinnville Comprehensive Plan, Goal 6 will be properly addressed. No further analysis is required.

FINDING – SATISFIED: No further analysis is required.

Oregon Land Use Goal #7 (Areas Subject to Natural Disasters and Hazards)

Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in McMinnville are flooding, steep slopes, wildfire, liquefaction and landslide soils. Per McMinnville's Comprehensive Plan and Zoning Ordinance, no building improvements are allowed in the FEMA acknowledged floodway. The HNA and EOA considered lands within the FEMA flood hazards to be unbuildable and attempted to avoid expanding into areas with identified flood hazards. The HNA also considers land within areas with steep slopes, high landslide, liquefaction and wildfire susceptibility as unbuildable as well. (Data provided by the Department of Geology and Minerals).

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #8 (Recreational Needs)

Goal 8 requires governmental organizations with responsibility for providing recreational facilities to plan for recreational facilities.

The City of McMinnville's Comprehensive Plan Policy #170.05 states that, "For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation and Open Space Master Plan shall be used." (Ordinance No. 4796, October 14, 2003) The current McMinnville Parks, Recreation and Open Space Plan identifies a level of service of 14 acres per 1000 people, per the following:

- Neighborhood Park = 2.00 Acres / 1000 People
- Community Park = 6.00 Acres / 1000 People
- Greenways and Open Spaces = 6.00 Acres / 1000 People

The Portland State University Population Research Center forecast for growth (June 30, 2017) shows the McMinnville UGB population growing from 36,238 people in 2021 to 47,498 people in 2041, a change of 11,260 people.

The analysis of Public Land Need (in Appendix E of the EOA) uses the 14 acres/1,000 people level of service to determine park land need for the forecast of 11,260 person growth in McMinnville over the 2021-2041 period.

FINDING – SATISFIED: The City finds that this goal is met by the analysis provided in the HNA and EOA.

Oregon Land Use Goal #9 (Economy of the State)

The purpose of Goal 9 is to provide adequate opportunities for economic growth and development opportunities for commercial and industrial development. Commercial and industrial development takes a variety of shapes and leads to economic activities that are vital to the health, welfare and prosperity of Oregon's citizens. To be ready for these opportunities, local governments perform Economic Opportunity Analyses (EOA) based on a 20-year forecast of population and job growth in accordance with the directives in statute and administrative rule.

Economic Opportunities Analysis

The Economic Opportunities Analysis (EOA) accounts for commercial and industrial needs for the 2021-2041 planning period. The EOA provides an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the *Strategic Plan*, as well as updating information about the inventory of commercial and industrial lands and providing an updated employment forecast.

The EOA forecasts that McMinnville will add 6,885 jobs over the 2021-2041 period, requiring 697 gross acres of land, of which 384 gross acres will be for industrial uses and 313 gross acres for commercial uses. The EOA shows that McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. The EOA concludes that McMinnville has a 29 acre deficit of industrial land and a 159 acre deficit of commercial land.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

Buildable Lands Inventory

OAR 660-024-0050 outlines the steps cities must follow when evaluating or amending a UGB. The following provisions apply to a UGB amendment that addresses needs for employment lands.

OAR 660-024-0050
(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute. For employment land, the inventory must include suitable vacant and developed land designated for industrial or other employment use, and must be conducted in accordance with OAR 660-009-0015.

OAR 660-009-0015(3) outlines the requirements for the BLI for employment lands:

(3) Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.

(a) For sites inventoried under this section, plans must provide the following information:

(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;

(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and

OAR 660-009-0005 includes the following definitions relevant to the buildable lands inventory:

(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.

(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(14) "Vacant Land" means a lot or parcel:

> *(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or*
> *(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.*

The EOA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where commercial and industrial development is allowed, including land in the following zones: Commercial zones C-1, C-2, C-3, O-R; Industrial zones M-1, M-2, and M-L; and land within the UGB in County zoning Commercial Plan Designation and Industrial Plan Designation.

The EOA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All employment land in tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).

- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[1]

- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.

- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.

- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The EOA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-009-0005(2): regulated wetlands, floodways, 100 Year Floodplain, steep slopes (over 15%), and in conservation easements.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands. Exhibit 1 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

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[1] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Exhibit 1. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 2 summarizes the land buildable employment land within current zoning from Exhibit 1 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for “Planned Developments” which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 2. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

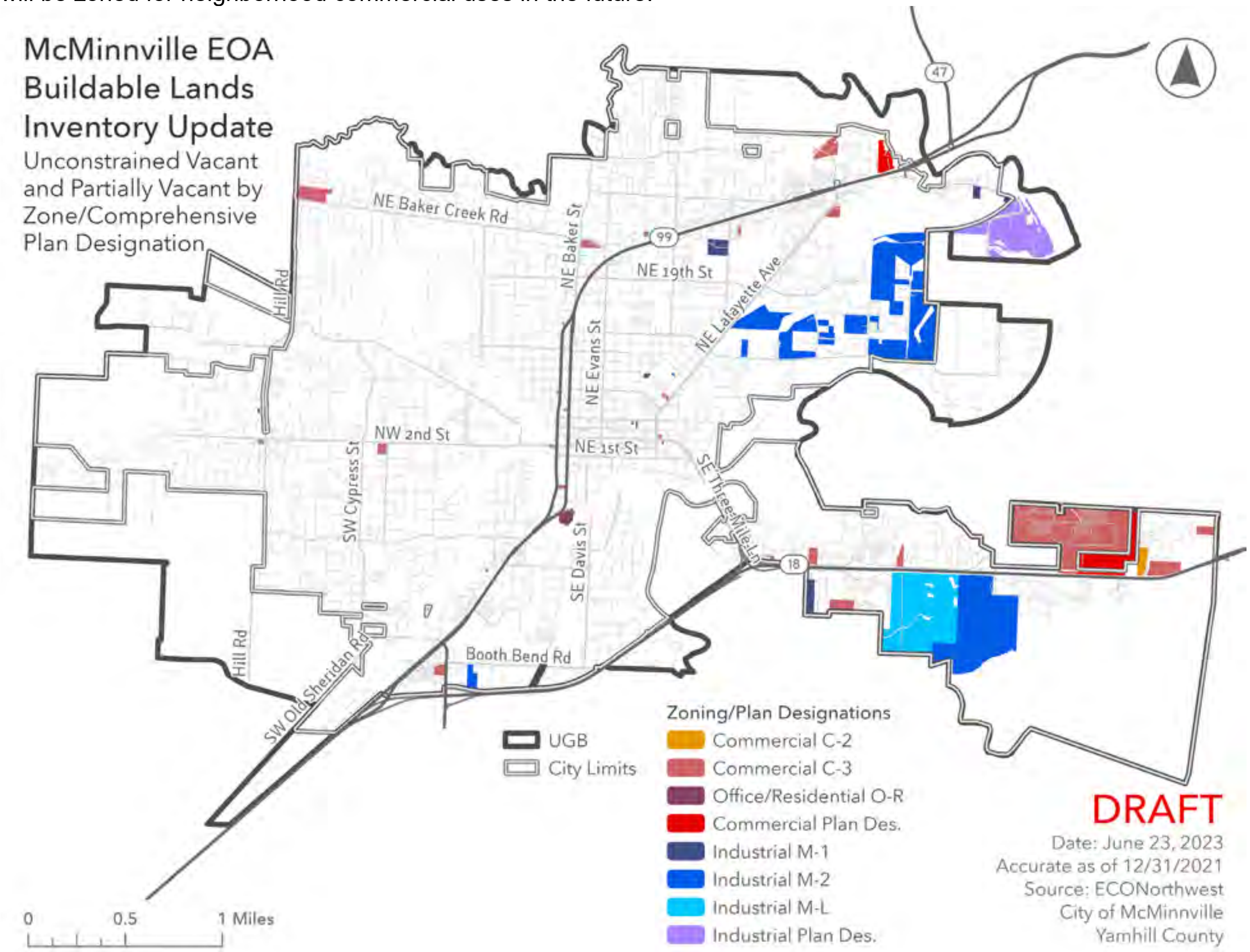
Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 1 or Exhibit 2 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 3 shows buildable employment land by zone with development constraints in the McMinnville UGB.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



FINDING – SATISIFIED: The buildable lands inventory in the EOA meets the requirements of OAR 660-009 and OAR 660-024. The inclusion of vacant small lots in the McMinnville EOA BLI exceeds the definitions of vacant land in OAR 660-009 by including vacant land on tax lots smaller than one-half an acre.

Population Forecast

OAR 660-024-0040 requires that the 20-year population forecast is the basis of the UGB land determination. be based on the appropriate 20-year forecast in OAR 660-032.

> ***660-024-0040 Land Need***
> *(1) The UGB must be based on the appropriate 20-year population forecast for the urban area as determined under rules in OAR chapter 660, division 32, and must provide for needed housing, employment and other urban uses such as public facilities, streets and roads, schools, parks and open space over the 20-year planning period consistent with the land need requirements of Goal 14 and this rule. The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision. Local governments in Crook, Deschutes or Jefferson Counties may determine the need for Regional Large-Lot Industrial Land by following the provisions of OAR 660-024-0045 for areas subject to that rule.*

OAR 660-032-0020 requires that, when a city uses population as a basis for forecasting employment, the city must use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

> ***660-032-0020 Population Forecasts for Land Use Planning***
> *(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.*

McMinnville started the process for developing the HNA and EOA in 2018, completing a draft of the HNA in 2019 and the EOA in 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA and EOA in 2021. McMinnville noticed the intention to adopt the HNA and EOA to the Department of Land Conservation and Development on May 14, 2020 and held its first evidentiary hearing on May 20, 2021. These actions are consistent with ORS 197.296(2).

Exhibit 4 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after the HNA and EOA had been drafted and McMinnville's notice to the Department of Land Conservation and Development was provided.

Exhibit 4 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 4. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development of its intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021.

Employment Trends

OAR 660-009-015(1) requires that the EOA review national, state, regional, county and local trends that may affect economic development. And OAR 660-009-015(4) assess the community's economic development potential.

> **OAR 660-009-0015**
> *(1) Review of National, State, Regional, County and Local Trends. The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses as described in section (4) of this rule. A use or category of use could reasonably be expected to expand or locate in the planning*

> *area if the area possesses the appropriate locational factors for the use or category of use. Cities and counties are strongly encouraged to analyze trends and establish employment projections in a geographic area larger than the planning area and to determine the percentage of employment growth reasonably expected to be captured for the planning area based on the assessment of community economic development potential pursuant to section (4) of this rule.*
>
> *(4) Assessment of Community Economic Development Potential. The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages. Relevant economic advantages and disadvantages to be considered may include but are not limited to:*
>
> *(a) Location, size and buying power of markets;*
> *(b) Availability of transportation facilities for access and freight mobility;*
> *(c) Public facilities and public services;*
> *(d) Labor market factors;*
> *(e) Access to suppliers and utilities;*
> *(f) Necessary support services;*
> *(g) Limits on development due to federal and state environmental protection laws; and*
> *(h) Educational and technical training programs.*

Chapter 3 of the EOA provides an extensive review of national, state, regional, and local trends that may affect economic development in McMinnville. Key among these trends are national and state economic growth, long-term and large-scale changes in the broader economy, such as increases in labor productivity, growth of entrepreneurship and small businesses, increases in automation, rising energy prices). The EOA documents changes more directly impacting economic growth in McMinnville, such as growing population, aging of the baby boomers, entry of Millennials and younger generations into the job market, changes in income, educational attainment, labor forecast participation, commuting patterns, and tourism.

Chapter 4 of the EOA provides information about McMinnville's community economic development potential. Chief among McMinnville's advantages for economic growth are its location in the Willamette Valley, access to Highway 99W, relatively young and diverse workforce, workforce availability across the region, existing diverse mix of businesses and industries, existing local business entrepreneurship, buying power of markets, comparatively low public utility rates and property tax rates, access to clean water, access to internet services, educational opportunities at Linfield College and Chemeketa Community College, and high quality of life.

McMinnville's disadvantage for economic development including: poor connections to I-5, on-going retail leakage (people traveling out of McMinnville to make retail purchases), comparatively smaller share of college graduates, tentative integration of Latino population into community & business leadership, inadequacy of commercial and industrial buildable lands, environmental constraints on land (such as steep slopes, floodplains, and wetlands), need for additional value-added opportunities for visitors, and relatively slow population growth resulting from a constrained land supply.

FINDING - SATISFIED. The City's EOA meets the requirements of OAR 660-009-015(1) and OAR 660-009-015(4).

Employment Forecast

OAR 660-024-0040(5) provides:

> ***660-024-0040 Land Need***

(5) Except for a metropolitan service district described in ORS 197.015(13), the determination of 20-year employment land need for an urban area must comply with applicable requirements of Goal 9 and OAR chapter 660, division 9, and must include a determination of the need for a short-term supply of land for employment uses consistent with OAR 660-009-0025. Employment land need may be based on an estimate of job growth over the planning period; local government must provide a reasonable justification for the job growth estimate but Goal 14 does not require that job growth estimates necessarily be proportional to population growth.

OAR 660-0024-0040(9) provides safe harbors for forecasting employment growth, as follows:

OAR 660-0024-0040(9)
(9) The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.
(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:
(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or
(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

The EOA describes the steps used to develop the employment in Exhibit 48 of the EOA. Those steps include:

- **Set Forecast Time Period and Employment Base.** The time period for the forecast was the 2021-2041 period.

  The base estimated employment was estimated using estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

  Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[2] The EOA estimates that McMinnville had an estimated 20,990 *total* employees within its UGB in 2017 based on Yamhill County's ratios of covered to total employment. (See Exhibit 49 in the EOA).

- **Evaluate UGB Employment Trends.** The prior section of this document describes the employment trends and the site needs.

- **Develop a forecast of employment growth.** The forecast of employment starts with the base of 20,990 total employees in the McMinnville UGB in 2017. The EOA considered a range of employment growth assumptions and settled on the "medium-growth option," using the safe

[2] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

harbor assumption from 660-024-0040(9)(a)(B) that employment in McMinnville will grow at the same rate as population (1.36% an average annual growth rate of 1.36% between 2021 to 2041). This projects that McMinnville will add 6,885 new employees between 2021 and 2041. (See Exhibit 50 in the EOA)

- **Allocate Job Growth by Land Use Type Scenarios.** This step allocated the forecast of 6,885 new employees to five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government. These land-use categories helped align the forecast of employment with the City's economic development direction in the *MAC-Town 2032 Economic Development Strategic Plan.* The allocation of job growth by land use types started with the existing percentage of each land use type in McMinnville in 2017 and adjusted the percentages slightly to better align with the Oregon Employment Department's forecast of employment growth for the Mid-Willamette Valley region, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan. (See Exhibit 51 in the EOA)

- **Allocate Job Growth by Land Development Status.** This step made deductions for employment that will not require vacant land. The City excluded employment growth for government employment, as land needs for government are addressed in the Public and Institutional Land Needs analysis.

  The EOA assumes that 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that do not require new employment land. This assumption is based on analysis of redevelopment information presented to the Project Advisory Committee at their October 10, 2019 meeting, which concluded that little redevelopment occurred in McMinnville between 2000 and 2019.[3] Based on discussion among the Project Advisory Committee about this information, the EOA assumes that 5% of new employment growth (332 new jobs) will be accommodated through infill and redevelopment. This leaves growth of 6,333 jobs over the 20-year period requiring vacant employment land. (See Exhibit 53 in the EOA)

- **Apply Job Density Factors.** The assumptions about employment density, expressed as employees per acre (EPA), were based on empirical analysis of employment density in McMinnville in 2017 and assumptions in the *2013 McMinnville EOA,* as discussed in detail in Appendix B of the EOA. Based on discussion among the Project Advisory Committee about this information, the EOA assumed that future industrial employment growth would occur at an average density of 11 EPA and commercial employment growth would occur at an average of 23 EPA.

  These densities are consistent with the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook,* which states: "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

- **Estimate 20-Year Employment Land Demand.** This step combines the assumptions about employment growth to estimate land demand over the 2021-2041 period. The EOA shows that the 6,333 new jobs will require 351 net acres of land at the density assumptions describe in the prior step, shown in Exhibit 5 (Exhibit 55 in the EOA).

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3 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/us_eoa_pac_3_10-10-2019_agenda_and_packet.pdf

The EOA uses assumptions about land needs for rights-of-way. Empirical analysis of development in McMinnville show that 6% of industrial land is used for rights-of-way and 18% of commercial land is used for rights of way. This results in a land demand for 405 gross acres of land for commercial and industrial land, shown in Exhibit 5 (Exhibit 55 in the EOA).

Exhibit 5. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

FINDING - SATISFIED. The City met the requirements of 660-024-0040(5) in estimating land need. The City used the safe harbor in 660-024-0040(9)(a)(B) to forecast employment growth, using the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the EOA. The City noticed the Department of Land Conservation and Development is intent to amend the comprehensive plan and adopt the EOA on May 14, 2020 with a first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20)

Special Land Needs

OAR 660-009-0020 requires that the City articulate the community's economic development objectives and identify employment uses desired by the community.

OAR 660-009-0020

(1) Comprehensive plans subject to this division must include policies stating the economic development objectives for the planning area. These policies must be based on the community economic opportunities analysis prepared pursuant to OAR 660-009-0015 and must provide the following:

(a) Community Economic Development Objectives. The plan must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Policy objectives may identify the level of short-term supply of land the planning area needs. Cities and counties are strongly encouraged to select a competitive short-term supply of land as a policy objective.

The EOA includes a forecast for additional land needed to address retail leakage and other site needs not accounted for in the forecast of employment growth and land needs. The land needs in this section are beyond those identified in the employment forecast described in the prior section of this report. They are consistent with the *MAC-Town 2032 Economic Development Strategic Plan (*adopted by Resolution No. 2019-16, March 12, 2019). This plan, developed with the aide of data, evaluation, public engagement and adopted city policies, identifies the city's economic development vision, goals, strategies and implementable actions to achieve that vision, 2018 – 2032.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP) (adopted by Ordinance No. 5126, November 8, 2022), which included a retail leakage analysis for the McMinnville area (see Exhibit 7 in the EOA). The purpose of the retail leakage analysis was to quantify the amount of retail sales for households within the McMinnville area that occur outside of McMinnville, in areas such as Salem, Portland, and I-5 corridor markets.

The 2018 analysis characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[4]

The 3MLAP report shows overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by this analysis shows that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

The EOA builds from the 3MLAP report and estimates that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage. This estimate of land need is not accounted for in the EOA report. (See Exhibit 57 of the EOA)

Other Site Needs

The City's *MAC Town 2032 Economic Development Strategic Plan* provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends. Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable.

The land needs described in this section of the EOA are all identified in existing city plans, but are not considered in the employment forecast. For example, when McMinnville's UGB was established in the early 1980s, it was not anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.

The EOA includes an estimate for land need of 49 acres for the following special site needs that are not accounted for in the employment forecast. (See Exhibit 58 in the EOA)

1. Community Center/Recreation Facility
2. Outdoor Stage/ Amphitheater
3. Arts and culture focused event center

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[4] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

4. Evergreen Aviation and Space Museum
5. Wings and Waves
6. Conference Center:
7. Food hub and public market
8. Makerspace/innovation hub/ fabrication center

Site Needs, Required Site Types, and Site Characteristics for Required Sites

OAR 660-009-0005 includes the following definition of site characterisics:

> **OAR 660-009-0005**
> *(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.*

OAR 660-009-0015 requires that cities identify required site types:

> **OAR 660-009-0015**
> *(2) Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.*

OAR 660-009-0015 requires that cities identify the number, acreage, and characteristics of sites needed to accommodate employment uses:

> **OAR 660-009-0025**
> *(1) Identification of Needed Sites. The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. Plans do not need to provide a different type of site for each industrial or other employment use. Compatible uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas. Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.*

Understanding needs for specific types and characteristics of sites requires an understanding of the types of businesses expected to locate in McMinnville over the planning period. The EOA and *MAC-Town 2032 Economic Development Strategic Plan.* The types of industries expected to growth in McMinnville are: advanced manufacturing (such as metals manufacturing, aerospace manufacturing, or agricultural product manufacturing), healthcare services, traded-sector services (such as higher education or insurance), high-tech companies, entrepreneurs, food and beverage processors (such as wineries, agri-tourism, or food processors), and tourism industries (such as hotels, restaurants, locally produced goods).

The employment forecast and employment density factors identified a need for 153 industrial acres. This forecast does not adequately account for the site needs for industrial growth in McMinnville. The EOA identifies needed sites based for the industries above and other employment growth in McMinnville based on existing distribution of employment in McMinnville (Exhibit 60 in the EOA) and site characteristics identified as necessary and typical by Business Oregon (Exhibit 62 in the EOA).

The results of this analysis are identification of needed sites, shown in Exhibit 6. If these sites are appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 6. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac 5@ 1ac	2.5 5.0
1.00-1.99	12	12-24	6@1 ac 6@2 ac	6.0 12.0
2.00-4.99	4	8-20	2@2 ac 2@4 ac	4.0 8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac 5@15 ac	50.0 75.0
20.00-25.00	7	140-175	4@20 ac 3@25 ac	80.0 75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	70 sites	305-521 ac	70 sites	384 ac

FINDING - SATISIFIED. The City met the requirements of 660-0009 in identifying site needs as described above.

Land Sufficiency

Exhibit 7 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 7 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 2).

- **Demand for commercial and industrial land** from Exhibit 5, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.

- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)

- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.

- **Needed site sizes** from Exhibit 6 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Based on all of the above, the EOA, Exhibit 7 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041

Exhibit 7. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Oregon Land Use Goal #10 (Housing)

Goal 10 requires local jurisdictions to provide for the housing needs of its citizens and provide for the appropriate type, location and phasing of public facilities and services sufficient to support housing development in areas developed or undergoing development or redevelopment.

This Housing Needs Analysis (HNA) was initially drafted in 2019/2020, at which time the City of McMinnville notified the Department of Land Conservation and Development of its intent to amend the comprehensive plan to adopt the HNA on May 14, 2020, with a first evidentiary hearing planned for May 20, 2021. The city elected to wait until May 20, 2021, for its first evidentiary public hearing as the state was in the midst of adopting a missing middle housing law and rulemaking to support that initiative which could potentially impact the HNA. At the same time, the McMinnville City Council directed city staff to respond to the court of appeals remand from the 2003 HNA, EOA and UGB expansion effort, which was adopted by the City on December 8, 2020 and approved by the Department of Land Conservation and Development on April 9, 2021. The 2003 analysis was for a planning horizon of 2003 – 2023.

At the same time, the Land Conservation and Development Commission adopted OAR 660-008-0045 on November 12, 2020 (Updated November 23, 2020), directing cities to adopt updated Housing Capacity Analysis (HNA) by December 31st of designated years. McMinnville was directed to adopt an updated HNA by December 31, 2023. Due to the fact that the City already had a draft HNA that had been noticed to the Department of Land Conservation and Development for adoption, the City chose to update that document with the recent UGB amendment and the missing middle housing laws that the state had passed, resulting in this November 2023 McMinnville Housing Needs Analysis.

This proposed Housing Needs Analysis (HNA) accounts for housing needs for the 2021-2041 planning period. The HNA forecasts that McMinnville is planning for 4,657 dwelling units to accommodate an increase of 11,260 people over the 20-year period. McMinnville's housing needs are

for more diverse housing types, with more attached and multifamily dwellings than in the City's current housing stock. In addition, McMinnville needs more housing that is affordable to households with income below 120% of median family income, accounting for 59% of future housing needs.

McMinnville assumes that 8% of the 4,657 dwelling units will be accommodated through infill and redevelopment (8% of new housing). That leaves need for 4,284 new units that require buildable land. McMinnville's vacant and partially vacant buildable residential land has capacity for 3,183 dwelling units. The result is a deficit of land for 1,101 dwelling units.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds that Goal 10 has been addressed, based on the discussion above as well as the findings below.

Buildable Lands Inventory

ORS 197.296(2) requires the City to "demonstrate that its comprehensive plan . . . provides sufficient buildable lands within the urban growth boundary . . . to accommodate estimated housing needs for 20 years." The statutory requirement for a buildable lands inventory, along with direction concerning what lands are to be inventoried as "buildable," is contained in ORS 197.296(3), ORS 197.296(4) and in OAR Division 660-008:

> **ORS 197.296**
> *(3) In performing the duties under subsection (2) of this section, a local government shall:*
> > *(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands;*
>
> *(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:*
> > > *(A) Vacant lands planned or zoned for residential use;*
> > > *(B) Partially vacant lands planned or zoned for residential use;*
> > > *(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and*
> > > *(D) Lands that may be used for residential infill or redevelopment.*
>
> **OAR 660-008-0005**
> *(2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:*
> > *(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
> > *(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
> > *(c) Has slopes of 25 percent or greater;*
> > *(d) Is within the 100-year flood plain; or*
> > *(e) Cannot be provided with public facilities.*
>
> *(12) "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the*

strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

OAR 660-024-0050

(1) When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. For residential land, the buildable land inventory must include vacant and redevelopable land, and be conducted in accordance with OAR 660-007-0045 or 660-008-0010, whichever is applicable, and ORS 197.296 for local governments subject to that statute.

The HNA includes a buildable lands inventory that meets these requirements. It starts with all land in McMinnville where housing is allowed outright, including land in the following zones: Residential zones R-1, R-2, R-3, and R-4; Commercial zones O-R and C-3; and land within the UGB in County zoning EF-80, VLDR-1, Residential Plan Designation, and Urban Holding Plan Designation.
The HNA classifies each tax lot in these zones into a set of mutually exclusive categories based on development status. All residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.

- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more than a half-acre of buildable land after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

The HNA deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes), consistent with OAR 660-008-0005(2), shown in Exhibit 8:

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.

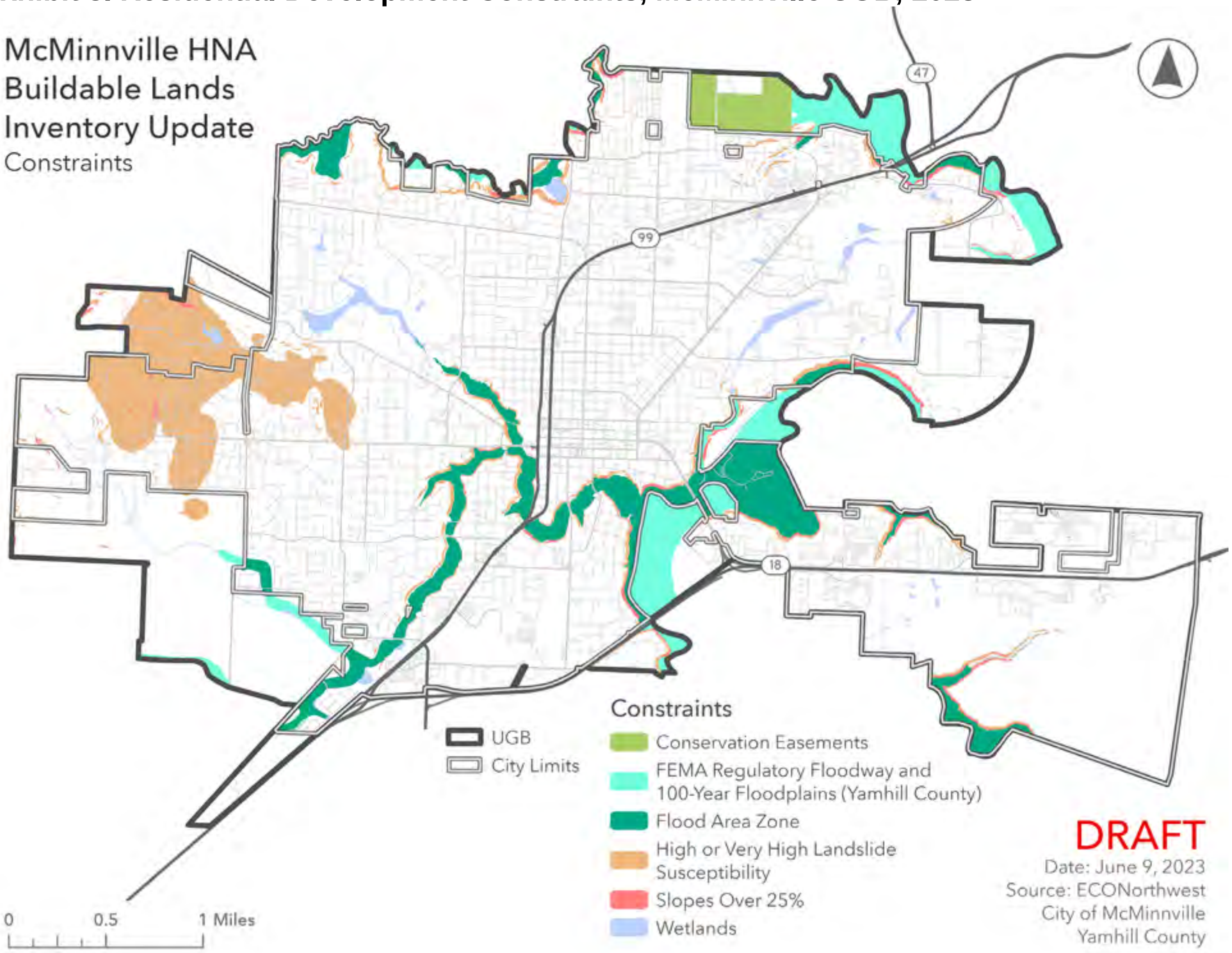
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.

- *Land within landslide hazards*. The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands

with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.

- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.
- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

Exhibit 8. Residential Development Constraints, McMinnville UGB, 2023



After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 9 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation.

Exhibit 9. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 10 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 10 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 11 shows vacant and partially vacant lots with constraints overlaid Exhibit 12 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 11. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

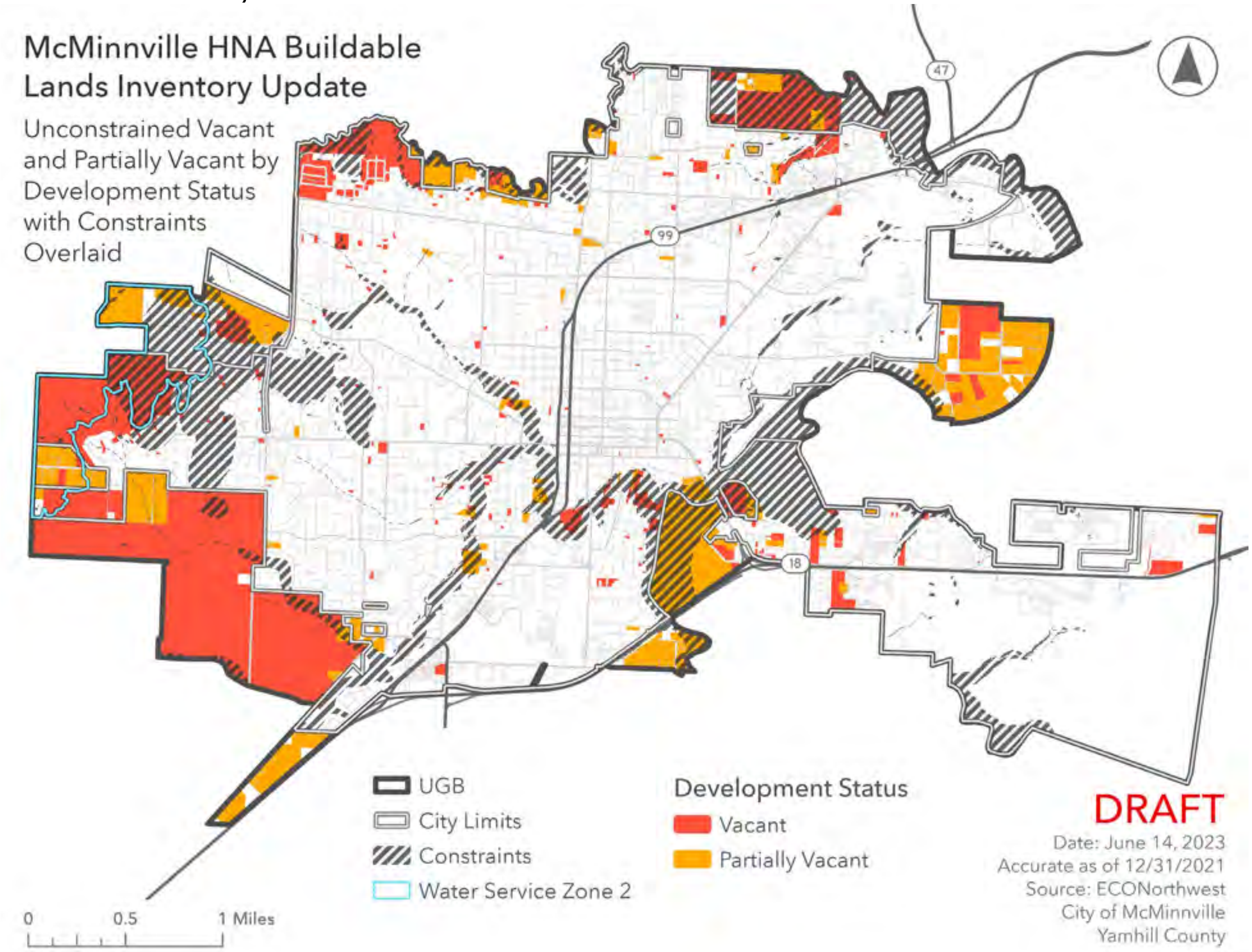
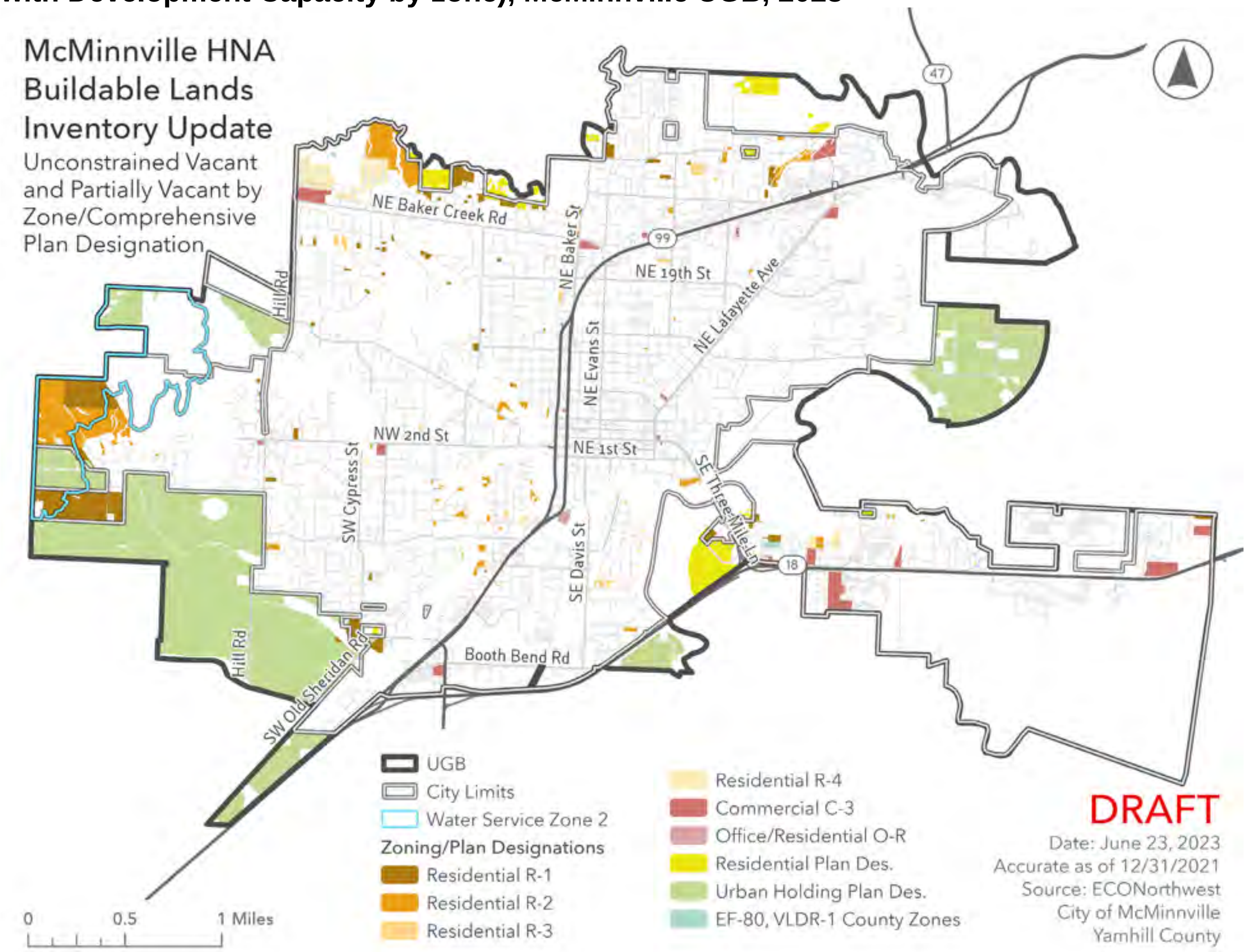


Exhibit 12. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



To account for redevelopment, the HNA assumes that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. This assumption is discussed in more depth later in this analysis.

FINDING – SATISFIED: The buildable lands inventory in the HNA meets the requirements of ORS 197.296, OAR 660-008, and OAR 660-024.

Planning Horizon and Population Forecast

ORS 197.296 establishes the context for planning to provide sufficient buildable lands within the UGB to accommodate estimated housing needs for 20 years. ORS 197.296(2) provides:

> *(2)(a) A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:*
>
> *(A) At periodic review under ORS 197.628 to 197.651;*
>
> *(B) As scheduled by the commission:*
>
> *(i) At least once each eight years for local governments that are not within a metropolitan service district; or*
>
> *(ii) At least once each six years for a metropolitan service district; or*

(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.
(b) The 20-year period shall commence on the date initially scheduled for completion of the review under paragraph (a) of this subsection.

In addition, OAR 660-024-0040 requires that the 20-year population forecast be based on the appropriate 20-year forecast in OAR 660-032.

660-024-0040 Land Need
(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.

OAR 660-032-0020 requires that a city use the most recent final forecast issued by the Portland State University Population Research Center (PRC):

660-032-0020 Population Forecasts for Land Use Planning
(1) A local government with land use jurisdiction over land that is outside the Metro boundary shall apply the most recent final forecast issued by the PRC under OAR 577-050-0030 through 577-050-0060, when changing a comprehensive plan or land use regulation that concerns such land, when the change is based on or requires the use of a population forecast, except that a local government may apply an interim forecast as provided in 660-032-0040.

McMinnville started the process for developing the HNA in 2018, completing a draft of the HNA in early 2020. McMinnville used the 20-year planning period of 2021-2041, with the anticipation of adopting the HNA in 2021. McMinnville notified the Department of Land Conservation and Development the intention to amend the comprehensive plan by adopting the HNA on May 14, 2020 with the first evidentiary hearing on May 20, 2021 (DLCD File #: 001-20). These actions are consistent with ORS 197.296(2).

Exhibit 13 shows that McMinnville used the PRC forecast for June 30, 2017, which was the most recently completed forecast at the time of development of the HNA. The next forecast was finalized on June 30, 2020, after McMinnville had completed its draft HNA and after it had noticed the Department of Land Conservation and Development. Exhibit 13 shows that McMinnville was forecast to grow by 11,260 people over the 2021-2041 period.

Exhibit 13. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

FINDING - SATISFIED. The City used the most recent population forecast from the PRC, with the 20-year period commencing in the year the City scheduled for review and adoption of the HNA.

Residential Land Need

The McMinnville Housing Needs Analysis (HNA), updated in June 2023, presents McMinnville's land need for housing. The HNA is the factual basis for the information presented in this section.

The City of McMinnville has one Residential Land Comprehensive Plan Map Designation and four residential zone classifications (R1, R2, R3 and R4). This is deliberate as the City of McMinnville has a Comprehensive Plan policy and long tradition of encouraging the integration of different housing types throughout its neighborhoods through a planned development land-use process. McMinnville added a fifth residential zone classification (R-5) as an exclusive high-density residential zone to help achieve the city's affordable housing need. McMinnville has no land zoned R-5, as shown in the June 2023 HNA.

Housing Unit Projection

OAR 660-024-0040 provides the following guidance on housing unit projection:

> ***660-024-0040 Land Need***
> *(4) The determination of 20-year residential land needs for an urban area must be consistent with the appropriate 20-year coordinated population forecast for the urban area determined under rules in OAR chapter 660, division 32, and with the requirements for determining housing needs in Goals 10 and 14, OAR chapter 660, division 7 or 8, and applicable provisions of ORS 197.295 to 197.314 and 197.475 to 197.490.*
>
> *(8) The following safe harbors may be applied by a local government to determine housing need under this division:*
>
>> *(a) A local government may estimate persons per household for the 20-year planning period using the persons per household for the urban area indicated in the most current data for the urban area published by the U.S. Census Bureau.*
>> *(e) A local government outside of the Metro boundary may estimate its housing vacancy rate for the 20-year planning period using the vacancy rate in the most current data published by the U.S. Census Bureau for that urban area that includes the local government.*

Exhibit 14 presents for the forecast for new housing for McMinnville for the 2021-2041 period, based on:

- **Population growth.** The first step in the HNA process is to forecast the number of housing units that will be needed to house the projected population growth over the planning period. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.

- **Household size.** OAR 660-024-0040(8)(a) established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people.[5]

- **Vacancy rate.** OAR 660-0240040(8)(e) established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%.[6]

[5] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.
[6] The 2014-2018 American Community Survey data was released on December 19, 2019, which was six months after the HNA was completed in June 2019.

Exhibit 14. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

FINDING - SATISFIED. The City used the most recent population forecast from the PRC as the basis for the forecast of housing demand and the most recently available data from the American Community Survey for the household size and vacancy rate.

Needed Housing Types

ORS 197.303 defines "needed housing" as follows:

> *197.303 "Needed housing" defined. (1) As used in ORS 197.286 to 197.314, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:*
>
> > *(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;*
> > *(b) Government assisted housing;*
> > *(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;*
> > *(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and*
> > *(e) Housing for farmworkers.*

OAR 660-024-0040(8) provides the following safe harbors for determination of some needed housing types:

> *(b) If a local government does not regulate government-assisted housing differently than other housing types, it is not required to estimate the need for government-assisted housing as a separate housing type.*
> *(c) If a local government allows manufactured homes on individual lots as a permitted use in all residential zones that allow 10 or fewer dwelling units per net buildable acre, it is not necessary to provide an estimate of the need for manufactured dwellings on individual lots.*
> *(d) If a local government allows manufactured dwelling parks required by ORS 197.475 to 197.490 in all areas planned and zoned for a residential density of six to 12 units per acre, a separate estimate of the need for manufactured dwelling parks is not required.*

The City uses the following housing types in its forecast of future housing need:

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.

- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. Manufactured home park development is an allowed use in the R-3 and R-4 zone, which are the zones that allow six to 12 dwelling units per acre.

The HNA forecasts housing types for single-family detached, single-family attached, and multifamily housing, as defined above (see Exhibits 85 and 91).

FINDING - SATISFIED. The City's forecast addresses the requirements of ORS 197.303 and OAR 660-024-0040(8).

Needed Housing Mix

ORS 197.303 requires the City to consider the following factors when projecting future housing needs:

> *(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last review under ORS 197.296 (2)(a)(B) and the projected future changes in these factors over a 20-year planning period:*
>
> *(a) Household sizes;*
> *(b) Household demographics;*
> *(c) Household incomes;*
> *(d) Vacancy rates; and*
> *(e) Housing costs.*

The HNA presents information on these factors, based on the best available sources of data at the time of development of the HNA, making comparisons to data from 2000 when possible.

- McMinnville's average household size was 2.55 in 2013-2017. average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000. (See Exhibits 48 to 53 in the HNA)

- McMinnville's city limits had 33,665 people in 2017, up from 26,499 people in 2000. (See Exhibits 34 to 47 in the HNA)

    - Population in McMinnville is growing faster than the State and national average since 1990.

    - Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.

- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.

- McMinnville's median household income was $50,299 in in 2013-2017. (See Exhibits 54 to 56 in the HNA)

  - Median household income and median family income is below County and State median incomes.

  - While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.

- McMinnville's median household income was $50,299 in 2013-2017. (See Exhibits 54 to 56 in the HNA)

- About 5.4% of housing units were vacant in McMinnville in 2013-2017, compared with 4.7% vacancy in 2000. (See Exhibit 27 in the HNA)

- The median housing sales price in McMinnville in February 2019 was $315,000, an increase of $196,000 since February 2012. The median gross rent in McMinnville was $941 in 2012-2016. (See Exhibits 63 to 67 in the HNA)

In addition, ORS 197.296(3)(b) requires the City to:

(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

The HNA presents information about historical housing development mix:

- McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period. McMinnville added 3,257 new dwelling units during this 17-year period.

- McMinnville's housing stock is majority single-family detached housing units. According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses). McMinnville's housing mix has not changed substantially since 2000, when 67% of housing was single-family detached, 24% was multifamily, and 8% was single-family attached. (See Exhibits 16 and 17 in the HNA)

- According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017. Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing, 8% single-family housing, and 31% multifamily housing. (See Exhibit 20 in the HNA)

Taken together, these trends suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment

buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

Exhibit 15. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

FINDING – SATISFIED: The City's forecast addresses the requirements of ORS 197.303(2) and ORS 197.296(3)(b).

Housing Accommodated through Infill and Redevelopment

The HNA estimates housing that will be accommodated through infill and redevelopment, then subtracts that housing from the forecast of new housing. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The HNA forecasts that 373 units of new housing (mostly multifamily housing) will be accommodated through infill and redevelopment. Of these units, 37 are forecast to be single-family detached and 335 multifamily. The result is a forecast for need for 4,284 dwelling units on vacant or partially vacant unconstrained land, of which 2,524 will be single-family detached, 559 single-family attached, and 1,202 multifamily. (See Exhibit 91 in the HNA)

Needed Housing Density

ORS 197.296(3)(b) requires the City to:

> *(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.*

ORS 197.296(7) also requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years."

> *(7) Using the housing need analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.*

The preceding section presents the results of the analysis that satisfies the requirements of ORS 197.296(3)(b). In response to ORS 197.296(7), the HNA presents information about historical housing development density:

- Exhibit 16 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

- The HNA shows that density of housing development varied annually since 2000, with years that had larger numbers of multifamily permitted having higher densities (such as 2001 and 2015). (See Exhibit 84 in the HNA)

Exhibit 16. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

The HNA converts the historical net densities into gross densities, to account for need for land for future rights-of-ways. The assumptions about land in rights-of-ways is based on empirical analysis development in McMinnville, where an average of 25% of land is used for rights-of-way. The overall average density for McMinnville's future development is 6.6 dwelling units per net acre or 4.9 dwelling units per gross acre.

The HNA adjusted the forecast of needed densities to add 3% to the Historical Densities in Exhibit 16, consistent with the density changes allowed for complying with HB 2001 (2019).[7] This change in needed densities is shown in Exhibit 17.

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[7] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Exhibit 17. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

The starting point for the discussion of needed future densities is the historical development densities (Exhibit 16), with the additional 3% increase in density as a result of complying with HB 2001 (2019) (Exhibit 17). The HNA concludes that increases in housing density will be achieved predominantly through the change in needed housing mix, with 55% of new housing to be single-family detached (compared to the average of 68% of McMinnville's housing stock), 12% single-family attached (9% of existing housing stock), and 33% multifamily (23% of existing stock). Taken together, this shift of future housing need will result in overall higher average development densities. This assessment is based on the analysis of factors in ORS 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7). If housing develops at densities consistent with those in Exhibit 17 (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

After adoption of the HNA, the City expects to evaluate land use efficiency measures to further increase residential densities, consistent with ORS 197.296(6). After applying land use efficiency measures, if the City still has an identified deficit of land and must expand its UGB, it is highly probable that the density assumed for the UGB expansion will be higher than 5.46 dwelling units per gross acre.

FINDING – SATISFIED: The City's forecast of needed densities addresses the requirements of S 197.303(2), ORS 197.296(3)(b), and ORS 197.296(7).

Capacity Analysis

Prior sections of the findings document the City's compliance with ORS 197.296 and OAR 660-008 in developing the buildable lands inventory and future needed density. This section applies those densities to vacant and partially vacant unconstrained buildable land to forecast capacity of that land, per the requirements of ORS 197.296(5):

> **ORS 197.296(5)**
> *(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity pursuant to subsection (3)(a) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last review under subsection (2)(a)(B) of this section. The data shall include:*
> *(A) The number, density and average mix of housing types of urban residential development that have actually occurred;*
> *(B) Trends in density and average mix of housing types of urban residential development;*
> *(C) Market factors that may substantially impact future urban residential development; and*

(D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

The capacity analysis in the HNA estimates the development potential of vacant and partially vacant residential land to accommodate new housing based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 10. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.

- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.

- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.

- **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 19 provides more detail about these small lots.

  Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.

- **Needed densities.** The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 17 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

Exhibit 18. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 18 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 19), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 17 by zoning district.

Exhibit 19 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 19 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 19 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 19. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total Capacity (DU)
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

FINDING – SATISFIED: The City's capacity analysis addresses the requirements of ORS 197.296(3) and ORS 197.296(5).

Residential Land Need

The HNA concludes that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

Exhibit 20. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Oregon Land Use Goal #11 (Public Facilities and Services)

Goal 11 requires cities to plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

Housing and employment growth are reliant on utilities and infrastructure to adequately serve residents within the community.

- **Wastewater.** The City's current Wastewater Facilities Master Plan was completed in 2009. The City started updating its Wastewater Facilities Master Plan in September 2022 and expects to complete the update by the end of 2024. The update of the Wastewater Facilities Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Stormwater.** The City's Stormwater Drainage Master Plan was completed in 2009 as a draft plan but never adopted. The City started updating the draft Stormwater Drainage Master Plan May 2023 and expects to adopt the plan by the end of 2025. The adopted Stormwater Drainage Master Plan will account for service needs to accommodate land brought into the UGB in 2020.

- **Water.** McMinnville Water and Light provides municipal water service (including water treatment) to the community of McMinnville. McMinnville Water and Light has water rights in the Yamhill and Nestucca River basins, with sufficient water rights to accommodate expected

growth through 2075. The Scott Water Treatment Plan was upgraded and expanded in 2010 and provides enough treatment capacity to accommodate growth through 2045. McMinnville Water and Light is updating the Water Master Plan to account for service needs to accommodate land brought into the UGB in 2020.

The HNA and EOA do not propose new Goal 11 programs. The development of additional housing and employment uses within McMinnville relies on adequate infrastructure. The City is working on updating and studying its existing and needed infrastructure to accommodate growth.

FINDING – SATISFIED. The City finds that Goal #11 is satisfied.

Oregon Land Use Goal #12 (Transportation)

Goal 12 encourages the provision of a safe, convenient and economic transportation system. This goal also implements provisions of other statewide planning goals related to transportation planning in order to plan and develop transportation facilities and services in coordination with urban and rural development (OAR 660-012-0000(1)).

McMinnville updated its Transportation System Plan in 2010. The plan assumes need to serve 46,220 people and 19,600 employees. As part of its ongoing public facility master planning updates, the City of McMinnville will initiate an update to the Transportation System Plan in 2024, with a goal to adopte an updated plan by the end of 2026 to account for service needs to accommodate land brought into the UGB in 2020.

FINDING – SATISFIED. The City finds that since the adoption of the HNA and EOA are not comprehensive plan map or zoning map updates, Goal #12 is satisfied.

Oregon Land Use Goal #13 (Energy Conservation)

Goal 13 requires land and uses developed on the land to be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principles. Energy consequences will be further evaluated after the City has adopted land use efficiency measures to accommodate unmet residential, commercial, and industrial land needs, if the City requires a UGB expansion. For the HNA and EOA, Goal 13 does not apply.

FINDING – NOT APPLICABLE.

Oregon Land Use Goal #14 (Urbanization)

Goal 14 requires the orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.

Housing and employment growth are directly related to land need in the McMinnville UGB and coincides with the transition of rural lands to urban lands. The City's 2020 expansion of its UGB, which added lands for residential, commercial, industrial, and public land to the UGB, is accounted for in the HNA and EOA. The buildable lands inventories of both studies include land newly added to the UGB.

The HNA identified a deficit of 202 acres to accommodate housing growth over the 2021-2041 period.

The EOA identified a deficit of 29 acres of industrial land and 159 acres of commercial land to accommodate housing growth over the 2021-2041 period. The Public and Institutional Land analysis identified a deficit of 94 acres of land for public or institutional land over the 2021-2041 period.

McMinnville has proposed to adopt is HNA and EOA prior to identifying land use efficiency measures or a UGB expansion to meet its land needs, based on ORS 197.626(3) and per Resolution NO. 2023-63, is submitting a Notice of Execution and Work Plan to the Department of Land Conservation and Development.

FINDING – SATISFIED: The City finds the requirements of Goal 14 satisfied.

McMinnville Comprehensive Plan

As described in the Comprehensive Plan, the Goals and Policies of the Comprehensive Plan serve as criteria for land use decisions. The following Goals and Policies from Volume II of the McMinnville Comprehensive Plan are applicable to this request:

CHAPTER II. NATURAL RESOURCES

GOAL II 1 TO PRESERVE THE QUALITY OF THE AIR, WATER, AND LAND RESOURCES WITHIN THE PLANNING AREA.

2.00. The City of McMinnville shall continue to enforce appropriate development controls on lands with identified building constraints, including, but not limited to, excessive slope, limiting soil characteristics, and natural hazards.

9.00 The City of McMinnville shall continue to designate appropriate lands within its corporate limits as "floodplain" to prevent flood induced property damages and to retain and protect natural drainage ways from encroachment by inappropriate uses.

FINDING: SATISFIED. Goal II 1 and policies 2.00 and 9.00 are satisfied by this proposal because the buildable lands inventory removed those lands in the floodplain and with excessive slopes, limiting soil characteristics and natural hazards.

CHAPTER III. CULTURAL, HISTORICAL AND EDUCATIONAL RESOURCES

GOAL III 7 TO PROVIDE FOR THE EDUCATIONAL NEEDS OF MCMINNVILLE THROUGH THE PROPER PLANNING, LOCATION, AND ACQUISITION OF SCHOOL SITES AND FACILITIES.

18.00 The City of McMinnville shall cooperate with the McMinnville School District in the planning for future schools.

FINDING: SATISFIED. Goal III 7 and policy 18.00 is satisfied by this proposal since the future land needs of the school district was incorporated into the EOA as part of Appendix E, Public and Instituional Land.

CHAPTER IV. ECONOMY OF MCMINNVILLE

GOAL IV 1: TO ENCOURAGE THE CONTINUED GROWTH AND DIVERSIFICATION OF McMINNVILLE'S ECONOMY IN ORDER TO ENHANCE THE GENERAL WELL-BEING OF THE COMMUNITY AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS.

GOAL IV 2: TO ENCOURAGE THE CONTINUED GROWTH OF McMINNVILLE AS THE COMMERCIAL CENTER OF YAMHILL COUNTY IN ORDER TO PROVIDE EMPLOYMENT OPPORTUNITIES, GOODS, AND SERVICES FOR THE CITY AND COUNTY RESIDENTS.*:*

21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.

21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.

1. *The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.*

2. *Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries.* (Ord.4796, October 14, 2003)

21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV, 1 and 2, and policies 21.00, 21.01, 21.02, and 21.05 are satisfied by the adoption of the EOA to ensure adequate land supply and sites to support the community's economic development efforts. Policy 21.05 is satisfied through the retail leakage analysis and incorporation of the acreage needed to reduce the retail leakage in the commercial land need analysis.

GOAL IV 3: TO ENSURE COMMERCIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USE THROUGH UTILIZATION OF EXISTING COMMERCIALLY DESIGNATED LANDS, THROUGH APPROPRIATELY LOCATING FUTURE NEIGHBORHOOD-SERVING AND OTHER COMMERCIAL LANDS, AND DISCOURAGING STRIP DEVELOPMENT.

23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.

24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

FINDING: SATISFIED. Goal IV 3, and policies 23.00 and 24.50 are satisfied by the policy decision to not assign housing to the commercially zones sites in the buildable lands inventory in order to protect commercial sites from encroachment by incompatible uses, and that the location, type and amount of commercial activity within the UGB shall be based on the Economic Opportunity Analysis.

GOAL IV 5: TO CONTINUE THE GROWTH AND DIVERSIFICATION OF McMINNVILLE'S INDUSTRIAL BASE THROUGH THE PROVISION OF AN ADEQUATE AMOUNT OF PROPERLY DESIGNATED LANDS.

GOAL IV 6: TO INSURE INDUSTRIAL DEVELOPMENT THAT MAXIMIZES EFFICIENCY OF LAND USES, THAT IS APPROPRIATELY LOCATED IN RELATION TO SURROUNDING LAND USES, AND THAT MEETS NECESSARY ENVIRONMENTAL STANDARDS.

49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)

49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

FINDING: SATISFIED. Goal IV 4 and 5, and policies 49.01 and 49.02 are satisfied by the adoption of the EOA.

CHAPTER V. HOUSING AND RESIDENTIAL DEVELOPMENT

GOAL V 1 TO PROMOTE DEVELOPMENT OF AFFORDABLE, QUALITY HOUSING FOR ALL CITY RESIDENTS.

General Housing Policies:

58.00 City land development ordinances shall provide opportunities for development of a variety of housing types and densities.

59.00 Opportunities for multiple-family and mobile home developments shall be provided in McMinnville to encourage lower-cost renter and owner-occupied housing. Such housing shall be located and developed according to the residential policies in this plan and the land development regulations of the City.

60.00 Attached single-family dwellings and common property ownership arrangements (condominiums) shall be allowed in McMinnville to encourage land-intensive, cost-effective, owner-occupied dwellings.

FINDING: SATISFIED. Goal V 1 and the policies 58.00, 59.00 and 60.00 are satisfied with the intention identified in the Housing Needs Analysis to increase the proportional amount of single-family attached housing in the HNA, as well as the proportional increase of multi-family housing in the HNA.

CHAPTER VII. COMMUNITY FACILITIES AND SERVICES

GOAL VII 3: TO PROVIDE PARKS AND RECREATION FACILITIES, OPEN SPACES, AND SCENIC AREAS FOR THE USE AND ENJOYMENT OF ALL CITIZENS OF THE COMMUNITY.

170.05 For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used. (Ord. 4796, October 14, 2003)

FINDING: SATISFIED. Goal VII 3 and policy 170.05 is satisfied since the City of McMinnville's Parks, Recreation and Open Space Master Plan was utilized to project future park and open space needs.

CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT

GOAL X 1 TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMINNVILLE.

FINDING: SATISFIED. The following activities were provided for citizen involvement. The public was provided the opportunity to be involved in the decision-making process for the Housing Needs Analysis report development in the following ways:

- ❖ Project Advisory Committee Meetings
  - July 17, 2018
  - November 14, 2018
  - December 18, 2018
  - January 16, 2019
  - March 7, 2019
  - May 21, 2019
  - June 13, 2019
  - May 8, 2023
  - June 22, 2023

- ❖ Focus Groups
  - January 22, 2019

- ❖ Public Open House:
  - February 5, 2019

- ❖ Work Sessions:
  - January 16, 2019, City Council Joint Work Session with Project Advisory Committee
  - August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
  - July 11, 2023, City Council Work Session
  - August 3, 2023, Planning Commission Work Session

- ❖ Public Hearings:

- Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
- Planning Commission, May 18, 2023 (Noticed and continued to September 7, 2023)
- Planning Commission, September 7, 2023 (Heard public testimony and continued to September 21, 2023)
- Planning Commission, September 21, 2023 (Heard public testimony)

❖ City Council Meetings
- October 10, 2023
- November 28, 2023

The public was provided the opportunity to be involved in the decision-making process for the Economic Opportunities Analysis report development in the following ways:

❖ Project Advisory Committee Meetings
- July 16, 2019
- September 5, 2019
- October 10, 2019
- November 13, 2019
- January 21, 2020
- February 27, 2020
- March 19, 2020
- May 11, 2020
- May 8, 2023
- June 22, 2023

❖ Work Sessions:
- August 21, 2019, Joint Work Session, City Council and Board of Yamhill County Commissioners
- July 11, 2023, City Council Work Session
- August 3, 2023, Planning Commission Work Session

❖ Public Hearings:
- Planning Commission, May 20, 2021 (Noticed and continued to May 18, 2023)
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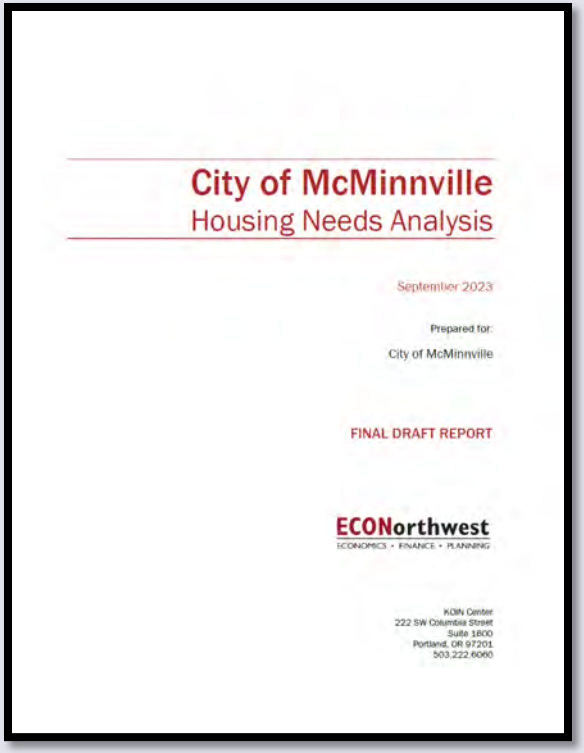
❖ City Council Meetings
- October 10, 2023
- November 28, 2023

Growing McMinnville MINDFULLY

G 1-20, G 3-20

Tonight's Consideration – Needs Analysis Adoption


City of McMinnville
Housing Needs Analysis

September 2023

Prepared for:
City of McMinnville

FINAL DRAFT REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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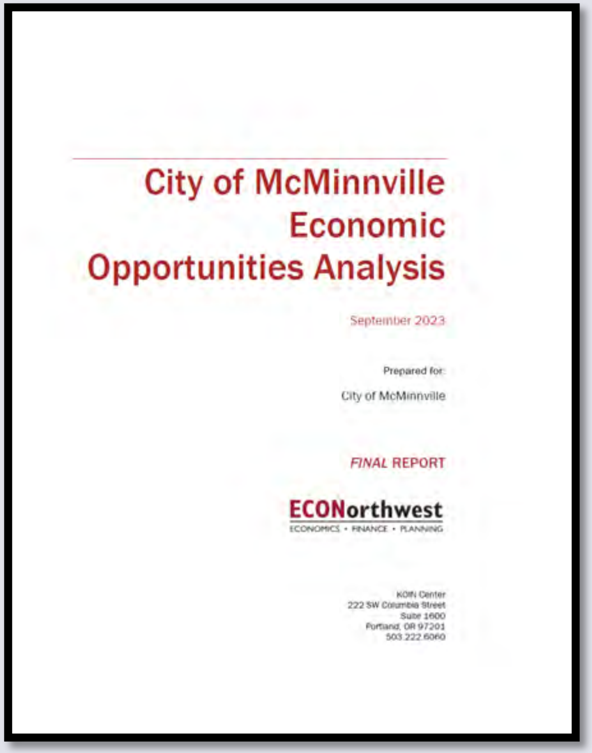
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060


City of McMinnville
Economic
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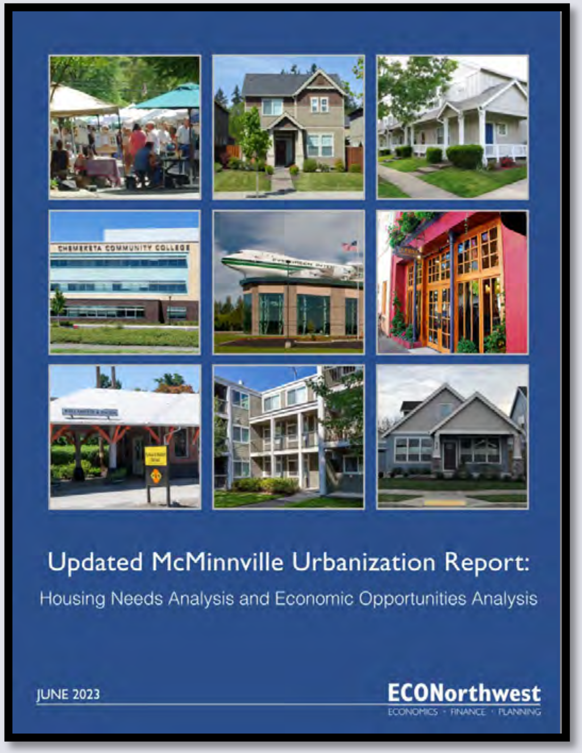

City of McMinnville

Tonight's Consideration

Per ORS 197.296, we need to submit a Housing Capacity Analysis and Buildable Lands Inventory by December 31, 2023.

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

City of McMinnville

Tonight's Consideration

Per ORS 197.296, we need to submit a Housing Capacity Analysis and Buildable Lands Inventory by December 31, 2023.

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5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

We also worked on an updated Economic Opportunity Analysis (which includes a Public Land Needs Analysis), that are also ready to submit.

City Council Strategies

GOAL: HOUSING – Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks and land supply align with market-driven housing needs.

GOAL: GROWTH AND DEVELOPMENT CHARACTER – Guide growth and development strategically, responsively, and responsibly to enhance our unique character.

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

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

Tonight's Consideration

Two Ordinances: City Council will be choosing one to approve.

Ordinance No. 5139 and Ordinance No. 5141

Each Ordinance:

1. **Adopts the following documents:**

    - **Urbanization Study, November 2023**
    - **Housing Needs Analysis, November 2023**
    - **Economic Opportunities Analysis, November 2023**
    - **Findings and Decision Document (G 1-20 and G 3-20)**

2. **Amends the Comprehensive Plan, Volume I**

3. **Repeals Ordinances No. 4746 and 4976**

City of McMinnville

Tonight's Consideration

Two Ordinances: City Council will be choosing one to approve.

Ordinance No. 5139 and Ordinance No. 5141

Where they are different:

The *Urbanization Study*, *Economic Opportunities Analysis* and *Findings and Decision Document* are different in the following way.

Ordinance	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
5139	**202 Acres**	29 Industrial 98 Commercial **127 Acres**	**32 Acres**	**361 Acres**
5141	**202 Acres**	29 Industrial 159 Commercial **188 Acres**	**32 Acres**	**422 Acres**

Tonight's Consideration

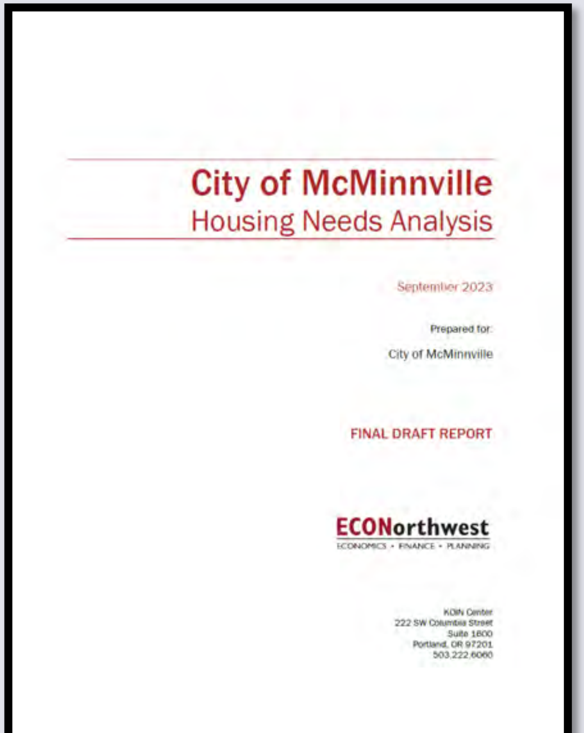
Ordinance	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
5139	**202 Acres**	29 Industrial 98 Commercial **127 Acres**	**32 Acres**	**361 Acres**
5141	**202 Acres**	29 Industrial 159 Commercial **188 Acres**	**32 Acres**	**422 Acres**

Ordinance No. 5139 – Removes commercial acreage land need associated with the *"Retail Leakage"* and *"Other Needed Sites Calculated Separately from Average Employment Densities"* = Commercial Land Need = Reduced by 61 Acres

Ordinance No. 5141 – Retains commercial acreage land need associated with the *"Retail Leakage"* and *"Other Needed Sites Calculated Separately from Average Employment Densities"*

City of McMinnville

Tonight's Consideration



City of McMinnville
Housing Needs Analysis

September 2023

Prepared for:

City of McMinnville

FINAL DRAFT REPORT

ECONorthwest
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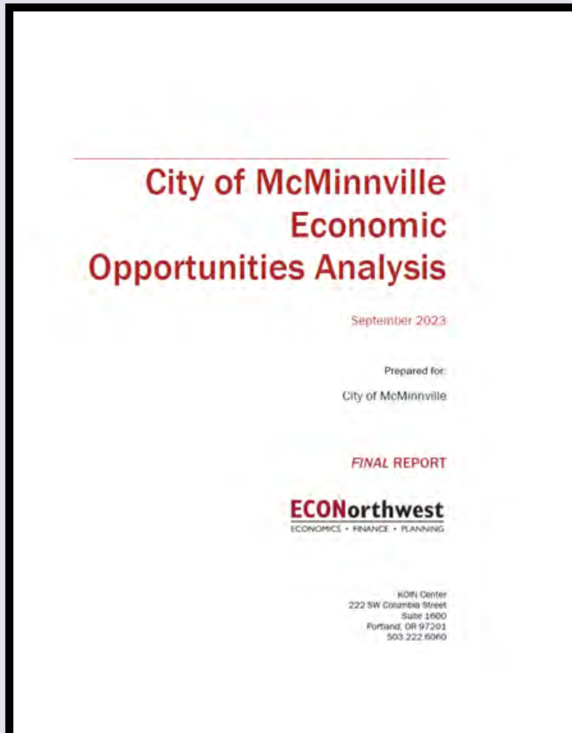

City of McMinnville
Economic
Opportunities Analysis

September 2023

Prepared for:

City of McMinnville

FINAL REPORT

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McMinnville Comprehensive Plan, Volume I

McMinnville's Comp Plan

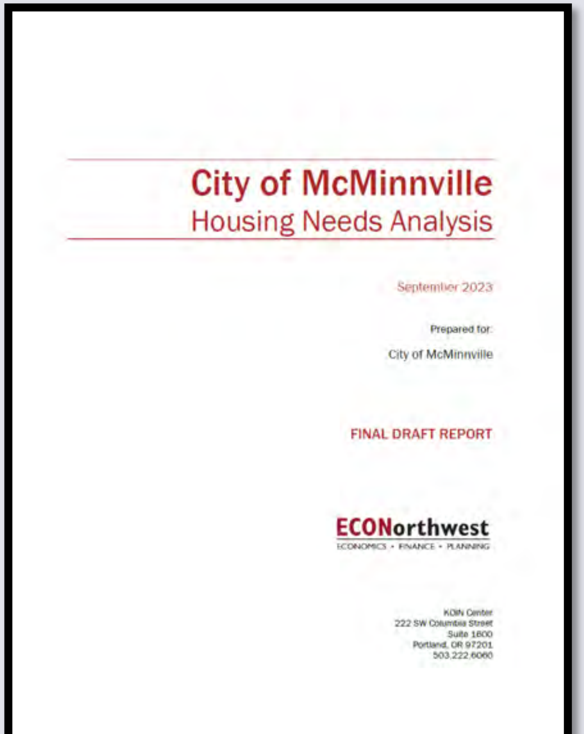
Vol I = Background Information

Vol II = Goals and Policies

Vol III – Implementing Ordinances

City of McMinnville

Tonight's Consideration


City of McMinnville
Housing Needs Analysis

September 2023

Prepared for:

City of McMinnville

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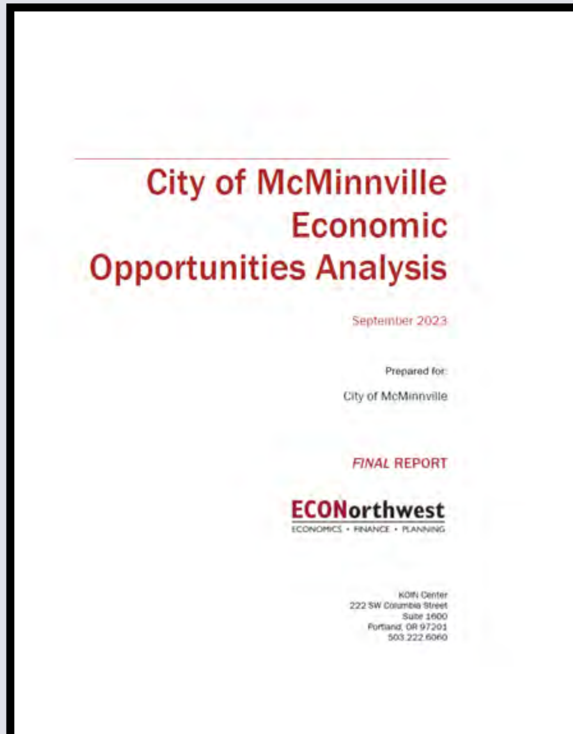
City of McMinnville
Economic
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September 2023

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City of McMinnville

FINAL REPORT

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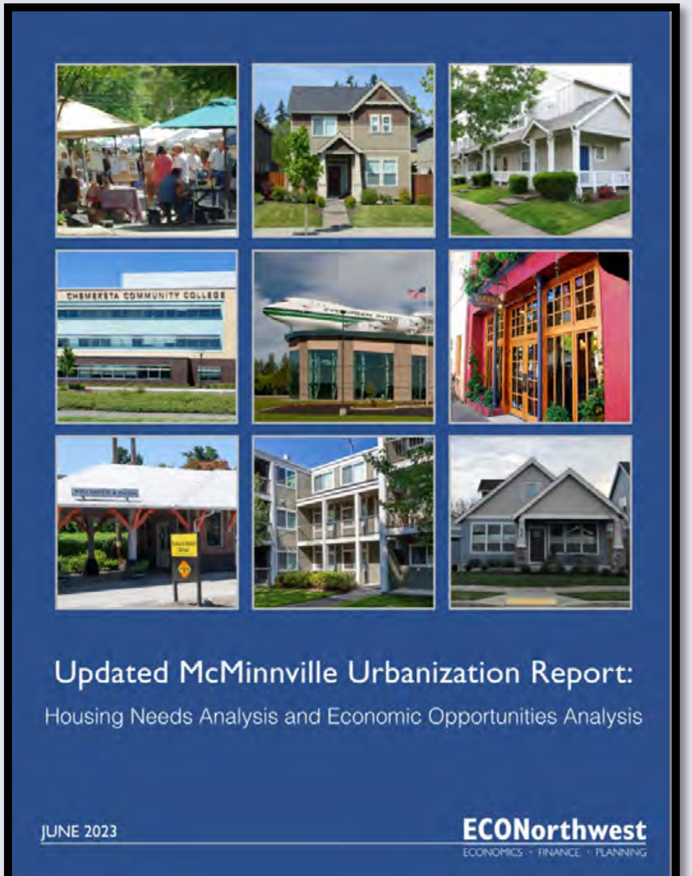
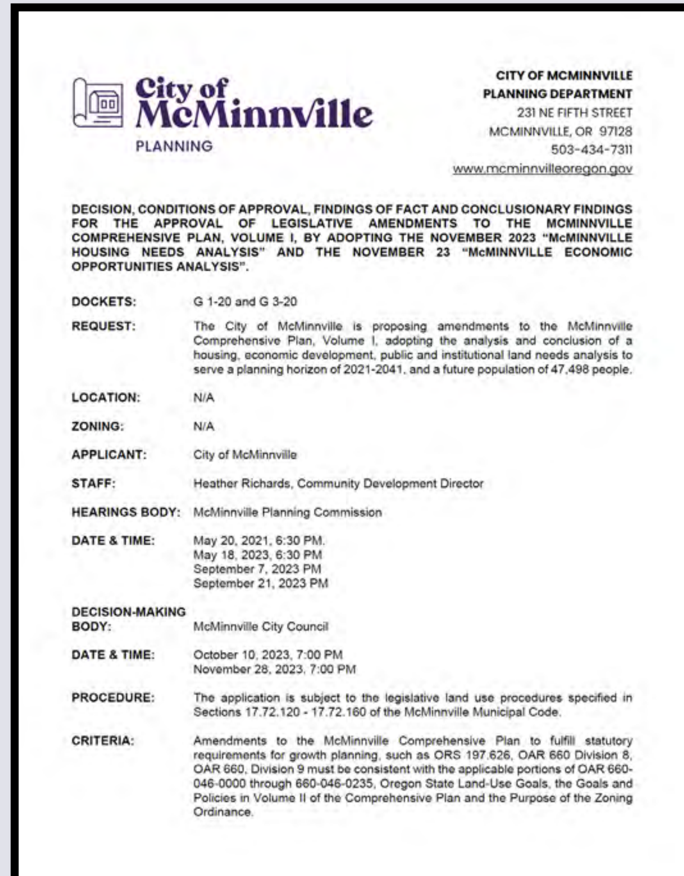
Repeal Ordinances No. 4746 and 4976.

McMinnville Comprehensive Plan, Volume I

Tonight’s Consideration





City of McMinnville
PLANNING

CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128
503-434-7311
www.mcminnvilleoregon.gov

DECISION, CONDITIONS OF APPROVAL, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF LEGISLATIVE AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN, VOLUME I, BY ADOPTING THE NOVEMBER 2023 “McMINNVILLE HOUSING NEEDS ANALYSIS” AND THE NOVEMBER 23 “McMINNVILLE ECONOMIC OPPORTUNITIES ANALYSIS”.

DOCKETS:	G 1-20 and G 3-20
REQUEST:	The City of McMinnville is proposing amendments to the McMinnville Comprehensive Plan, Volume I, adopting the analysis and conclusion of a housing, economic development, public and institutional land needs analysis to serve a planning horizon of 2021-2041, and a future population of 47,498 people.
LOCATION:	N/A
ZONING:	N/A
APPLICANT:	City of McMinnville
STAFF:	Heather Richards, Community Development Director
HEARINGS BODY:	McMinnville Planning Commission
DATE & TIME:	May 20, 2021, 6:30 PM. May 18, 2023, 6:30 PM September 7, 2023 PM September 21, 2023 PM
DECISION-MAKING BODY:	McMinnville City Council
DATE & TIME:	October 10, 2023, 7:00 PM November 28, 2023, 7:00 PM
PROCEDURE:	The application is subject to the legislative land use procedures specified in Sections 17.72.120 - 17.72.160 of the McMinnville Municipal Code.
CRITERIA:	Amendments to the McMinnville Comprehensive Plan to fulfill statutory requirements for growth planning, such as ORS 197.626, OAR 660 Division 8, OAR 660, Division 9 must be consistent with the applicable portions of OAR 660-046-0000 through 660-046-0235, Oregon State Land-Use Goals, the Goals and Policies in Volume II of the Comprehensive Plan and the Purpose of the Zoning Ordinance.

City of McMinnville

October 10, 2023: Determining What Action to Pursue

Per Section 17.72.130(B) of the McMinnville Municipal Code:

Legislative hearings: Within 45 days following the public hearing on a comprehensive plan text amendment or other legislative matter, unless a continuance is announced, ***the Planning Commission shall render a decision*** which shall recommend either that the amendment be ***approved, denied, or modified***:

1. Upon reaching a decision the Planning Commission shall transmit to the City Council a copy of the proposed amendment, the minutes of the public hearing, the decision of the Planning Commission, and any other materials deemed necessary for a decision by the City Council:

2. Upon receipt of the decision of the Planning Commission, the City Council shall:

   a. ***Adopt an ordinance*** effecting the proposed change as ***submitted by the Planning Commission***, or

   b. ***Adopt an ordinance*** effecting the proposed change ***in an amended form***, or

   c. ***Refuse to adopt the amendment*** through a vote to deny, or

   d. ***Call for a public hearing on the proposal***, subject to the notice requirements stated in Section 17.72.120(D).

City of McMinnville

Planning Commission Recommendation

Recommended approval of both documents with the following amendment(s) in the Economic Opportunity Analysis:

1) **Reduce parkland need by 62 acres in Appendix E of the Economic Opportunity Analysis**

2) **Consider the removal of approximately 49 acres of commercial land need associated with the site-specific needs identified in the MAC Town 2032 Economic Development Strategic Plan**

3) **Consider the removal of approximately 12 acres of commercial land need associated with the retail leakage analysis of the Economic Opportunity Analysis.**

City of McMinnville

The Details

POPULATION FORECAST AND PLANNING HORIZON

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

DOCUMENT REVIEW

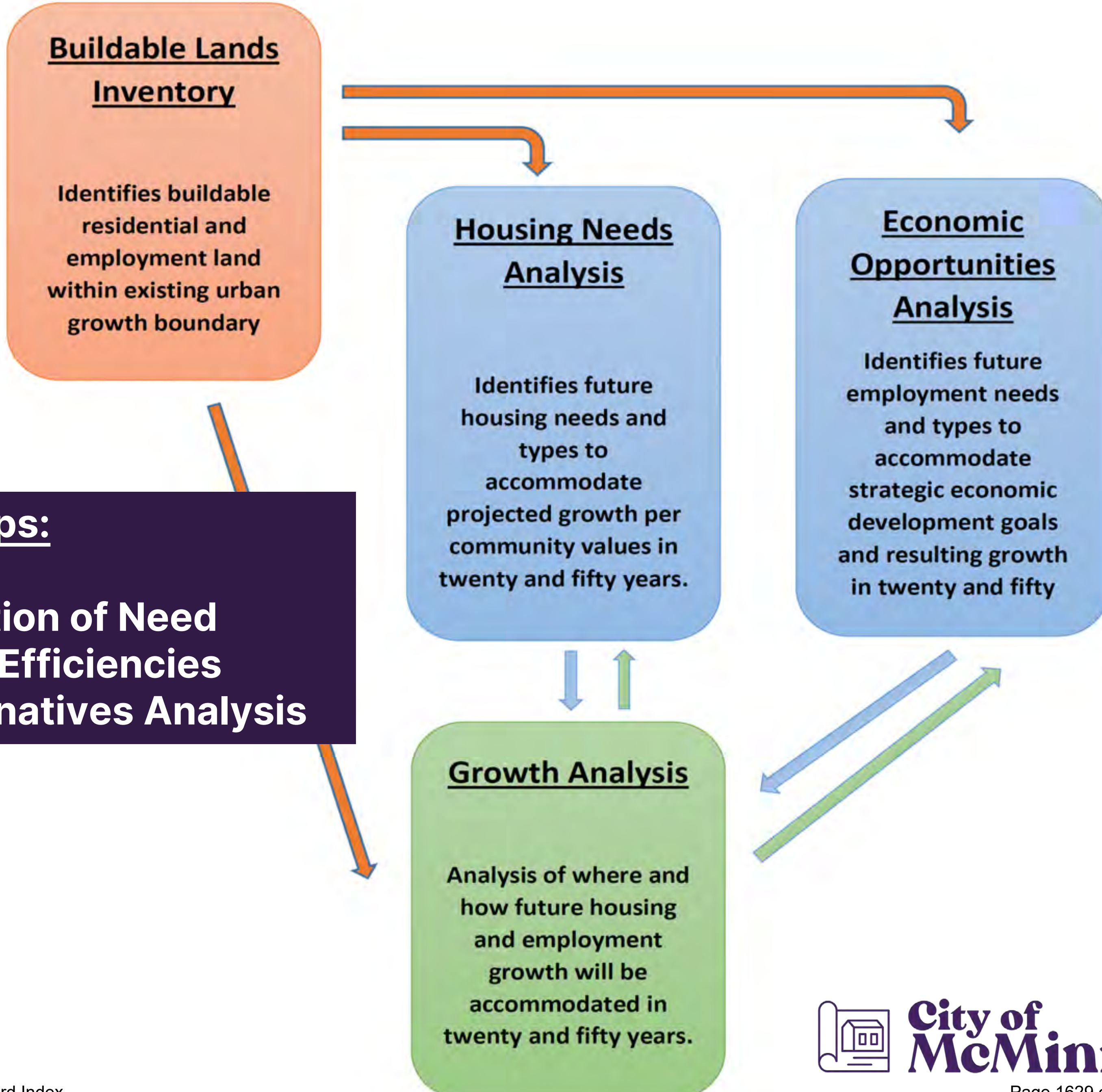
- Housing Needs Analysis
- Economic Opportunities Analysis
- Public Lands Need Analysis

Updates of 2019/2020 Drafts

Update Buildable Lands Inventory:
- Include new UGB amendment (662.40 acres)
- Include development through 12/31/21

Update Housing Capacity:
- HB 2001 – Missing Middle (Increase density assumptions)
- Rural Residential (Decrease density assumptions)

City of McMinnville



Three Steps:

Identification of Need
Land-use Efficiencies
UGB Alternatives Analysis

City of McMinnville

Buildable Lands Inventory

Identifies buildable residential and employment land within existing urban growth boundary

Housing Needs Analysis

Identifies future housing needs and types to accommodate projected growth per community values in twenty and fifty years.

Economic Opportunities Analysis

Identifies future employment needs and types to accommodate strategic economic development goals and resulting growth in twenty and fifty

Growth Analysis

Analysis of where and how future housing and employment growth will be accommodated in twenty and fifty years.

Sequential UGB:

Land Use Efficiencies (2024)

Alternatives Analysis (2025)

Land Use Efficiencies UGB Alternatives Analysis

City of McMinnville

DECISION – MAKING PROCESS

- **Hired a Consultant – ECONorthwest**
  - **Data Review and Development**
  - **Scenario Analysis**

- **Appointed a Project Advisory Committee**

  - ❑ **- Housing Needs Analysis**
  - ❑ **- Economic Opportunity Analysis**
  - ❑ **- Public Land Need**
  - ❑ **- 2023 Update**

Reviewed Data (Census and Permit)
Evaluated Scenarios
Engaged Public
Voted on Recommendations

PROJECT ADVISORY COMMITTEE MEMBERS (54)

Kellie Menke	Paul Davis	Marilyn Worrix
Roger Lizut	Susan Muir	Zack Geary
Susan Dirks	Mike Bisset	Roger Hall
Sid Friedman	John Dietz	Sal Peralta
Mark Davis	Mary Ann Rodriguez	Alan Ruden
Andrew Burton	Matt Johnson	Danielle Hoffman
Beth Cater	Laura Seyring	Brad Bassitt
Michael Jester	Peter Keenan	Angela Carnahan
Robert J. Banagay	Ryan McIrvin	Kevin Young
Amanda Perron	Steve Ganzer	Chuck Darnell
Matt Deppe	Justin Hogue	Heather Richards
Patty O'Leary	Abigail Neilan	Tom Schauer
Doug Hurl	Christopher Anderson	Melissa Ahrens
Scott Cooper	Ellen Hogg	Jody Christensen
Alan Amerson	Judith Pasch	
Kelly McDonald	Katie Russ	
Mike Morris	Katie Wennerstrom	
Jeff Knapp	Rob Hallyburton	
Gioia Goodrum	Scott Green	
Ed Gormley	Kyle Faulk	

City of McMinnville

DECISION – MAKING PROCESS

- **Hired a Consultant – ECONorthwest**
  - **Data Review and Development**
  - **Scenario Analysis**

- **Appointed a Project Advisory Committee**
  - **Reviewed data and scenarios developed**

Decisions made by the PAC based on three factors
- **Legal Framework**
- **Local Adopted Policies**
- **Discretion of what is Best for McMinnville (data informed)**

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Heather Richards
Tom Schauer
Melissa Ahrens
Jody Christensen

City of McMinnville

PUBLIC ENGAGEMENT

- **13 PAC Meetings (7 HNA, 6 EOA)**
- **2 PAC Meetings (Update)**
- **2 City Council Work Sessions**
- **1 Joint City Council / BOC Work Session**
- **1 Focus Group**
- **3 Open Houses**
- **4 Events**
- **Poster Display – Library and Community Center**

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Jody Christensen

City of McMinnville

Planning Commission Public Hearing and Decision

City of McMinnville

PUBLIC HEARING

Public Hearing: September 7, and September 21, 2023

- **Written testimony received from Mark Davis, Friends of Yamhill County and Thousand Friends.**

- **Oral testimony received from Mark Davis, and Sid Friedman and Rob Hallyburton representing Friends of Yamhill County.**

After hearing testimony, considering the public record and deliberation, the Planning Commission voted unanimously to recommend adoption of the HNA and the EOA with the following amendments:

- **Remove 62 acres of park land need.**

PUBLIC HEARING

Public Hearing: September 7, and September 21, 2023

- **Written testimony received from Mark Davis, Friends of Yamhill County and Thousand Friends.**
- **Oral testimony received from Mark Davis, and Sid Friedman and Rob Hallyburton representing Friends of Yamhill County.**

After hearing testimony, considering the public record and deliberation, the Planning Commission voted unanimously to recommend adoption of the HNA and the EOA with the following amendments:

- **Remove 62 acres of park land need.**

Reduces current overall land need to 422 acres.

TWO ADDITIONAL ITEMS FOR CONSIDERATION

1) **Consider the removal of approximately 49 acres of commercial land need associated with the site-specific needs identified in the MAC Town 2032 Economic Development Strategic Plan**

2) **Consider the removal of approximately 12 acres of commercial land need associated with the retail leakage analysis of the Economic Opportunity Analysis.**

This was based on testimony received from Friends of Yamhill County and Thousand Friends of Oregon outlining 13 issues that they had with the recommended documents:

Product	Friends # of Issues Raised
Housing Needs Analysis	7 Issues
Economic Opportunity Analysis	3 Issues
Buildable Lands Inventory	3 Issues

City of McMinnville

RESPONSE TO TESTIMONY

FRIENDS alleged that some of the components of the documents are not compliant with state law, and for other components they urged the Planning Commission to reject the Project Advisory Committee's recommendations and use the state "Safe Harbors" instead.

- **Bill Kabeiseman, contracted legal counsel from Bateman Seidel, provided a memorandum with his legal evaluation of the public testimony's allegations relative to legal compliance**
- **Beth Goodman with ECONorthwest, provided a memorandum detailing the background data that they used for the local attributes and their experience with developing dozens of HNAs and EOAs throughout the state.**
- **Staff then synthesized those comments, provided options for the Planning Commission to consider, the costs associated with any new directions to pursue and the staff recommendation.**

City of McMinnville

FRIENDS TESTIMONY

Issue	Argument	PC Recommendation
HNA – Park Land	**Use the Safe Harbor** (25% for streets, parks, and schools)	**Keep PAC Recommendation:** LOS in Comp Plan for Parks, use local data for streets and schools
HNA – Residential Density	**Use the Safe Harbor** (8 units/acre)	**Keep PAC Recommendation:** Use local permit data with HB 2003 escalator
HNA – Housing Needs for All Residents	**Use the Safe Harbor** (8 units/acre)	**Keep PAC Recommendation:** Housing Production Strategy
HNA – C3 Land Allocation to MF	**Use density calculations in C3 for housing.**	**Keep PAC Recommendation:** Loss of C3 land for housing adds need for C3 land for employment.
HNA – Group Quarters	**Use updated data (2020 Census Data)**	**Keep PAC Recommendation:** PSU Forecast and local data showed little growth
HNA – Right of Way	**Use the Safe Harbor** (25% for streets, parks, and schools)	**Keep PAC Recommendation:** Based on local data showing 25% for public right-of-way
HNA – Safe Harbors	**Use the Safe Harbors**	**Keep PAC Recommendation** based on local data

FRIENDS TESTIMONY

Issue	Argument	PC Recommendation
EOA – Refill, Redevelopment and Employment on non-employment lands	5% is considerably less than the 17% of the 2013 EOA	**Keep PAC Recommendation:** 2013 was aspirational and has not been achieved.
EOA – Other Needed Employment Sites (Table 58)	This is adding to the safe harbor of utilizing population forecast for employment forecast. Demonstrated deficit does not equate to need.	**CC Should Consider Risk:** Legal consultation – it appears legal under the law but there is no precedent, equates to some risk.
EOA – Retail Leakage	This is adding to the safe harbor of utilizing population forecast for employment forecast. Demonstrated deficit does not equate to need.	**CC Should Consider Risk:** Legal consultation – it appears legal under the law but there is no precedent, equates to some risk.
BLI – Removal of vacant and partially vacant land based on ownership (Churches and Linfield University)	Partially vacant land owned by churches and Linfield University should be accounted for in HNA and EOA for uses other than institutional use.	**Keep PAC Recommendation:** Letter in the record from Linfield. Staff provided additional information into the record re churches.
BLI – EOA fails to meet legal standards	Inventory all industrial sites	**Not demonstrated to be legally needed beyond what was done.**
BLI – Population Forecast	Need to use new population forecast issued June 30, 2020.	**Current effort is considered legal. Not work the $200,000 and six months of staff time to update.**

City of McMinnville

FRIENDS TESTIMONY

Issue	Argument	PC Recommendation
EOA – Refill, Redevelopment and Employment on non-employment lands	5% is considerably less than the 17% of the 2013 EOA	**Keep PAC Recommendation:** 2013 was aspirational and has not been achieved.
EOA – Other Needed Employment Sites (Table 58) **(Approx 49 Acres)**	This is adding to the safe harbor of utilizing population forecast for employment forecast. Demonstrated deficit does not equate to need.	**CC Should Consider Risk:** Legal consultation – it appears legal under the law but there is no precedent, equates to some risk.
EOA – Retail Leakage **(Approx 12 Acres)**	This is adding to the safe harbor of utilizing population forecast for employment forecast. Demonstrated deficit does not equate to need.	**CC Should Consider Risk:** Legal consultation – it appears legal under the law but there is no precedent, equates to some risk.
BLI – Removal of vacant and partially vacant land based on ownership (Churches and Linfield University)	Partially vacant land owned by churches and Linfield University should be accounted for in HNA and EOA for uses other than institutional use.	**Keep PAC Recommendation:** Letter in the record from Linfield. Staff provided additional information into the record re churches.
BLI – EOA fails to meet legal standards	Inventory all industrial sites	**Not demonstrated to be legally needed beyond what was done.**
BLI – Population Forecast	Need to use new population forecast issued June 30, 2020.	**Current effort is considered legal. Not work the $200,000 and six months of staff time to update.**

City of McMinnville

PC DELIBERATION

- **Based on legal consultation, nothing is legally non-compliant.**
- **Maintain PAC Recommendations based on local data and scenarios as it was representative of what the community wanted for its future build-out.**
- **The Safe Harbors did not reflect the built environment of McMinnville and were substantially different. 8 units/acre versus the current 5.05 units/acre. 25% of land dedicated to parks, streets, and schools versus 25% of land dedicated just to public right-of-way.**
- **This is not the time to make decisions about land-use efficiencies.**
- **A forecast is not an exact science. Consequences of too much versus too little. OAR 660-024-0040(1), "*the 20-year need determinations are estimates which, although based on the best available information and methodologies, <u>should not be held to an unreasonably high level of precision</u>.*"**
- **<u>Moving the goal posts is costly in terms of $ and time</u> (updating the draft documents to reflect the most recent data) It does not get us to an end product in an efficient manner. <u>And</u> prevents us from doing the planning that needs to get done.**

City of McMinnville

DECISION – MAKING

- Submit documents to DLCD. Anyone who participated locally can submit objections to DLCD within 21 days of the city's submittal.
- DLCD's decision to approve or remand can be appealed to LCDC for review.
- DLCD can also refer to LCDC without a decision which is also treated as an appeal.
- LCDC must then hold a public hearing within 90 days.
- LCDC's decision then can be appealed to the Court of Appeals.

Potential Costs of Defending an Appeal:

$50,000 - $100,000 of legal costs depending upon the complexity.

$15,000 - $25,000 of staff support depending upon the complexity.

City of McMinnville

ORDINANCES

ORDINANCE NO. 5139

- **Adopts *Urbanization Study***
- **Adopts *Housing Needs Analysis* and amends Volume I of the McMinnville Comprehensive Plan**
- **Adopts *Economic Opportunities Analysis* and amends Volume I of the McMinnville Comprehensive Plan**
- **Adopts *Findings of Fact, Conclusionary Findings and Decision for Dockets G 1-20 and G 3-20***
- **Repeals Ordinances No. 4746 and 4976**

Total Land Need: 361 Acres (202 Housing, 29 Industrial, 98 Commercial and 32 Public)

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- **Adopts *Urbanization Study***
- **Adopts *Housing Needs Analysis* and amends Volume I of the McMinnville Comprehensive Plan**
- **Adopts *Economic Opportunities Analysis* and amends Volume I of the McMinnville Comprehensive Plan**
- **Adopts *Findings of Fact, Conclusionary Findings and Decision for Dockets G 1-20 and G 3-20***
- **Repeals Ordinances No. 4746 and 4976**

Total Land Need: 422 Acres (202 Housing, 29 Industrial, 159 Commercial and 32 Public)

QUESTIONS?

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

City of McMinnville
PLANNING

Planning Commission
Thursday, September 21, 2023
6:30 PM Regular Meeting

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

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

ZOOM Meeting: You may join online via the following link:
https://mcminnvilleoregon.zoom.us/j/89368634307?pwd=M0REY3RVSzFHeFdmK2pZUmJNdkdSZz09
Meeting ID: 893 6863 4307 **Meeting Password:** 989853

Or you can call in and listen via zoom: 1 253 215 8782
Meeting ID: 893 6863 4307 **Meeting Password:** 989853

Public Participation:

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

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

1) ***Email in advance of the meeting*** *– Email at any time up to 12 p.m. the day before the meeting to heather.richards@mcminnvilleoregon.gov, that email will be provided to the planning commissioners, lead planning staff and entered into the record at the meeting.*

2) ***By ZOOM at the meeting*** *- Join the zoom meeting and send a chat directly to Planning Director, Heather Richards, to request to speak indicating which public hearing, and/or use the raise hand feature in zoom to request to speak once called upon by the Planning Commission chairperson. Once your turn is up, we will announce your name and unmute your mic.*

3) ***By telephone at the meeting*** *– If appearing via telephone only please sign up prior to the meeting by emailing the Planning Director, Heather.Richards@mcminnvilleoregon.gov as the chat function is not available when calling in zoom.*

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

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*****Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Commission Members	Agenda Items
Sidonie Winfield, Chair Gary Langenwalter Vice - Chair Matthew Deppe Rachel Flores Sylla McClellan Elena Mudrak Meg Murray Brian Randall Beth Rankin Dan Tucholsky	

6:30 PM – REGULAR MEETING

1. **Call to Order**
2. **Citizen Comments**
3. **Public Hearings:**

A. **Quasi-Judicial Hearing: Stratus Village: Planned Development Amendment (PDA 2-23), Three Mile Lane Design Review (TML 1-23), and Landscape Plan Review (L 25-23)** – (*Exhibit 1)*

(Continued from August 17, 2023)

Request: The applicant, Structure Development Advisors LLC c/o Mike Andrews, on behalf of property owner Housing Authority of Yamhill County (HAYC), is requesting concurrent review and approval of three applications for the Stratus Village 175-unit multi-dwelling development on a property of approximately 6.5 acres: a Planned Development Amendment (PDA 2-23), a Three Mile Lane Review (TML 1-23), and a Landscape Plan Review (L 25-23).

PDA 2-23. The property is subject to an existing Planned Development Overlay Ordinance which includes the subject properties and adjacent properties. The proposal includes revisions to the original Planned Development master plan for the subject properties, which requires approval of a Planned Development Amendment. The master plan for the subject properties will replace the existing plan for medical offices with the proposed plan for apartments. The new Master Plan is also subject to the provisions of Ordinance 5095, which amended the terms of the previous Planned Development Overlay Ordinance.

TML 1-23. The subject property is within the Three Mile Lane Planned Development Overlay, established by Ordinance 4131 and subsequently revised by Ordinances 4572, 4666, 4988, and 5101. The proposed development is subject to policies and standards of the Three Mile Lane Planned Development Overlay Ordinance.

L 25-23. The proposal includes a landscape plan review, which is required for multi-dwelling development, subject to the provisions of Chapter 17.57 of the Zoning Ordinance.

Location: 235 SE Norton Lane, Tax Lots R4427 400, 404, and 405

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

***Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.**

Applicant: Structure Development Advisors LLC c/o Mike Andrews, on behalf of property owner Housing Authority of Yamhill County (HAYC),

B. Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20) and A New Economic Opportunities Analysis (G 3-20) – *(Exhibit 2)*

(Continued from September 7, 2023)

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential land use.

Applicant: City of McMinnville

C. Legislative Hearing: Comprehensive Plan Amendment and Zoning Ordinance Amendment (Docket G 3-22) – *(Exhibit 3)*

(Continued from August 17, 2023)

Proposal: **THE CITY OF MCMINNVILLE IS PROPOSING AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN AND ZONING ORDINANCE FOR A NATURAL HAZARDS INVENTORY AND MANAGEMENT PROGRAM, AS FOLLOWS:** Amendment to the McMinnville Comprehensive Plan, Volume I - Background Element, adopting the Natural Hazards Inventory and Management Program Options and Recommendations; amendment to the McMinnville Comprehensive Plan, Volume II – Goals and Policies, adding a new Chapter XI, entitled Natural Features; amendments to the McMinnville Municipal Code, Chapters 17.48, Flood Area Zone, and Chapter 17.49, Natural Hazard Overlay Subdistricts; and the adoption of the Natural Hazard Mitigation Zone (NH-M) and Natural Hazard Protection Zone (NH-P)

Applicant: City of McMinnville

4. Commissioner Comments

5. Staff Comments

6. Adjournment

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

***Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.**

City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311
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MINUTES

September 21, 2023 **6:30 pm**
Planning Commission **Hybrid Meeting**
Regular Meeting **McMinnville, Oregon**

Members Present: Sidonie Winfield, Dan Tucholsky, Beth Rankin, Rachel Flores, Megan Murray, Brian Randall, Sylla McClellan, and Matt Deppe

Members Absent: Gary Langenwalter

Staff Present: Heather Richards – Community Development Director, Tom Schauer – Senior Planner, Bill Kabeiseman – Bateman Seidel, Contracted Legal Counsel, and Beth Goodman – ECONorthwest, Consultant

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1. Call to Order

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

2. Citizen Comments

None

3. Public Hearings

A. <u>Quasi-Judicial Hearing: Stratus Village: Planned Development Amendment (PDA 2-23), Three Mile Lane Design Review (TML 1-23), and Landscape Plan Review (L 25-23)</u>

(Continued from August 17, 2023)

Request: The applicant, Structure Development Advisors LLC c/o Mike Andrews, on behalf of property owner Housing Authority of Yamhill County (HAYC), is requesting concurrent review and approval of three applications for the Stratus Village 175-unit multi-dwelling development on a property of approximately 6.5 acres: a Planned Development Amendment (PDA 2-23), a Three Mile Lane Review (TML 1-23), and a Landscape Plan Review (L 25-23).

PDA 2-23. The property is subject to an existing Planned Development Overlay Ordinance which includes the subject properties and adjacent properties. The proposal includes revisions to the original Planned Development master plan for the subject properties, which requires approval of a Planned Development Amendment. The master plan for the subject properties will replace the existing plan for medical offices with the proposed plan for apartments. The new Master Plan is also subject to the provisions of Ordinance 5095, which amended the terms of the previous Planned Development Overlay Ordinance.

TML 1-23. The subject property is within the Three Mile Lane Planned Development Overlay, established by Ordinance 4131 and subsequently revised by Ordinances 4572, 4666, 4988, and 5101. The proposed development is subject to policies and standards of the Three Mile Lane Planned Development Overlay Ordinance.

L 25-23. The proposal includes a landscape plan review, which is required for multi-dwelling development, subject to the provisions of Chapter 17.57 of the Zoning Ordinance.

Location: 235 SE Norton Lane, Tax Lots R4427 400, 404, and 405

Applicant: Structure Development Advisors LLC c/o Mike Andrews, on behalf of property owner Housing Authority of Yamhill County (HAYC)

Chair Winfield opened the public hearing and read the hearing statement. She asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. She asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none. She asked if any Commissioner had visited the site. Commissioners Winfield, Tucholsky, Rankin, Deppe, Flores, and McClellan had visited the site. Chair Winfield asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing. There was none.

Staff Report: Senior Planner Schauer said the application had been continued from August 17. This was a concurrent review of three applications for Stratus Village, a 175 unit multi-dwelling development. He discussed the additional public testimony that had been received since the August 17 hearing, criteria and standards, proposed development, summary of issues discussed at the last meeting and staff's analysis, parking, and private open space. Staff recommended approval with conditions. The decision document had been updated with the date and procedural findings, incorporated public testimony, revised Condition #16b of the Planned Development regarding stormwater drainage plan to reflect the language in the staff report, and change to the proposed landscape plan regarding the fence.

There was discussion regarding the shared parking agreement.

Applicant's Testimony: Vickie Ybarguen, Housing Authority, said the Housing Authority owned their properties long term and took great pride in their properties. They offered important affordable housing assistance to members of the community.

Mike Andrews, Project Manager, discussed the work they had done to address the concerns from the last hearing. He gave a project overview including the project partners, description, unit mix and affordability, timeline, and housing affordability. He gave a recap of the August 17 hearing feedback and response to feedback including bike parking, trash enclosure, fence, patio privacy, north elevation design, open space, number of parking spaces, and location of the parking.

There was discussion regarding constraints that led to sharing patios rather than individual patios, maintenance of the shared balconies, how there would be no covered sport court, planned play structures, changing the arborvitae to be six feet apart, resident application process, a/c units would not block windows, no current grants to get the sport court covered, additional details on the windows on the north elevation carried over to other buildings, bike lockers and shelters, and what was submitted for approval and what was their aspiration that they were trying to do to respond to the comments.

Proponents: Cozette Tran-Caffee was in support of the project.

Opponents: None.

Commissioner Deppe MOVED to CLOSE the public hearing. SECONDED by Commissioner McClellan. The motion PASSED 8-0.

Chair Winfield closed the public hearing.

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

Commissioner Randall MOVED to APPROVE Stratus Village: Planned Development Amendment (PDA 2-23), Three Mile Lane Design Review (TML 1-23), and Landscape Plan Review (L 25-23) with the proposed conditions and added conditions that the arborvitae along the perimeter be planted 6 feet apart and the bike lockers and storage units be deleted from the landscape plan. SECONDED by Commissioner Tucholsky. The motion PASSED 8-0.

B. <u>Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20) and A New Economic Opportunities Analysis (G 3-20)</u>

(Continued from September 7, 2023)

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential land use.

Applicant: City of McMinnville

Chair Winfield opened the public hearing and read the hearing statement. She asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. She asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. Commissioner McClellan was absent at the last hearing, but had watched the meeting on Zoom.

Staff Report: Community Development Director Richards said the request was to recommend to City Council the adoption of the Housing Needs Analysis, Economic Opportunities Analysis, and Public Lands Need Analysis as amendments to the McMinnville Comprehensive Plan. She discussed the population forecast used, planning for growth which was required by state law and was about balance, three steps to growth planning: identification of need, land use efficiencies, and UGB alternative analysis, document review and why they needed to be updated, process to develop them, public engagement, buildable lands inventory update, and land need for housing, employment, and public/institutional uses. The total land need had changed from 484 acres to 422 acres for the planning horizon of 2021-2041 UGB and 1,638 acres for the planning horizon of 2041-2067 urban reserve area. She pointed out corrections to the record and reviewed staff's response to public testimony. She then discussed parkland need in the Comprehensive Plan policies and Parks Master Plan and the error in the parkland calculations for the 2021 MGMUP UGB expansion. Due to this error, the public land need had been reduced to 32 acres. The findings from the MGMUP indicated that the reduction of the land for greenways and open spaces was calculated and accounted for as part of the park land need for the MGMUP. The location of parks was defined by many attributes and not just whether or not it was part of a floodplain. The Parks Master Plan update was currently underway and there would be discussion regarding how much greenspace and open space should be in unbuildable lands.

She discussed the Friends testimony, and how staff had synthesized the comments and provided options for the Planning Commission to consider, the costs associated with any new directions to pursue, and the staff recommendation. Staff did not think there was anything non-compliant legally. However, two items did not have precedent and case law for interpretation—site specific needs that respond to an Economic Development Plan Strategy that was not captured in the forecast methodology and retail leakage identifying a service deficit. This was a risk for the Commission to consider. Staff also thought they should keep the PAC recommendations when it was based on local data, which was most representative of McMinnville. From staff's perspective, a forecast was not an exact science, regular updates would be required, and moving the goal posts was costly in terms of money and time. They were responsible for making decisions that impacted the lives of both current and future residents who needed to live in the neighborhoods and community that these decisions were forming, 34,500 people today and 47,500 people in the future.

There was discussion regarding the two items that did not have case law.

Bill Kabeiseman, City Attorney, said he did not know other cities that had specifically called out unusual land needs and they increased their land needs analysis by that amount or any that had relied on the concept of retail leakage. He could not tell them that LUBA would find it appropriate. They could just go with the safe harbor, but it could mean they would not have sufficient land.

Beth Goodman, EcoNW consultant, explained the assumption was employment would grow at the same rate as population. Employment growth sometimes happened outside of what was expected. They had looked at how much employment would be on the different needs and backed out that amount of land so they weren't double counting. Including these other needed employment sites was a risk and they did not know how LUBA would rule on it. The retail leakage analysis was about where residents were shopping and for what and if they had that in the City, what could they capture back in McMinnville.

Community Development Director Richards discussed the process for the Economic Development Strategic Plan and how they calculated the land needed to implement the plan. There was a safe harbor where employment grew at the same rate as population and looked at past employment growth and forecasted the future growth from there. The retail leakage was an additional process and came up with a land need to meet the deficit of services in the City.

There was discussion regarding the annexation process for land in the UGB to become part of the City limits and classification of parks and the amount of land assigned to them.

Parks and Recreation Director Muir said the numbers and information in the HNA were correct. The other more detailed categories would be streamlined for the master plan update.

Ms. Goodman said it was 12 acres for retail leakage and it was 49 acres for the other site needs, totaling 61 acres they were talking about as a risk.

Proponents: None.

Opponents: Mark Davis, McMinnville resident, discussed the buildable land added to the UGB from 2003 to 2023, total land added to the UGB from 2003 to 2023, parks that included unbuildable land, current park acreage, and population comparison. He did not think there was a need to expand the UGB. They already had over 200 acres for parks in the City, which was buildable land. They needed to build these parks before more land was added.

Rob Hallyburton, Friends of Yamhill County, discussed what they were trying to accomplish, to improve the quality of life in the County for both urban and rural residents as well as protect natural resources such as farmland. They wanted the City to be able to accommodate growth in compliance with the statewide planning goals and regulations. Agriculture was the most important industry in Yamhill County. There was a state agricultural policy that stated the preservation of a maximum amount of a limited supply of agricultural land was necessary to the conservation of the state’s economic resources. This did not mean that UGBs could not expand on farmland; it only meant that farmland should be lowest priority and that farmland loss should be minimized. UGBs promoted compact urban development which could enhance livability and sustainability inside the boundary.

There was discussion regarding the contention that the land owned by Linfield should be counted as available land.

Sid Friedman, 1,000 Friends of Oregon, said their contention was that Linfield planned to develop the land to support its programs.

Commissioner Deppe asked what was the number of acres they were arguing about. What would it take to get to a yes? Mr. Friedman said it was more important for the City to meet its housing needs and provide housing at price points that met the needs of the population.

Mr. Hallyburton said the argument was about how many acres it took to accommodate the needed housing units. He suggested using the safe harbor density number, 8 units per acre. They were advocating for a more incremental growth.

Community Development Director Richards said the 8 units per acre was a 46% increase over the current 5.46 units per acre. There had to be a basis for the number used to meet the need.

Mr. Hallyburton thought the analysis needed to include historic data and trends in housing, and he did not think the second was done.

Ms. Goodman said for the trends, they had adjusted the housing mix and planning for new types of housing. They were planning for a larger share of housing to be either townhomes or multi-family housing.

Commissioner Randall pointed out that they were not removing farmland tonight, they were planning for the future. They would have to do all of this process again in six years.

Chair Winfield thought it was a balance of doing the best they could for citizens and what they were required to do by law. They had to plan for the future of the community as a whole and not just a land use group.

Commissioner Flores said the 20-year delay to expand the UGB had a human cost that was severe and generational. It was a failure to plan and to consider what the population needed. This was an important plan for the future and 61 acres was not worth the human impact.

Mr. Hallyburton said there was already vacant land in the UGB waiting to be developed. This was a longer term decision they were considering and would take ten years before development could occur. He was in no way advocating the City not provide for the needs of its population. The disagreement was on how much land it took to provide for that.

Mr. Friedman spoke about the HNA and how it reduced planned density. He did not think it would meet the City's needs. He compared the minimum density standards of other cities. He then discussed the EOA and how 8.2% of McMinnville workers worked from home which far surpassed the 5% EOA rate. He discussed jobs on residential land or existing employment sites. The EOA had no deadline for completion, and they could take the time to get it right.

Commissioner Randall said they were building smaller than the minimum densities due to planned developments which had smaller lot sizes.

Commissioner Deppe said they needed 202 more acres of residential land. Mr. Friedman was saying that number was too high. He wanted to know how much too high it was.

Mr. Friedman thought the City should reduce the minimum lot sizes.

Community Development Director Richards said the discussion about minimum lot sizes was a land use efficiency discussion, not a land needs discussion. The way the Friends group was bringing it to the table was for the persuasive argument of the existing 5.46 that came from the calculations of the local data vs. the safe harbor of 8.0.

Mr. Friedman said taking the historic density and adjusting it without considering other factors did not give them the needed density to meet the housing needs going forward. He was on the project advisory committee and staff and the consultant presented options, and this was the one they moved forward with. He had brought forward his concerns then and was continuing to advocate for these changes.

Chair Winfield said the City had been working to increase density and they had to work in the best interest of the citizens of McMinnville. The project advisory committee did not move forward with the safe harbor numbers, and focused on the data points that were in front of the Commission. Se thought the safe harbor number went against the best interest of the City based on what other citizens said and based on their historic use. She would like the Friends group to work with them, especially when these choices impacted the housing availability of the community.

Rebuttal: Community Development Director Richards said the assumption that higher density created affordability was inherently flawed. Housing supply helped with affordability. If there was no development occurring, the parks did not get built. The City had operated in the red for the past 12 years and did not have the financial means to meet those amenity needs because of the compressed low growth state. Linfield had not master planned their property and had not indicated they planned to build dorms for new students or new classrooms employing more professors. Those lands were set aside as committed lands and not assigned in the population or employment forecast. Regarding the parkland, the over 200 acres reflected the need for the overall population and that they were deficient. It would not be specific to the new UGB land, it was the overall deficiency of parkland for the community. If they changed the level of service, they would need to change the Comprehensive Plan policy. She questioned whether now was the time to do that, or in six years when they had to do this process again. Regarding residential density, they needed to ask themselves what was the best minimum lot size for McMinnville. They were trying to build great neighborhoods for people to live in that represented the community. It needed to be a community dialogue. They were moving forward with middle housing, however the market dictated the housing products and this community liked certain housing products and did not like others. Regarding the EOA, the 2013 EOA talked about how it was aspirational in terms of what it was trying to achieve for density for jobs. The recent analysis showed they were decreasing jobs per acre and they wanted to build the need on reality.

Ms. Goodman noted that the next step would be developing the Housing Production Strategy. Affordability was beyond land use and zoning, and the strategy was an equity centered product and touched on potential financial incentives and ways they could support development of affordable housing.

Community Development Director Richards said the data they had today was pandemic data and things were starting to change in terms of people working from home. She thought they should revisit it during the update in six years.

Chair Winfield closed the public hearing.

There was discussion regarding risk perspective.

City Attorney Kabeiseman said there was no way to get an advance read on what LCDC would do. It was a quick turnaround of about six months for the LUBA process. He thought the retail leakage and need for employment sites was defensible.

There was discussion regarding removing those two calculations from the EOA.

Commissioner McClellan MOVED to RECOMMEND to City Council the adoption of the Housing Needs Analysis, Economic Opportunities Analysis, and Public Lands Need Analysis with the options to remove the calculations for employment sites, retail leakage, and reduction in parkland. SECONDED by Commissioner Flores. The motion PASSED 8-0.

C. <u>Legislative Hearing: Comprehensive Plan Amendment and Zoning Ordinance Amendment (Docket G 3-22)</u>

(Continued from August 17, 2023)

Proposal: **THE CITY OF MCMINNVILLE IS PROPOSING AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN AND ZONING ORDINANCE FOR A NATURAL HAZARDS INVENTORY AND MANAGEMENT PROGRAM, AS FOLLOWS:** Amendment to the McMinnville Comprehensive Plan, Volume I - Background Element, adopting the Natural Hazards Inventory and Management Program Options and Recommendations; amendment to the McMinnville Comprehensive Plan, Volume II – Goals and Policies, adding a new Chapter XI, entitled Natural Features; amendments to the McMinnville Municipal Code, Chapters 17.48, Flood Area Zone, and Chapter 17.49, Natural Hazard Overlay

Subdistricts; and the adoption of the Natural Hazard Mitigation Zone (NH-M) and Natural Hazard Protection Zone (NH-P)

Applicant: City of McMinnville

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

Staff Report: Community Development Director Richards explained staff was asking for a continuance.

Commissioner Tucholsky MOVED to CONTINUE the hearing for Comprehensive Plan Amendment and Zoning Ordinance Amendment (Docket G 3-22) to the October 19, 2023 meeting with the record open. SECONDED by Commissioner McClellan. The motion PASSED 8-0.

4. Commissioner Comments

Commissioner Flores invited everyone to the candlelight vigil on October 5.

5. Staff Comments

None

6. Adjournment

Chair Winfield adjourned the meeting 11:03 p.m.

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

EXHIBIT 2 - STAFF REPORT

DATE: September 21, 2023
TO: Planning Commission Members
FROM: Heather Richards, Community Development Director
SUBJECT: Public Hearing – Adopting a Housing Needs Analysis and Economic Opportunity Analysis as Addendums to the McMinnville Comprehensive Plan (Dockets G 1-20, and G 3-20)

STRATEGIC PRIORITY & GOAL:

GROWTH & DEVELOPMENT CHARACTER Guide growth & development strategically, responsively & responsibly to enhance our unique character.	HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM) Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

OBJECTIVE/S: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks for land supply align with market-driven housing needs

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Report in Brief:

This is a public hearing continued from September 7, 2023, to consider adopting a new Housing Needs Analysis and Economic Opportunity Analysis as amendments to the McMinnville Comprehensive Plan, for the planning periods of 2021-2041 and 2041 – 2067.

The project website with the public record can be found at: G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon

Per HB 2003 (2019 Oregon Legislative Session), the City of McMinnville needs to adopt and submit a Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCD April 2021) urban growth boundary (UGB) amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years per OAR 660-038-0170(6)(b).

There are three steps in planning for growth relative to land supply:

1) **Needs Analysis** – Identification of how much land is needed for housing, industrial, commercial and public land to support population growth for twenty years.

2) **Land-Use Efficiencies Analysis** – is there a way to reduce the additional land need by densifying the development within the existing urban growth boundary.

3) **Urban Growth Boundary Alternatives Analysis** – an evaluation of land within 1-mile radius of the existing urban growth boundary to identify the best land for the City's urban growth boundary expansion that is the least impactful to prime farm and forest land.

This is the consideration of the first step in the process – the needs analysis. Step 2 will follow in 2024, and Step 3 will follow in 2025 if warranted.

Background:

In 1994, the City of McMinnville entered into periodic review with the Department of Land Conservation and Development to start planning for future growth for the planning horizon of 2000 – 2020. The last urban growth boundary and growth planning effort had been for the planning horizon of 1980 – 2000. A Housing Needs Analysis was initially adopted in 2001, challenged, appealed and remanded back to the City for amendments and final adoption in 2003, with a new planning horizon of 2003 - 2023. An Economic Opportunity Analysis was prepared in 2001 and adopted in 2003 for the same planning horizon of 2003 - 2023. Both evaluations identified the need for additional land for housing, park land, institutional land and employment land. The City submitted a UGB amendment to the Department of Land Conservation and Development. That submittal was challenged resulting in a partial UGB amendment and remanded back to the City. After years of appeals, eventually resulting in an appeal to the Court of Appeals, the City elected to pause this work In 2013 electing not to invest more resources and staff time in the effort, resulting in the City not meeting their land need for housing and employment land for the planning horizon of 2003 – 2023. This led to increasingly constrained land supply for housing and employment development within the City of McMinnville's urban growth boundary.

In 2018, the City of McMinnville initiated an effort to update its Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA), and Public Lands Analysis. After realizing the negative effects of constrained land supply on the City of McMinnville's housing market and employment opportunities, the City elected to initiate the needs analysis to facilitate another effort at planning for growth in McMinnville. City Council directed staff to plan for both a twenty-year growth horizon (2021 -2041) as well as a fifty-year growth horizon (2021 – 2067) in order to adopt a future Urban Reserve Area so that the City did not find itself in the same predicament in the future.

The city engaged a consultant team and worked with a project advisory committee on a buildable lands inventory, housing needs analysis, and economic opportunities analysis throughout 2018 and 2019.

At the same time, during the 2019 Oregon Legislative Session, two house bills were adopted, HB 2001 and HB 2003. Both bills impacted state legislation and eventually, rulemaking relative to how cities implemented land needs analyses. Knowing that the legislation and rulemaking would take some time to enact, the City put a pause on their draft needs analyses and turned towards the 2013 urban growth boundary remand to see if that would lead to a quicker resolution to the city's land supply issues rather than a new effort. City staff worked on a response to the Court of Appeals remand in 2020 and in April 2021 learned that the submittal had been approved by the Department of Land Conservation and Development and was not appealed.

In order to preserve their efforts from 2018 and 2019, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

- **HNA.** Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
- **Housing Strategy.** (June 2019 Draft).
- **EOA.** Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DCLD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.

In addition to the HNA, Housing Strategy and EOA, the City prepared a memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. All of which were provided as part of the PAPA notices.

As part of the PAPA notice for these documents in May 2020, the City needed to provide a specific date for a public hearing, and the City elected to select May 20, 2021, for the public hearing date to provide enough time for the HB 2001 and HB 2003 rulemaking to conclude.

On May 20, 2021, the Planning Commission opened and continued the public hearing to May 18, 2023. And then on May 9, 2023, the City noticed that the public hearing would be continued to September 7, 2023, to consider the final documents. This was done to preserve the work and investment that went into the 2018/2019 effort and to just focus on a limited update in 2023. Legal counsel and DLCD staff concurred with the process.

Due to the actions that the City took in May 2020, the City was able to preserve the work that had already been done thus far to meet the HB 2003 mandate, but the buildable land inventory needed to be updated to reflect the new urban growth boundary amendment and the provisions of HB 2001 (2019 Legislative Session) needed to be applied to the capacity analysis.

The updated McMinnville Urbanization Report (attached) provides a summary of the key data and findings for the Housing Needs Analysis, Economic Opportunities Analysis, and Public Land Needs Analysis.

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	**38,985**	**41,813**	**47,498**	**62,803**
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

(Note this is provided by Portland State University's Portland Research Center and cities are required to use it per state law. It has been updated since the 2017 forecast was released, but the City made a policy decision to continue to use the 2017 population forecast so as not to rework the entirety of the documents to reflect a new forecast that was released in the summer of 2020 after the drafts had been completed. This is allowed by state law and is a policy decision that was supported by DLCD staff, as it saved the City the costs and time that would be associated with redoing all of the work to reflect the new forecast.)

The documents discuss the different applicable statutory requirements and local policies that framed the discussion and recommendations of the project advisory committee as well as the decisions made by the project advisory committee that best reflected community values in terms of housing density, employment land needs and public land needs. The committee evaluated local data and planning scenario with the assistance of the consultant team and evaluated those scenarios within the regulatory framework of state laws, administrative rules and local comprehensive plan policies. and adopted policies to determine .

Land Deficiency Identified (gross buildable acres):

Planning Period	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
2021 – 2041 (Urban Growth Boundary)	202 Acres	29 Industrial 159 Commercial 188 Acres	94 Acres	484 Acres

If a needs analysis shows a need for additional land, typically the City would be required to submit with the needs analysis how it was addressing that additional land need – either through land-use efficiencies that created higher density development within the existing urban growth boundary or an expansion of the urban growth boundary or both. However, the state recently passed statutory provisions that allow for a sequential UGB analysis providing cities with additional time to evaluate land-use efficiencies and a potential UGB expansion after submitting a needs analysis (OAR 660-025-0040).

In this case, the needs analysis showed the additional land need for approximately 484 additional acres for housing, industrial, commercial, and public development needs to meet the projected population growth in the 2021 – 2041 planning horizon. However, given the statutory deadline of December 31, 2023, to submit the needs analysis to the state, the City is working with the Department of Land Conservation and Development on a sequential UGB work plan, allowing the City to conduct an efficiency measures analysis in 2024, and an urban growth boundary amendment if warranted in 2025 after the efficiency measures analysis.

For decades McMinnville has struggled with the discussion of growth planning with impassioned dialogue and debate about what is best for McMinnville.

The reality though is that McMinnville must plan for growth. That is the basis of the Oregon land use system. Cities are meant to grow to accommodate future population growth at a higher density and intensity than the unincorporated county in order to preserve farm and forest land. This is one of the basic premises of Oregon land use planning. Growth should occur within the cities' urban growth boundaries at a higher level of density and intensity than rural areas. And if a city needs to expand its urban growth boundary to accommodate Oregon's future growth it should do so.

The Oregon land use system was never intended to prevent cities from expanding their city limits and urban growth boundaries in order to accommodate that growth. In fact, the system is set up to require cities to expand their urban growth boundaries if the analysis indicates the need to do so. All Oregon land use goals are intended to be considered in equal measure and no one land use goal is considered more important than another. It is just as important to provide adequate land supply to support the needed new housing and employment opportunities for future population growth as it is to protect farm and forest land. If that does not occur, then the system is no longer equitable as it is choosing one land use goal over another.

To put it in perspective:

- The City of McMinnville's urban growth boundary is approximately 8,155 acres (corrected from the September 7, 2023 staff report which stated 7,956 acres). There is approximately 458,240 acres of land in Yamhill County. The City of McMinnville's current urban growth boundary accounts for 1.8% (corrected from the September 7, 2023 staff report which stated 1.7%) of the overall land acreage in Yamhill County.

- The City of McMinnville's city limits houses 32% of the county's population.

- If the UGB needed to expand by 484 acres to accommodate future growth to 2041, it would absorb 0.1% (1/10 of 1%) of the total land acreage in Yamhill County.

The law also provides the opportunity for McMinnville policymakers to make their own decisions about how dense they want to build their needed housing, and the amount and type of land needed to meet their economic development goals and strategies.

The law also provides the opportunity for individuals and organizations to appeal the decisions of the City.

McMinnville's previous growth planning effort endured 20 years of debates, challenges, and appeals, resulting in a constrained land supply system that has changed the dynamics of the community. Housing has become exponentially more expensive as production has dwindled with land supply constraints. Lower and moderate-income households are being displaced from the marketplace. Employers are struggling to recruit and retain workforce due to affordable housing supply issues. Commercial land deficits have affected the supply of retail options in McMinnville. Recent studies show that many of McMinnville's households drive out of town to shop for general merchandise that they do not feel they can access in McMinnville.

This initial land need process is about planning for and ensuring that McMinnville can accommodate the future population growth assigned to the city by the state. Ensuring that there is enough land to build the needed housing, parks, employment, and commercial opportunities necessary to sustain a growing community with its own unique quality of life for current and future residents in an equitable manner.

This step in the process is about identifying what the land need is for the community to absorb population growth based on the community's *existing values* for housing density, economic development opportunities, and public land amenities to ensure a standard of quality of life for McMinnville's current and future residents. This first step relies on historic data and adopted comprehensive plan policies to inform the analysis.

The next step in the process, the land-use efficiencies evaluation, will determine if the community wants to change how it develops by increasing housing and employment density and reducing the amount of commercial and public amenity options to preserve more farm and forest land adjacent to the community. During this process the community will be asked to evaluate rezoning land or changing comprehensive plan policies to reflect those changes that the community wants to enact.

The last step of the process, the urban growth boundary expansion analysis, evaluates all land surrounding the current urban growth boundary for the lowest classification of high-value farm and forest land that is suitable for urban development in order to preserve the highest classifications of high-value farm and forest land.

Next Steps:

- Adopt and submit the land needs analysis to DLCD - December 31, 2023.
- Evaluate land-use efficiencies – January 1 – December 31, 2024
- Adopt and submit a UGB amendment, if needed, to DLCD – December 31, 2025

Discussion:

The Planning Commission hosted a public hearing on September 7, 2023. At that public hearing, they heard public testimony from Mark Davis, Sid Friedman and Rob Hallyburton. Sid Friedman and Rob Hallyburton were representing Friends of Yamhill County. Mark Davis expressed his concerns about the amount of park land need relative to the data in the record and past city performance, and the Friends of Yamhill County questioned some of the decisions of the Project Advisory Committee relative to assumptions of future projections based on past performance.

The Planning Commission asked if Susan Muir, McMinnville's Park and Recreation Director, could join them at their next public hearing and if staff could work on a response to the Friends of Yamhill County testimony.

Susan Muir will join the Planning Commission for their public hearing on September 21, 2023, and staff is working with legal counsel and the consultant on memorandums to address the Friends of Yamhill County / 1000 Friends written public testimony received on August 30, 2023. Those memorandums will be provided on Monday, September 18, 2023, in advance of the public hearing and will be entered into the record.

Staff is also working with the consultant to recalculate park land need by reconciling the added park land to the UGB in 2021 for Joe Dancer Park, based on the some of the testimony provided by Mark Davis. This analysis will be included in the memorandum provided on Monday, September 18, 2021.

After the public hearing on September 7, 2023, staff sent out an email to the Planning Commission on Monday, September 11, 2023, with the following:

- Correction to the public record provided by Friends of Yamhill County, (September 8, 2023), correcting a statement about the minimum lot size in Newberg for a triplex from 3000 sq ft to 5000 sq ft. *(Please see attached).*
- Correction the public record provided by the City of McMinnville (September 11, 2023), correcting statements made in testimony at the September 7, 2023 Planning Commission about the percentage of park land relative to the percentage of housing land need in the overall UGB amendment for the planning horizon of 2003 – 2023. Statements were made that characterized the proportionality of park land versus housing land that was brought into the UGB during the second phase of the UGB alternatives analysis in 2021 without including the housing land that was brought into the UGB during the first phase of the UGB alternatives analysis in 2003. *(Please see attached).*
- Electronic copy of staff presentation at the public hearing. *(Available on the project website).*
- Electronic copy of the Friends of Yamhill County presentation at the public hearing. *(Available on the project website).*

- The body of the email included a table identifying minimum lot sized for different housing types allowed in the McMinnville Municipal Code for Tiny Homes, Single Units, Duplex, Triplex, Quadplex, Cottage Cluster and Town Homes allowed in the R1, R2, R3 and R4 zones as part of a planned development project. *(Please see attached).*

That email and the corrections to the record are attached to this staff report. The presentation slides provided at the September 7, 2023, public hearing are provided on the project website at: [G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon].

There was discussion at the public hearing about the fact that a UGB expansion of 484 acres in Yamhill County would equate to 0.1% (1/10 of 1%) of the overall land acreage in Yamhill County (assuming 458,240 acres), increasing McMinnville's UGB total share of acreage in Yamhill County to 1.9% of the overall land acreage. The question was then asked what did 484 acres equate to if the whole expansion was EFU acreage. Currently there is approximately 191,639 acres of EFU land in Yamhill County. If the city expanded its UGB by 484 acres into 100% EFU land, that would equate to 0.25% of the Yamhill County EFU acreage (25/100 of 1%).

Attachments:

- Friends of Yamhill County, Correction to the Record, 09.08.23
- City of McMinnville, Correction to the Record, 09.11.23
- Email from Heather Richards to Planning Commission, 09.11.23

Critical Documents Located on the Project Website: [G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon]

- Draft Updated McMinnville Urbanization Report (September 2023)
- Draft Updated McMinnville Housing Needs Analysis (September 2023)
- Draft Updated McMinnville Economic Opportunities Analysis (September 2023)
- Public Testimony Received – Friends of Yamhill County and 1000 Friends of Oregon (August 30, 2023)
- Public Testimony Received – Mark Davis (September 5 and September 7, 2023)

Fiscal Impact:

The initial drafts of the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $165,000 in consultant fees plus staff support at $75,000.

Updating the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $50,000 plus staff support at $20,500.

Recommendation:

Staff recommends the Planning Commission vote to recommend adopting the proposed documents as amendments to the McMinnville Comprehensive Plan to the McMinnville City Council.

"I MOVE THAT THE PLANNING COMMISSION RECOMMEND THAT THE CITY COUNCIL ADOPT THE MCMINNVILLE HOUSING NEEDS ANALYSIS, 2023 (Docket G 1-20) AND THE MCMINNVILLE ECONOMIC OPPORTUNITY ANALYSIS, 2023 (Docket G 3-20) AS AMENDMENTS TO THE *MCMINNVILLE COMPREHENSIVE PLAN*"

Friends of Yamhill County

P.O. Box 1083
McMinnville, Oregon 97128

Helping to shape the use of our natural resources to protect the quality of life in Yamhill County

September 8, 2023

McMinnville Planning Commission
Heather Richards
231 NE Fifth Street
McMinnville, OR 97128

RE: record correction

Dear Planning Commission Members and Staff:

In response to a question at last night's planning commission hearing, I erroneously said that Newberg allows triplex development on lots as small as 3,000 sq. ft. in its R-2 zone. I double checked and I was mistaken. While Newberg allows single-family homes and duplexes on a 3,000 sq. ft. lot in the R-2 zone, and townhomes on lots as small as 1,500 sq. ft., its minimum lot size for a triplex in the R-2 zone is 5,000 sq. ft. Newberg's development code also includes maximum lot area standards.

All of Newberg's lot area standards can be viewed at:

Chapter 15.405 LOT REQUIREMENTS (codepublishing.com) [1]

Thank you again, for the opportunity to testify last night.

Sincerely,

Sid Friedman
Friends of Yamhill County

[1] www.codepublishing.com/OR/Newberg/#!/Newberg15/Newberg15405.html#15.405

CORRECTIONS FOR THE RECORD, RELATIVE TO % OF LAND FOR NEW HOUSING VERSUS PARKS IN MGMUP UGB AMENDMENT, 2003 – 2023.

There were statements made at the September 7, 2023 Planning Commission public hearing about the percentage of park land need relative to the percentage of housing land need in the overall UGB amendment. These statements, staff believe, failed to account for the housing land that was included in the UGB amendment, Phase I. Below is a representation of the MGMUP UGB Amendment, 2003 – 2023.

TABLE 1: Total additional residential acres needed in the McMinnville UGB, 2003-2023 after land-use efficiencies are applied, the new high school and middle school site are removed, and neighborhood serving commercial land is added.. (McMinnville Growth Management and Urbanization Plan)

Category of Land Need	Needed Gross Buildable Acres
New Housing	392.90
Parks	254.00
Schools (remove 53 acres for high school site and middle school site in city limits)	43.00
Private Schools	1.50
Religious	47.60
Government	0.90
Semi-Public Services	22.50
Infrastructure	2.60
Total	765.00
Neighborhood Commercial	39.20
TOTAL:	804.20

TABLE 2: % of Land Need Categories in MGMUP UGB Amendment, 2003 – 2023 for UH Comp Plan Designation.

Category of Land Need	Needed Gross Buildable Acres
New Housing	49%
Parks	32%
Schools	5%
Private Schools, Religious, Government, Semi Public Services, Infrastructure	9%
Total	765.00
Neighborhood Commercial	5%
TOTAL:	804.20

From:	Heather Richards
To:	Heather Richards
Bcc:	Sidonie Winfield; Gary Langenwalter; Megan Murray; Daniel Tucholsky; Brian Randall; Beth Rankin; Sylla McClellan; Matthew Deppe; Rachel Flores; Scott Unger; Sid Friedman; Mark Davis; Rob Hallyburton
Subject:	G 1-20, For the Record
Date:	Monday, September 11, 2023 9:41:00 PM
Attachments:	FYC.Correction.9-08-2023.pdf FOYC 1000 Friends PPT Slides - Testimony, 09.07.23.pdf PC Public Hearing, 09.07.23.pdf CORRECTIONS FOR THE RECORD, % of Park Land Need to Housing Land.pdf image002.png

Hello Planning Commissioners (and Sid Friedman, Rob Hallyburton, Mark Davis and Scott Unger) by bcc:,

Please find attached a correction for the record from Friends of Yamhill County (FOYC) for Docket G 1-20, Housing Needs Analysis. I am also attaching a copy of the staff presentation and the FOYC presentation for your records, as well as a correction for the record of housing land need relative to parkland need in the recent MGMUP UGB update. All are posted on the website at: G 1-20, G 2-20 & G 3-20 Project Materials (BLI/HNA/HS) | McMinnville Oregon.

There was also some discussion at the previous public hearing about lot size allowances for different types of housing in McMinnville. McMinnville does have the standardized lot size zones (R1, R2, R3 and R4) but we also rely heavily on planned developments for housing development and recently amended our zoning ordinance to allow all types of housing in a planned development relative to the minimum lot sizes for that type of housing product to meet our development standards. Please see chart below. Keep in mind that these can only be used as part of a planned development and the overall lot size needs to average out to the underlying zoning lot size unless a transfer of density rights is deployed. Uniquely most of our housing developments are planned developments, and to be able to meet the Great Neighborhood Principles requiring a variety of housing types most new developments will probably be a planned development as well. This information is in Chapter 17.11 of the McMinnville Municipal Code. I will be providing this as part of my staff report on Thursday so that it will be part of the public record.

Housing Type	Minimum Lot Size w/Alley (Planned Development)	Minimum Lot Size w/out Alley (Planned Development)
Tiny Home	1,400 sf	2,100 sf
Single Unit	2,300 sf	3,000 sf
Duplex	2,300 sf	3,000 sf
Triplex	5,000 sf	5,000 sf
Quadplex	7,000 sf	7,000 sf
Cottage Cluster (minimum of 4)	7,000 sf	7,000 sf
Town Homes	1,500 sf	1,500 sf

Have a great day!

Heather

____

City of McMinnville

Heather Richards
Community Development Director
City of McMinnville
231 NE Fifth Street
McMinnville, OR 97128

503-474-5107 (phone)
971-287-8322 (cell)*
*Please note new cell phone number

Heather.Richards@mcminnvilleoregon.gov
www.mcminnvilleoregon.gov

Growing McMinnville MINDFULLY

G 1-20, G 3-20

Tonight's Public Hearing

Recommend to City Council adoption of the following documents as amendments to the McMinnville Comprehensive Plan:

- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public Lands Need Analysis**

City of McMinnville

Tonight's Public Hearing

Recommend to City Council adoption of the following documents as amendments to the McMinnville Comprehensive Plan:

- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public Lands Need Analysis**

This is a continued public hearing from September 7, 2023

City of McMinnville

POPULATION FORECAST

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

PLANNING FOR GROWTH

Planning for growth is about planning for people – how they will live and work in the future.

There is a significant impact to people based on our decisions. Be it good or be it bad, there is impact.

PLANNING FOR GROWTH

It is impactful for more than twenty years.

What happens in the next twenty years will impact future generations far past twenty years.

PLANNING FOR GROWTH

THIRD:

It is required by state law.

For good reasons.

PLANNING FOR GROWTH

FOURTH:

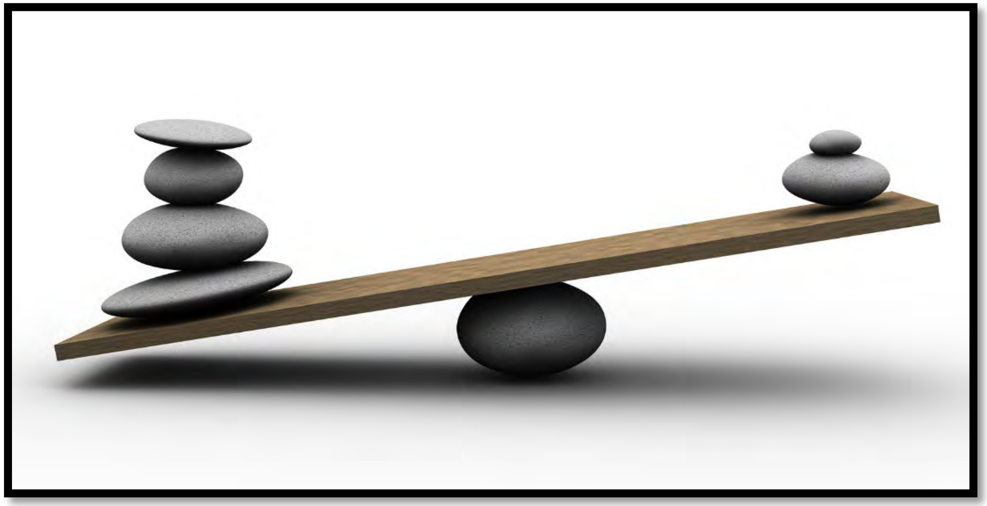
It is about balance.

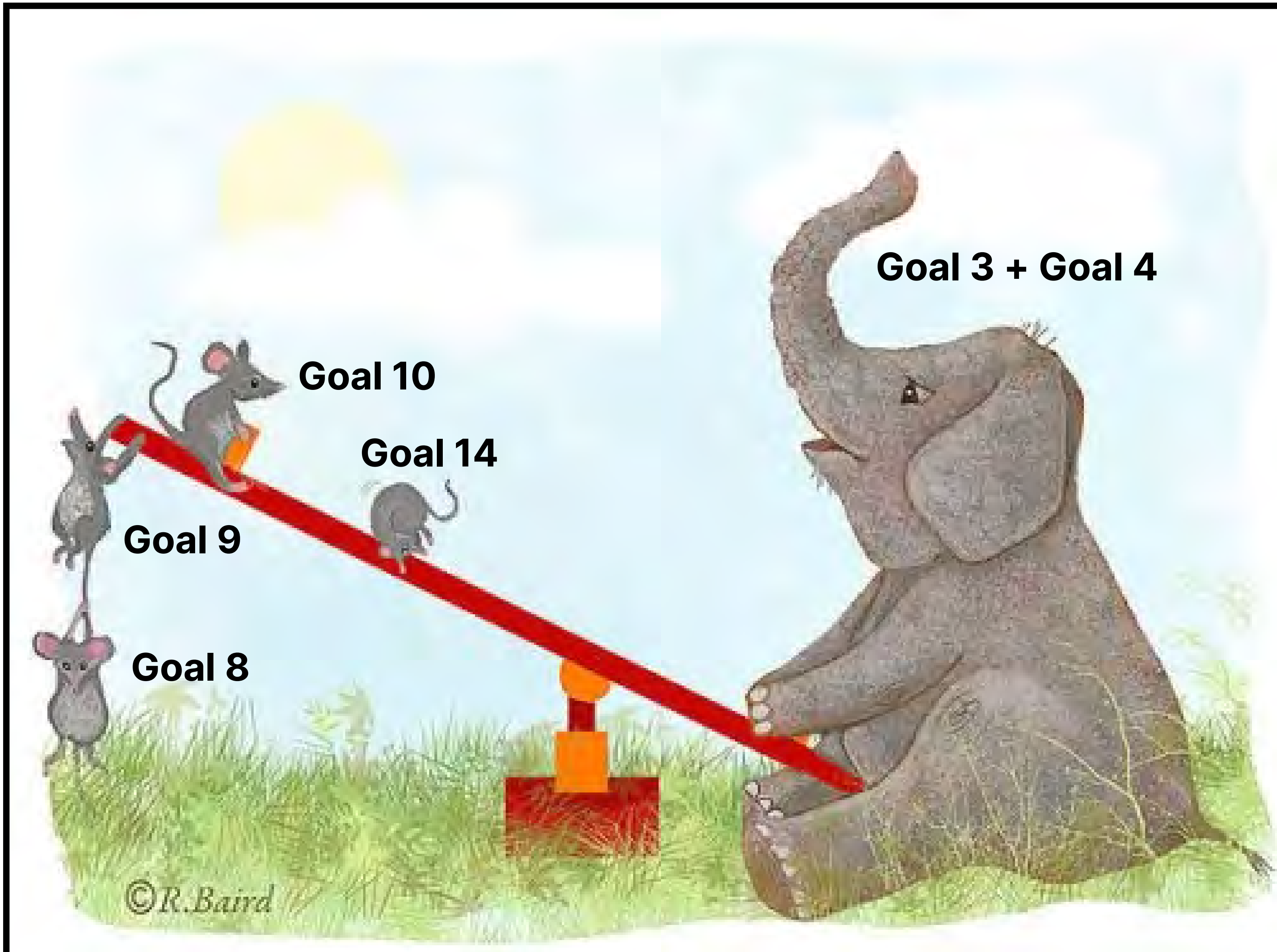
- **Balancing priorities.**
- **Balancing agendas.**
- **Balancing near-term needs and long-term opportunities.**
- **Balancing aspirational goals and cautiousness.**

PLANNING FOR GROWTH

FOURTH:

When it is out of balance it is unfairly weighted in one direction and the results are inequitable.




Goal 3 + Goal 4
Goal 10
Goal 14
Goal 9
Goal 8
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Three Steps:

Identification of Need
Land-use Efficiencies
UGB Alternatives Analysis

Buildable Lands Inventory

Identifies buildable residential and employment land within existing urban growth boundary

Housing Needs Analysis

Identifies future housing needs and types to accommodate projected growth per community values in twenty and fifty years.

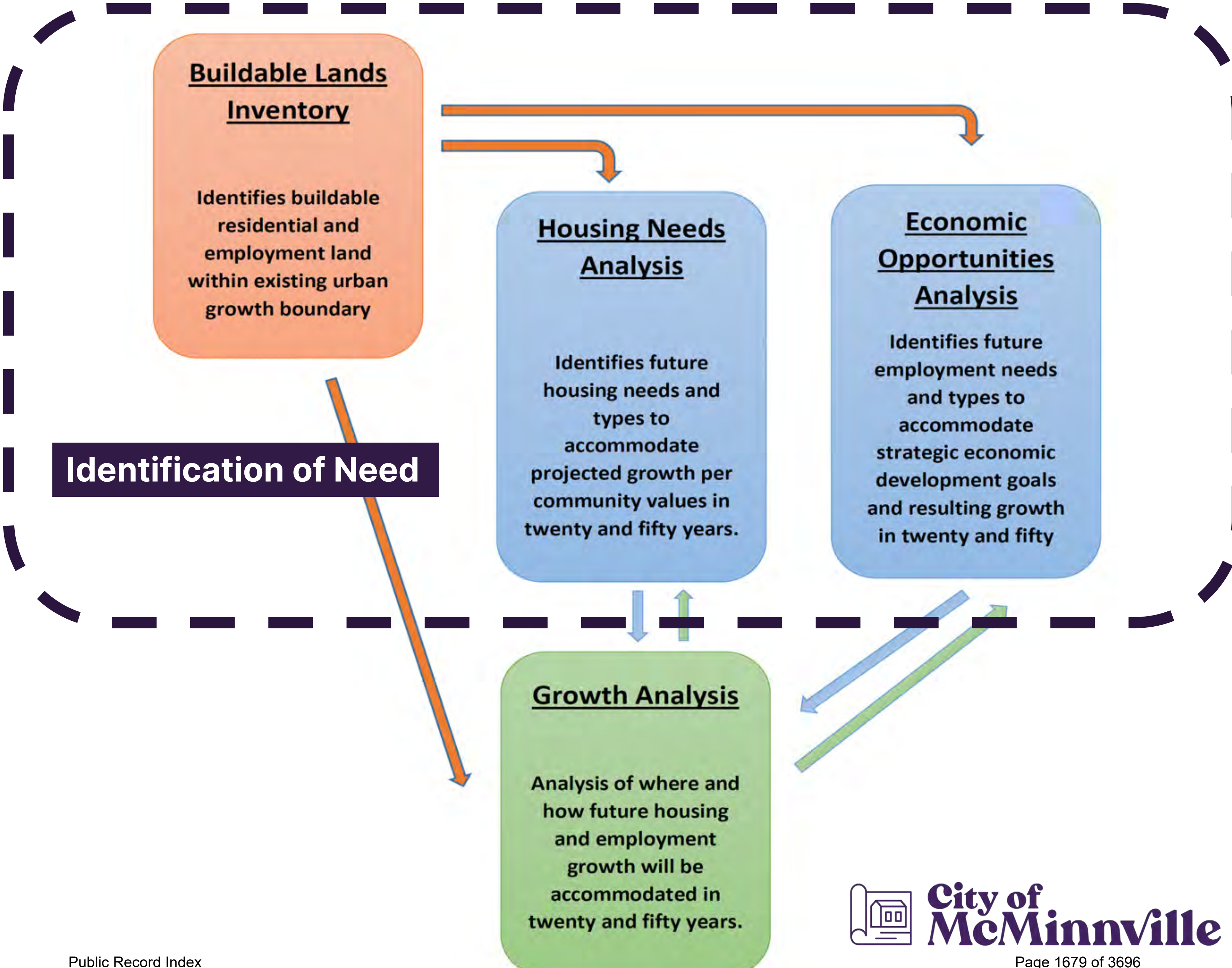
Economic Opportunities Analysis

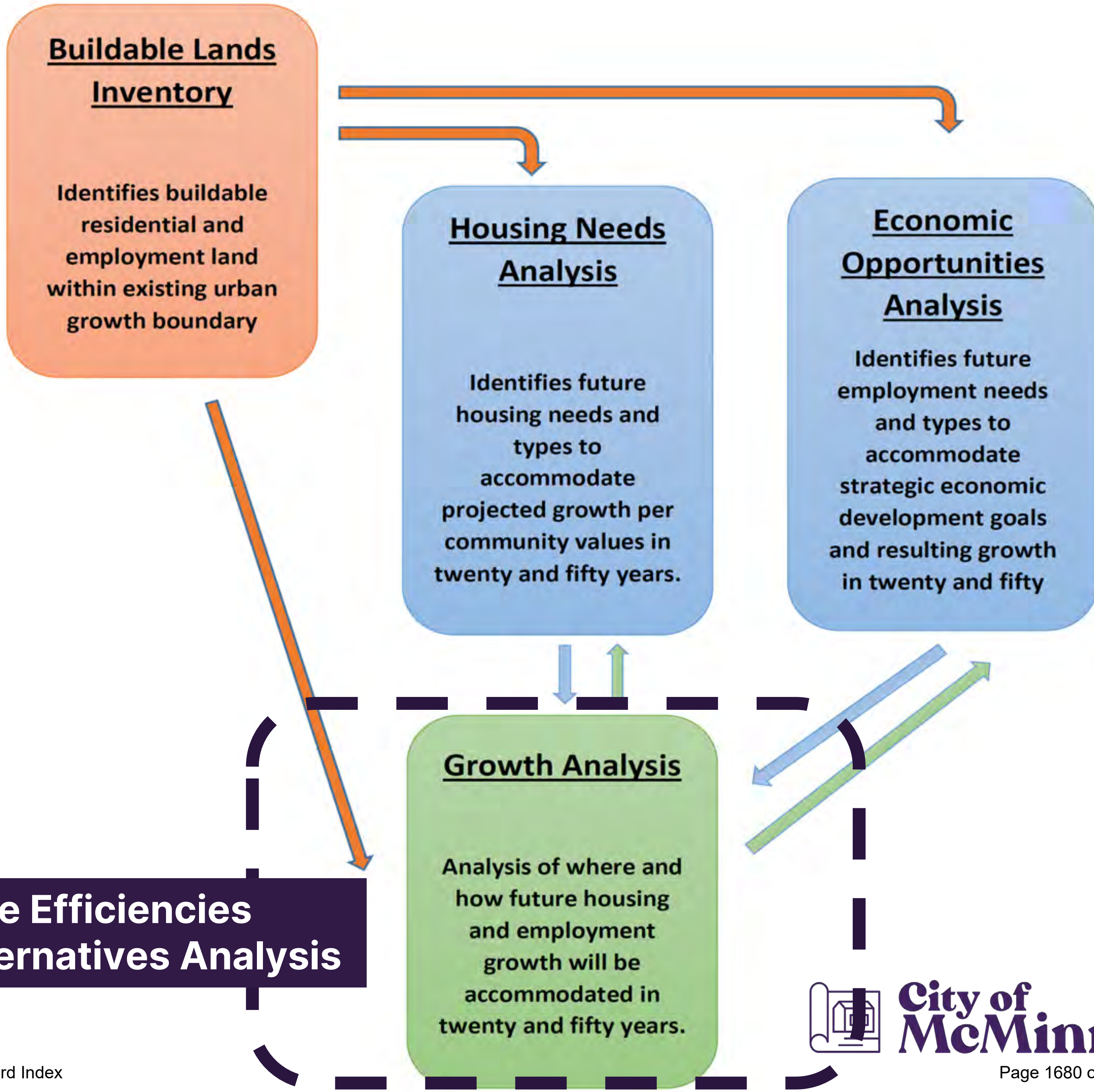
Identifies future employment needs and types to accommodate strategic economic development goals and resulting growth in twenty and fifty

Growth Analysis

Analysis of where and how future housing and employment growth will be accommodated in twenty and fifty years.

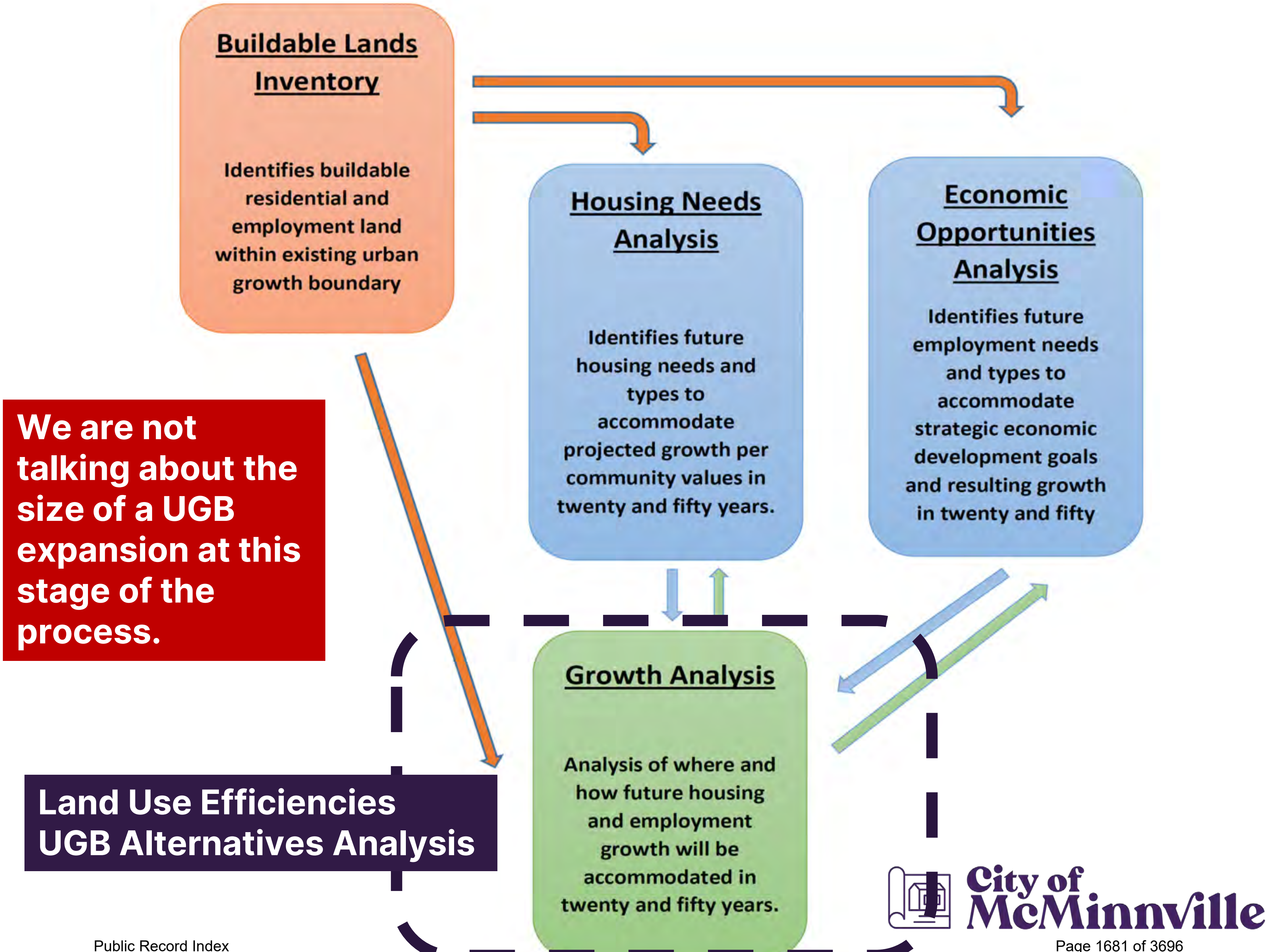
City of McMinnville


Buildable Lands Inventory
Identifies buildable residential and employment land within existing urban growth boundary
Housing Needs Analysis
Identifies future housing needs and types to accommodate projected growth per community values in twenty and fifty years.
Economic Opportunities Analysis
Identifies future employment needs and types to accommodate strategic economic development goals and resulting growth in twenty and fifty
Identification of Need
Growth Analysis
Analysis of where and how future housing and employment growth will be accommodated in twenty and fifty years.



Land Use Efficiencies UGB Alternatives Analysis

City of McMinnville


Buildable Lands Inventory
Identifies buildable residential and employment land within existing urban growth boundary
Housing Needs Analysis
Identifies future housing needs and types to accommodate projected growth per community values in twenty and fifty years.
Economic Opportunities Analysis
Identifies future employment needs and types to accommodate strategic economic development goals and resulting growth in twenty and fifty
We are not talking about the size of a UGB expansion at this stage of the process.
Growth Analysis
Analysis of where and how future housing and employment growth will be accommodated in twenty and fifty years.
Land Use Efficiencies
UGB Alternatives Analysis
City of McMinnville

DOCUMENT REVIEW

- ❖ **Housing Needs Analysis**
- ❖ **Economic Opportunities Analysis**
- ❖ **Public Lands Need Analysis**

Updates of 2019/2020 Drafts

Update Buildable Lands Inventory:
- **Include new UGB amendment (662.40 acres)**
- **Include development through 12/31/21**

Update Housing Capacity:
- **HB 2001 – Missing Middle (Increase density assumptions)**
- **Rural Residential (Decrease density assumptions)**

City of McMinnville

PROCESS TO DEVELOP THEM

- **Hired a Consultant – ECONorthwest**
  - **Data Review and Development**
  - **Scenario Analysis**

- **Appointed a Project Advisory Committee**
  - **Reviewed data and scenarios developed**

Decisions were made by the PAC based on three factors

- **Legal Framework (Safe Harbors versus local data)**
- **Local Adopted Policies**
- **Discretion of what is Best for McMinnville (data informed)**

PROJECT ADVISORY COMMITTEE MEMBERS (54)

Kellie Menke	Paul Davis	Marilyn Worrix
Roger Lizut	Susan Muir	Zack Geary
Susan Dirks	Mike Bisset	Roger Hall
Sid Friedman	John Dietz	Sal Peralta
Mark Davis	Mary Ann Rodriguez	Alan Ruden
Andrew Burton	Matt Johnson	Danielle Hoffman
Beth Cater	Laura Seyring	Brad Bassitt
Michael Jester	Peter Keenan	Angela Carnahan
Robert J. Banagay	Ryan McIrvin	Kevin Young
Amanda Perron	Steve Ganzer	Chuck Darnell
Matt Deppe	Justin Hogue	Heather Richards
Patty O'Leary	Abigail Neilan	Tom Schauer
Doug Hurl	Christopher Anderson	Melissa Ahrens
Scott Cooper	Ellen Hogg	Jody Christensen
Alan Amerson	Judith Pasch	
Kelly McDonald	Katie Russ	
Mike Morris	Katie Wennerstrom	
Jeff Knapp	Rob Hallyburton	
Gioia Goodrum	Scott Green	
Ed Gormley	Kyle Faulk	

PUBLIC ENGAGEMENT

- **13 PAC Meetings (7 HNA, 6 EOA)**
- **2 PAC Meetings (Update)**
- **2 City Council Work Sessions**
- **1 Joint City Council / BOC Work Session**
- **1 Focus Group**
- **3 Open Houses**
- **4 Events**
- **Poster Display – Library and Community Center**

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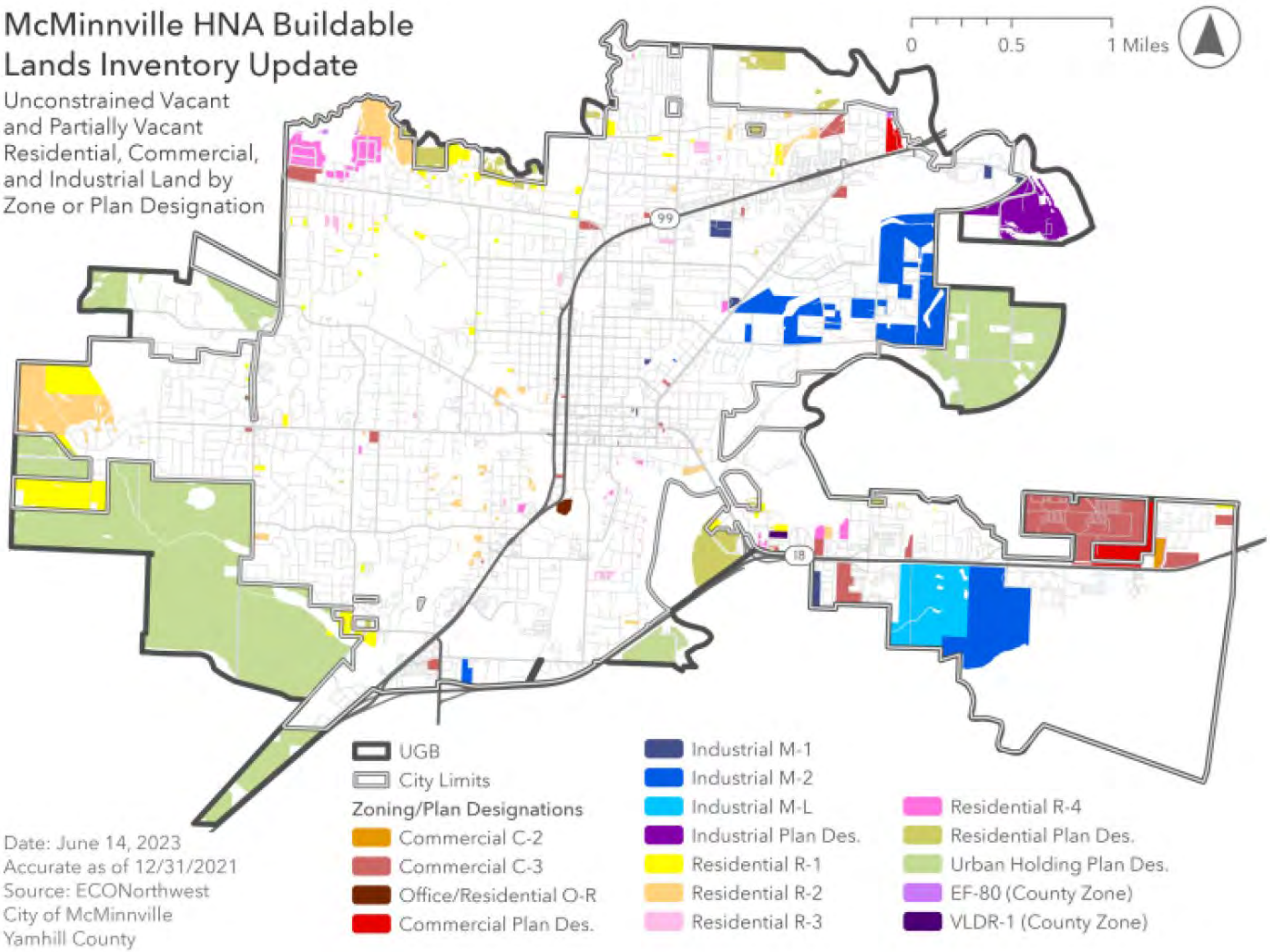
Ed Gormley	Kyle Faulk	

City of McMinnville

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



LAND NEED FOR HOUSING

Planning Horizon	Land Need
2021 – 2041 (47,498) (UGB)	202 Acres
2041 – 2067 (62,803) (Urban Reserve Area)	1066 Acres

LAND NEED FOR EMPLOYMENT

Planning Horizon	Land Need
2021 – 2041 (47,498) (UGB)	29 Industrial 159 Commercial
2041 – 2067 (62,803) (Urban Reserve Area)	N/A 237 Commercial

LAND NEED FOR PUBLIC/INSTITUTIONAL USES

Planning Horizon	Land Need
2021 – 2041 (47,498) (UGB)	~~94 Acres~~ 32 Acres
2041 – 2067 (62,803) (Urban Reserve Area)	335 Acres

City of McMinnville

TOTAL LAND NEED

Planning Horizon	Land Need
2021 – 2041 (47,498) (UGB)	~~484 Acres~~ 422 Acres
2041 – 2067 (62,803) (Urban Reserve Area)	1638 Acres

- This number will most likely be reduced during the land-use efficiency analysis.
- 422 acres is less than 0.1% (1/10 of 1%) of the total land acreage in Yamhill County.
- If the 422 acres was all EFU land, then it would be slightly more than 0.2% (2/10 of 1%)
- It is smaller than many farm tracts in Yamhill County.

City of McMinnville

CORRECTIONS TO THE RECORD

Correction from City of McMinnville, September 11, 2023:

% of Land Need Categories in MGMUP UGB Amendment, 2003 – 2023 for UH Comp Plan Designation.

Category of Land Need	Needed Gross Buildable Acres
New Housing	49%
Parks	32%
Schools	5%
Private Schools, Religious, Government, Semi Public Services, Infrastructure	9%
Neighborhood Commercial	5%
TOTAL:	804.20

CORRECTIONS TO THE RECORD

Letter from Friends of Yamhill County, September 8, 2023:

In response to a question at last night's planning commission hearing, I erroneously said that Newberg allows triplex development on lots as small as 3,000 sq. ft. in its R-2 zone. I double checked and I was mistaken. While Newberg allows single-family homes and duplexes on a 3,000 sq. ft. lot in the R-2 zone, and townhomes on lots as small as 1,500 sq. ft., its minimum lot size for a triplex in the R-2 zone is 5,000 sq. ft. Newberg's development code also includes maximum lot area standards.

All of Newberg's lot area standards can be viewed at:

Chapter 15.405 LOT REQUIREMENTS (codepublishing.com) [1]

CORRECTIONS TO THE RECORD

Email from Heather Richards, 09.11.23

Housing Type	Minimum Lot Size w/Alley (Planned Development)	Minimum Lot Size w/out Alley (Planned Development)
Tiny Home	1,400 sf	2,100 sf
Single Unit	2,300 sf	3,000 sf
Duplex	2,300 sf	3,000 sf
Triplex	5,000 sf	5,000 sf
Quadplex	7,000 sf	7,000 sf
Cottage Cluster (minimum of 4)	7,000 sf	7,000 sf
Town Homes	1,500 sf	1,500 sf

PUBLIC TESTIMONY

PLANNING COMMISSION PUBLIC HEARING, SEPTEMBER 21, 2023

- 1000 Friends / Friends of Yamhill County, dated September 20, 2023

PLANNING COMMISSION PUBLIC HEARING, SEPTEMBER 7, 2023

- 1000 Friends / Friends of Yamhill County, dated August 30,. 2023
- Mark Davis, dated September 5, 2023
- Mark Davis, dated September 7, 2023

City of McMinnville

Park Land Need

McMinnville Comprehensive Plan Policy, #170.05

"***For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used.*** *(Ord. 4796, October 14, 2003)*"

Parks Master Plan , Recommended Levels of Service, (Table 2, Page 11)

2.00 Acres / Neighborhood Park per 1000 capita
6.00 Acres / Community Park per 1000 capita
6.00 Acres / Greenways and Open Spaces per 1000 capita
14.00 Acres per 1000 capita

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<u>Parks Master Plan , Recommended Levels of Service, (Table 2, Page 11)</u>

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14.00 Acres per 1000 capita

Comprehensive Plan Policy #163.05 states that neighborhood parks and community parks needed to be located outside of the flood plain.

City of McMinnville

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14.00 Acres per 1000 capita

Comprehensive Plan Policy #163.05 states that neighborhood parks and community parks needed to be located outside of the flood plain.

Comprehensive Plan Policy #164.00 states that *"The City of McMinnville shall continue to acquire floodplain lands through the provisions of Chapter 17.53 (Land Division Standards) of the zoning ordinance and other available means, for future use as natural areas, open spaces, and/or parks."*

Park Land Need

<u>Error in Park Land Calculations for 2021 MGMUP UGB Expansion:</u>

Mark Davis in his testimony on September 7, 2023 asserted that the math calculation for land need did not add up for a population of 47,498, and that he felt that there were two errors made:

1) The tax lot that was added to Joe Dancer park with the 2021 MGMUP UGB expansion was not included in the overall park acreage with that land use action.

2) The MGMUP had a finding in 2003 that 34% of the land for greenways and open spaces was on unbuildable acreage and that this was not captured in the calculations.

City of McMinnville

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Agreed. Tax Lot R4421 00400, was added to the McMinnville UGB in 2021 for Joe Dancer Park and was not included in the overall park land added in 2021. This lot is 61.37 acres. The overall park land need acreage should be reduced by 62 acres for a total park land need of 76.63 acres, reducing the public land need to 32 acres.

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2) The MGMUP had a finding in 2003 that 34% of the land for greenways and open spaces was on unbuildable acreage and that this was not captured in the calculations.

The findings from the MGMUP, indicate that this reduction was calculated and accounted for as part of the park land need for the MGMUP.

Location of parks is defined by many attributes and not just whether or not is part of a floodplain. The Parks Master Plan Update is currently underway. In 2024 during a discussion of land-use efficiencies the community can decide as part of the master plan update and how much greenspace and open space should be in unbuildable lands. (Not just floodplains, there are also natural habitats in the west hills that have been deemed unbuildable).

City of McMinnville

FRIENDS TESTIMONY

1000 Friends of Oregon and Friends of Yamhill County jointly provided public testimony with a list of issues that they have with the Housing Needs Analysis, Economic Opportunity Analysis, and Buildable Lands Inventory.

In the detailing of their issues, they allege that some of the components of the documents are not compliant with state law, and for other components they urge the Planning Commission to reject the Project Advisory Committee's recommendations and use the state "Safe Harbors" instead.

Staff asked Bill Kabeiseman, contracted legal counsel from Bateman Seidel, to provide a memorandum with his legal evaluation of the public testimony's allegations relative to legal compliance, and Beth Goodman with ECONorthwest, to provide a memorandum detailing the background data that they used for the local attributes and their experience with developing dozens of HNAs and EOAs throughout the state.

Staff then synthesized those comments, provided options for the Planning Commission to consider, the costs associated with any new directions to pursue and the staff recommendation.

FRIENDS TESTIMONY

Staff Recommendations: "Do what you think is best for McMinnville residents, current and future". These decisions pave the way for how McMinnville with grow – its built environment in terms of density, economic opportunity, and public amenities".

- **We do not believe that there is anything that is non-compliant legally.**
- **However, two items do not have precedent and case law for interpretation – Site specific needs that respond to a ED plan strategy that is not captured in the forecast methodology, and retail leakage identifying a service deficit. This is a risk analysis for the PC to consider.**
- **Keep the PAC recommendations when it is based on local data. This is what is most representative of McMinnville.**

If you do want to change anything we have provided a cost and time analysis to do so.

Keep in mind this is a needs analysis based on data. Land-use efficiencies and a potential UGB alternative analysis is not part of this component.

City of McMinnville

PERSPECTIVE

- **<u>A forecast is not an exact science.</u> If we forecasted too much it will take us more than 20 years to develop and grow into it. We are not talking about egregious numbers in the grand scheme of Yamhill County. The overall impact to Yamhill County acreage and EFU acreage in Yamhill County is negligible (0.2%, 2/10 of 1%). However, if we forecasted too little we will be in the situation we are now with no land supply, which then has human costs in terms of housing attainment, employment and quality of life amenities. One scenario is much more risky to the community of McMinnville. The question is – *are we meeting the intent of the Oregon land use system?***

- **<u>Regular Updates Required.</u> Due to new laws we will be in a cycle of updating this analysis in six years.**

- **<u>Moving the goal posts</u> (ie constantly updating the draft documents to reflect the most recent data) <u>is costly in terms of $ and time</u>. It does not get us to an end product in an efficient manner. <u>And</u> prevents us from doing the planning that needs to get done.**

- **OAR 660-024-0040(1), *"the 20-year need determinations are estimates which, although based on the best available information and methodologies, <u>should not be held to an unreasonably high level of precision</u>."***

- **We are responsible for making decisions that impact the lives of both current and future residents who need to live in the neighborhoods and community that these decisions are forming. 34,500 people today. 47,500 people in the future.**

City of McMinnville

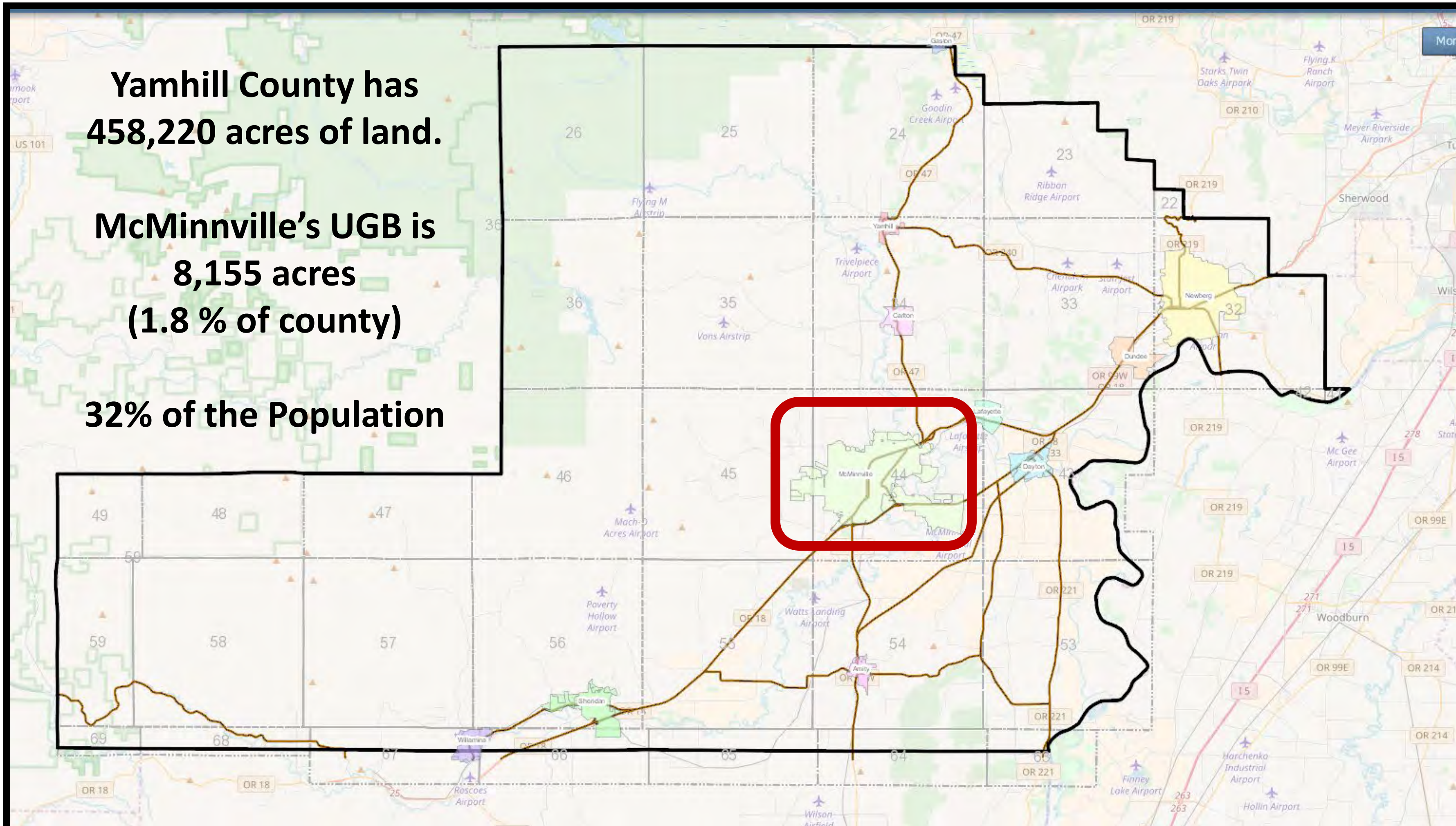
PLANNING FOR GROWTH

FIRST and FOREMOST:

Planning for growth is all about planning for people – how they will live and work in the future.

This is not an exercise in numbers only, striving to get to the lowest impact to the farmland around us, this is about planning for a future quality of life for McMinnville residents.

PERSPECTIVE FOR DISCUSSION



QUESTIONS?

Friends of Yamhill County
P.O. Box 1083
McMinnville, Oregon 97128

1000 friends of Oregon
133 SW 2nd Ave, Ste 201
Portland, Oregon 97204

September 20, 2023

McMinnville Planning Commission
Heather Richards, Planning Director
230 NE Second Street
McMinnville, OR 97128

Re: Housing Needs Analysis and Economic Opportunities Analysis

Dear Planning Commissioners and Staff,

1000 Friends of Oregon is a non-profit, charitable organization dedicated to working with Oregonians to support livable communities. Friends of Yamhill County (FYC) works to protect natural resources through the implementation of land use planning goals, policies, and laws that maintain and improve the present and future quality of life in Yamhill County for both urban and rural residents.

We have reviewed the staff memorandum submitted yesterday morning and appreciate this opportunity to provide additional comment on the city's draft *Housing Needs Analysis* (HNA) and *Economic Opportunities Analysis* (EOA). We have not commented on the draft *McMinnville Urbanization Report* since, as we understand it, that document is not proposed for formal adoption.

Given the very short turnaround time, we are unable to respond to every issue raised in 87 pages of material in, and attached, to that memorandum, but we do offer the following:

We note and appreciate the staff-recommended changes in the memorandum to "other needed employment sites", retail leakage", and the error in parkland calculations identified by Mark Davis. We continue to have concerns regarding the other issues raised in our letter dated August 30, including but not limited to the following:

<u>Residential Density for Needed Housing</u>

Our August 30 letter (pp. 3-4) points out that, compared to the city's 2020 UGB expansion, the draft HNA is actually based on a lower density: 5.46 units per acre down from 5.7. We do not believe that the city's housing need will be better met through a reduction in planned density and we questioned the assumption.

The September 18 response memo from staff states, "The draft 2023 HNA is based on a historic development density plus the 3% adjustment per HB 2001 (2019 Legislative Session) of 5.46 units/acre" (p. 2) and "the 2019 Missing Middle Housing legislation allowed cities to increase that historic density calculation for the purpose of housing needs analysis calculation by up to 3% if it chose to do so" (p. 5).

The HNA misconstrues the law. The response memo accurately quotes the current statute that is relevant to completion of the housing capacity analysis in the HNA (p. 5). Without repeating it all here, the relevant factors include:

- Data on historic development
- Trends in density and the mix of housing types
- Market factors that will influence future development

The HNA's analysis includes only the first of these. It includes *discussion* of the other factors (pp. 89-94), but does not translate trends or market factors into needed density. It just concludes that "considerable variation exists in residential density from year to year" (p. 91) and "these findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum" (p. 93), and "Yamhill County and McMinnville will be affected by these state [economic] trends, which will result in continued demand for new houses" (p. 94).

Instead of analyzing needs, the HNA simply assumes a three-percent increase in density because HB 2001 says so. But that is not what the legislation says. The three-percent provision has been codified in ORS 197.296(6)(b), which applies to the next step in the city's process – efficiency measures – not to the HNA and determination of needed mix and density. It applies only to increased density from allowing middle housing and does not replace the analysis required for an HNA for all needed housing.

We do not suggest that the density safe harbor supplies the "correct" density number for the city, but it is an allowable, achievable way to calculate density in the absence of the analysis required by ORS 197.296(5).

Minimum Lot Sizes

As we previously testified, McMinnville's minimum lot sizes are significantly larger than similar Willamette Valley cities. The City readily acknowledges the shortfall in housing at price points that are affordable to many of its residents, both present and future. But as the chart below illustrates, McMinnville is something of an outlier – both in its larger minimum lot sizes and in its low planned future density.

Minimum Lot Sizes for single-family detached houses

City	R-1 or lowest density zone	R-2 or next lowest density	R-3 or next lowest	Planned (Needed) density (du/acre	Maximum lot area or Minimum density standards
McMinnville	9,000 sq. ft.	7,000 sq. ft.	6,000 sq. ft.	5.46	No
Lafayette	7,500 sq. ft.	5,000 sq. ft.	5,000 sq. ft.	?	No
Sheridan	7,000 sq. ft.	5,000 sq. ft.	5,000 sq. ft.	?	Yes (R-2 and R-3)
Woodburn	6,000 sq. ft.	4,000 sq. ft.	3,600 sq. ft.	7.8 -9.0	Yes
Newberg	5,000 sq. ft.	3,000 sq. ft.	2,500 sq. ft.	7.4 (draft)	Yes
Corvallis	5,000 sq. ft.	3,630 sq. ft.	2,178 sq. ft.	6.5	Yes
Dallas	5,000 sq. ft.	4,000 sq. ft.	3,000 sq. ft.	?	Yes
Keizer	4,000 sq. ft.	4,000 sq. ft.	4,000 sq. ft.	6.8	Yes

Many other cities, including Forest Grove and Independence also have smaller minimum lot sizes, but their zoning schemes don't readily translate to standardized zones.

McMinnville's larger minimum lot sizes increase housing costs, increase costs to provide infrastructure, and increase pressure to expand on to farmland. In addition, many cities have adopted maximum lot area or minimum density standards to help ensure that the densities it needs to meet housing needs are achieved. McMinnville has not. This is not just a land capacity issue, or an efficiency measure to be addressed in the future. The large minimum lot sizes affect McMinnville's ability to provide housing at price points that are commensurate with the financial capabilities of present and future residents.

Assumed Reduction in Commercial Jobs Per Acre

As noted in our prior comments, the new EOA is based on a reduction in the number of assumed commercial jobs per acre assumptions – 23 jobs per acre, down from 26 in the 2013 EOA. This not only moves the city in the wrong direction; we believe the analysis in the EOA supports continued use of the 26 jobs per acre assumption.

The analysis (Table 6c of Appendix B) forecasts that the preponderance of new commercial jobs (two-thirds) over the planning period will be in the office and commercial services sector, dwarfing the number of new jobs in retail and tourism services. It also shows that those jobs occur at an average of 29 jobs per acre, as opposed to 19 jobs per acre. That is illustrated in the draft EOA, Appendix B, Exhibit 6c,[1] reproduced below:

[1] See p. 44 of 87 in the staff memorandum distributed on September 19.

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Rather than use this more-detailed analysis the EOA uses the consultant-recommended average of 23 employees per acre for all commercial land.

If the city does want to use a simpler, single average number of jobs per acre for all commercial sectors, that number should reflect a properly weighted average for the anticipated new jobs. That weighted average is about 26 jobs per acre, the same as the 26 jobs per acre used in the 2013 EOA.[2]

Refill, Redevelopment and Employment on Non-employment Land

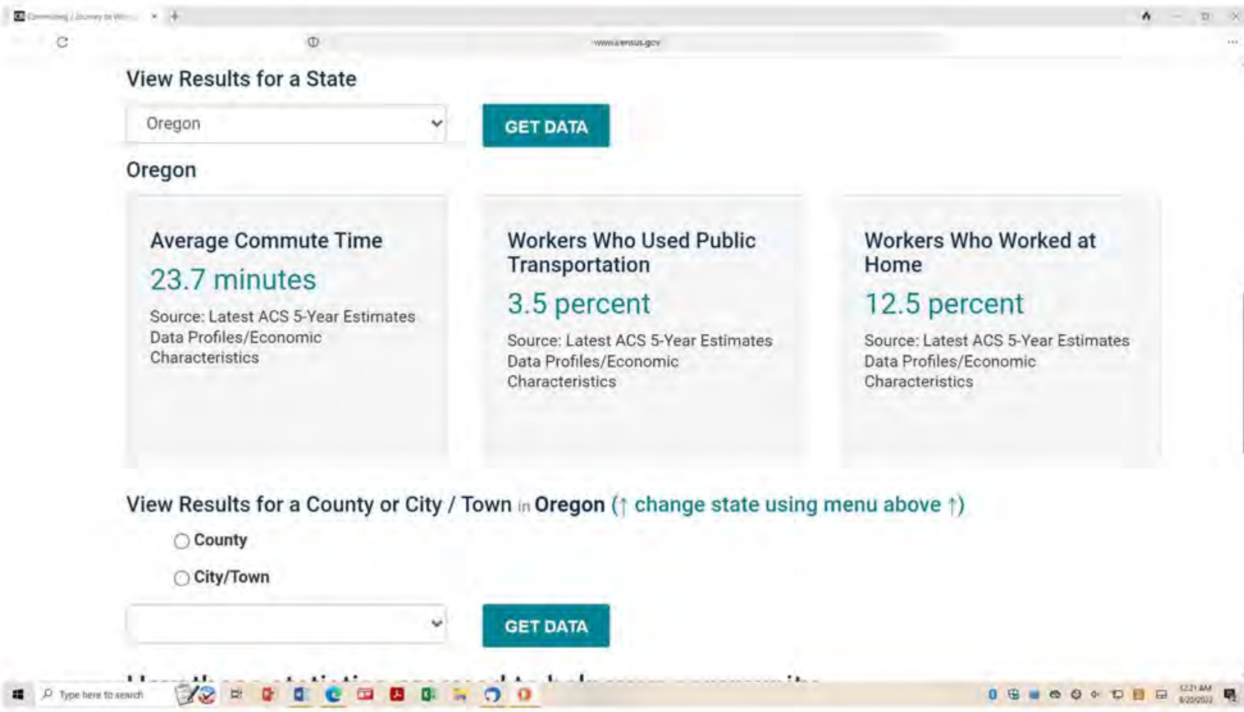
Our August 30 letter accurately states that the EOA refill and redevelopment rate of five percent fails to adequately account for employment that will occur on non-employment land (primarily residential land).

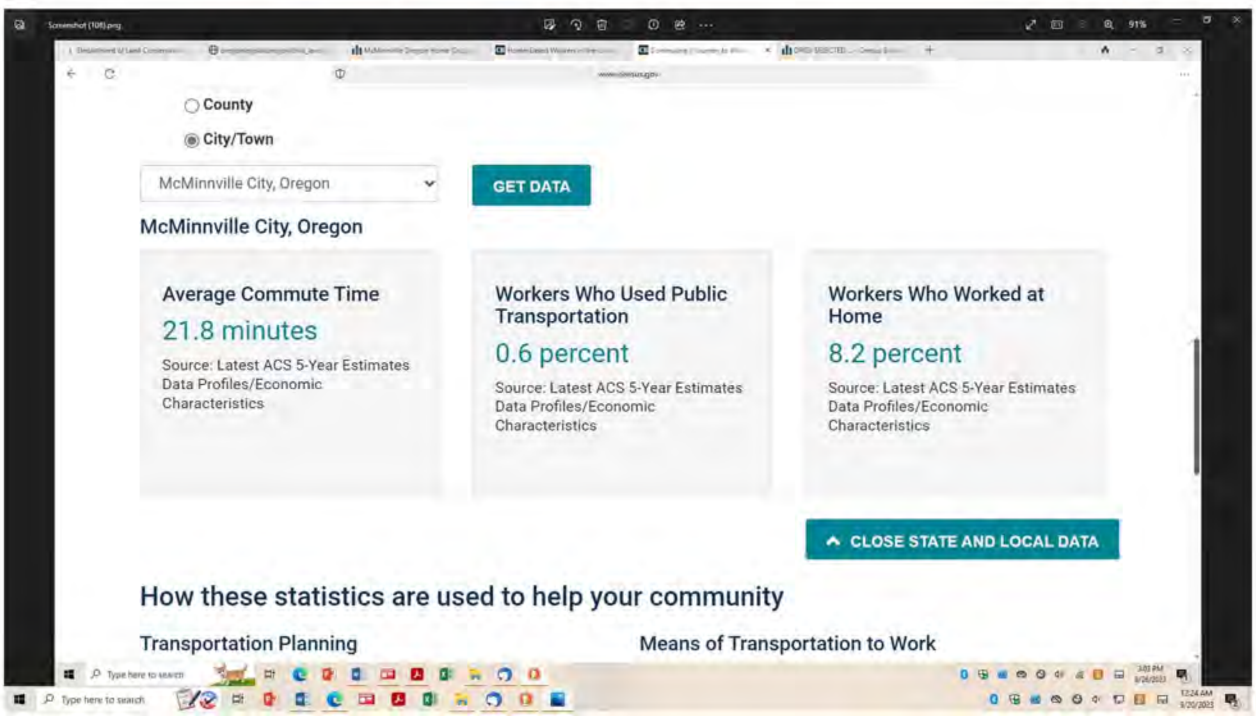
The analysis in Appendix B that the staff response points to (pp. 10-11) only addresses refill and redevelopment on employment land. It does not address the considerable amount of employment that occurs on residential land: in home occupations, in assisted living facilities, in day care centers, and people who work remotely.[3]

The staff response asserts that home occupations were part of the data used to support the five percent calculation. A review of Appendix B does not support this assertion. Readily available data from the census bureau shows that home occupations alone account for far more than the five percent rate used in the EOA:

2 The calculation is as follows: (364 retail jobs*19 +3179 office jobs*29 + 1206*19) ÷ (364+3179+1206) = 25.69

3 With respect the last of these, the staff response points to the lack of data on the number of people who work remotely. The lack of data does not mean it is not occurring.





The staff response correctly points out that job openings at McMinnville's many assisted living facilities are not necessarily indicative of overall net new jobs. However, the job openings corroborate the extent of employment on residential land and are also consistent with the trends in the HNA that we cited in our August 30 letter:

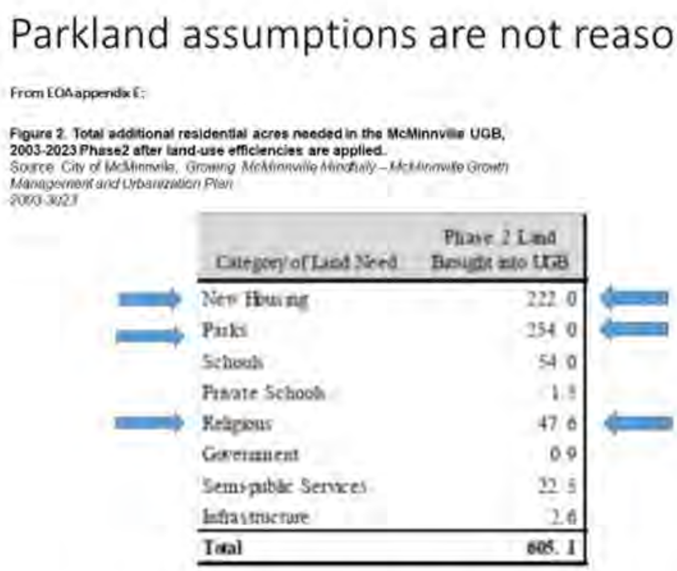
Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041. (HNA, p. 91)

And:

Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments… or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. (HNA, p. 92)

<u>Capacity of Lands Designated Urban Holding and Projection of Future Park Needs</u>

In our oral presentation at your September 7 hearing, we showed a slide depicting Figure 2 from Appendix E from the Buildable Lands Inventory; reproduced below:


Parkland assumptions are not reasonable

From EOA appendix E:

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase2 after land-use efficiencies are applied.
Source: City of McMinnville, Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-2023

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222.0
Parks	254.0
Schools	54.0
Private Schools	1.5
Religious	47.6
Government	0.9
Semi-public Services	22.5
Infrastructure	2.6
Total	**605.1**

As we accurately stated at the hearing, it shows an assumption that roughly half of the buildable residential land added to the UGB in the Phase 2 expansion in 2020 will be consumed by parks and churches, with over 300 acres for parks and churches and only 220 acres for new housing.[4]

On September 11, staff emailed a "correction for the record" that took issue with our slide and testimony. Appendix E of the EOA and Figure 2 say what they say. Staff is not proposing an amendment to the EOA. The "correction" depicts and describes something else: the acreage and land use assumptions for all land added to the UGB in 2003 and land added to the UGB in 2020 that has been placed in an urban holding zone.[5] It shows an assumption that nearly 40 percent of the buildable 765 acres of buildable residential land added to the UGB in 2003 and 2020 will be

[4] The net acreage of land available for housing is further reduced by the city's ;large right-of-way assumption, leaving only 176 net acres available for housing

[5] The acreage total of 804 acres in the staff "correction" differs from the 792 acre total in Exhibit 10 of the HNA (p. 17)

consumed by parks and churches, with over 300 acres for parks and churches and 393 acres for new housing.[6]

The exhibit from the EOA and the staff "correction" table measure different things, but they both show the unreasonableness of the city's assumptions. Neither half the buildable land (or every other block) nor forty percent (more than every third block) of the buildable land will be a park or church.

Our August 30 letter used a poor choice of words in describing the parks master plan as "expired." We are unsure as to whether the parks master plan was adopted as an element of the city's comprehensive plan. Regardless, its purpose and effect is the same as it was at the time it was adopted – to describe how the city will strive to provide parks, etc. for the 20 years following its drafting and adoption; that is, through 2017 or 2019. It never purported to describe the city's park needs beyond that time frame.

We believe that the city cannot merely carry old assumptions forward without justification. As part of this plan amendment process, the city should, and is obligated to, reexamine old assumptions from prior planning periods to determine whether they are still valid and justified. There is no evidentiary justification provided for the assumptions described above nor is there any evidence that the city can acquire a third or a half of the buildable residential land added to the UGB for parks.

HNA Safe Harbors

Our August 30 letter questioned the use of stale household size and vacancy rate data for purposes of the safe harbor provisions in law. At least one planning commissioner expressed interest in using current information. The September 15 memorandum from EcoNorthwest states, "To do this work would take 1 hour and $220."[7]

Capacity of C-3 Land to Provide High-Density Housing

The record clearly shows that high-density multi-family housing continues to be constructed on land zoned C-3. This will continue to happen so long as apartments and upper-story residential remain an outright permitted use on the zone. The argument that it merely changes land need from residential to commercial is not justification for ignoring the impact and correcting the land allocations.

Beyond that, however, there is housing being constructed in C-3 zones that requires no use of buildable land that should also be included in the analysis – namely, housing constructed over commercial spaces. This was common on Third Street, though much of that housing has been converted to short-term rentals for tourists. The Village Quarter project constructed 15 years ago

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[6] The city's large right-of-way assumption further reduces the acreage of land available for housing, leaving only 314 net acres available for housing.

[7] See page 66 of 87 in the staff memorandum distributed on September 19. Unfortunately, the staff misstates the consultant cost as a full day and $1750 (see p. 10 of staff memorandum).

added 50 units of this type of upper-floor housing and the same model is proposed for 72 units of housing above commercial space at the intersection Baker Creek and Hill Roads.

Removal of vacant and partially vacant land based on ownership

Our August 30 letter questioned the exclusion of all vacant and partially vacant land that is owned by tax-exempt institutions from the Buildable Lands Inventory (BLI), even though the land is not publicly owned. These are principally a 57-acre site owned by Linfield University and approximately 26 acres of vacant and partially vacant land owned by churches.

The staff response misses the point of our testimony. We do not necessarily disagree with the staff conclusion that these lands are unlikely to be leveraged for other purposes. We do not contend that the Linfield land will necessarily be "surplussed" and sold (although 2067 is a long time from now). Linfield has stated that they intend to develop the 57 vacant acres to support their programs, which means the land will accommodate some combination of population (student housing) and employment (classrooms, offices, etc.).

Likewise, we do not contend that the church land will be used for affordable housing partnerships. We do contend that the religious institutions that own this vacant and partially vacant land will either use it to meet some of the identified need for religious institutional land, or may, in some cases sell it.

VI. Conclusion

We hope these comments are helpful. Please include them in the official record of this proceeding and provide us with notice of your decision in this matter.

Sincerely,

Mary Kyle McCurdy

Mary Kyle McCurdy
Deputy Director
1000 Friends of Oregon

Rob Hallyburton
Vice President
Friends of Yamhill County

Cc: Kevin Young and Melissa Ahrens, DLCD

From:	Sid Friedman
To:	Heather Richards
Subject:	FYC 9-21 alides
Date:	Tuesday, September 26, 2023 2:40:18 PM
Attachments:	We sent you safe versions of your files.msg FYC.PC09-21-2023.pptx

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

This message originated outside of the City of McMinnville.

Hi Heather,

The slides I showed last Thursday are attached. Sorry for the delay.

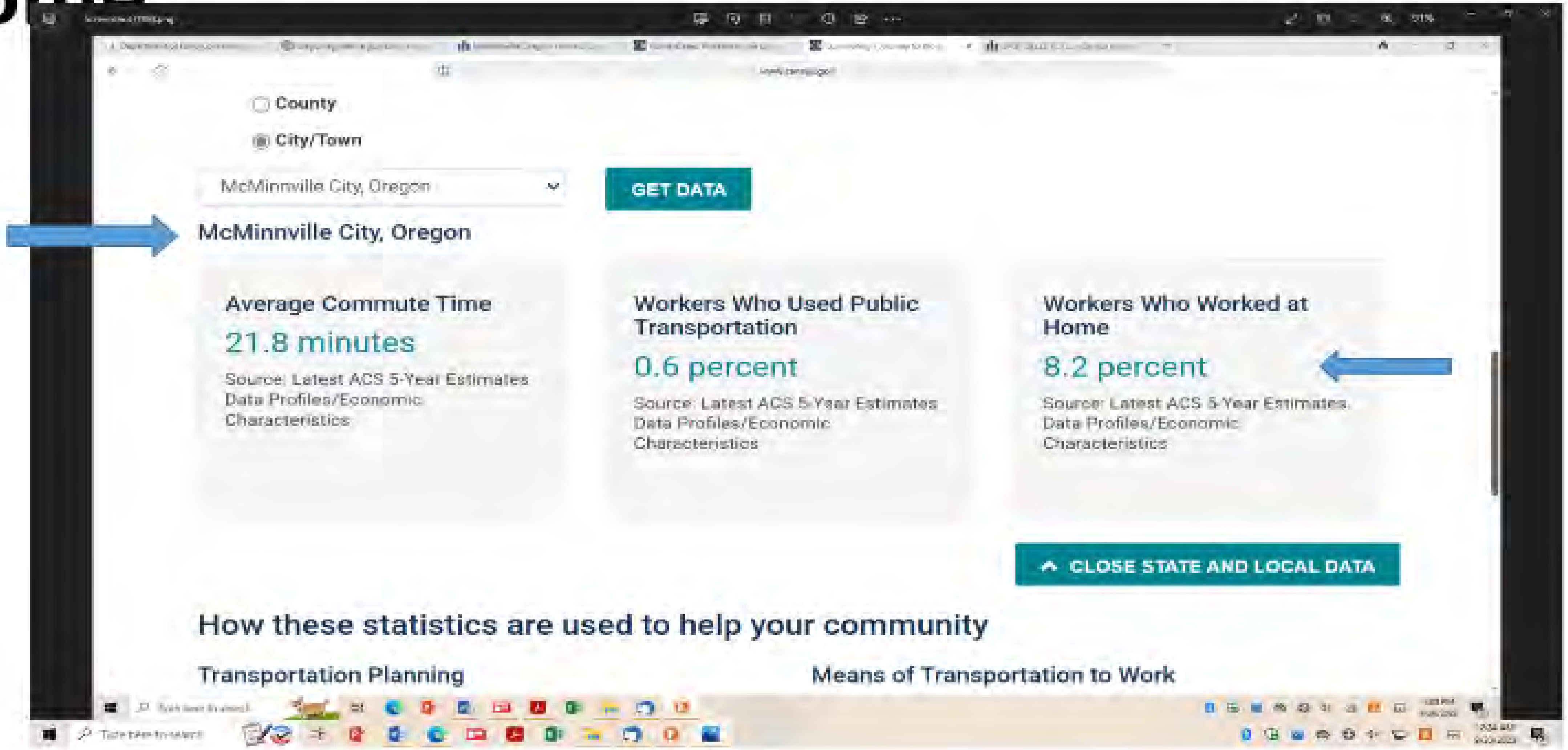
HNA *reduces* planned density

• HNA 2021-2041	5.46 units per gross buildable acre
• MGMUP 2002-2023	5.7 units per gross buildable acre
• Safe harbor (OAR 660-024)	8 units per gross buildable acre

City	R-1 or lowest density zone	R-2 or next lowest density	R-3 or next lowest	Planned (Needed) density (du/acre	Maximum lot area or Minimum density standards
McMinnville	9,000 sq. ft.	7,000 sq. ft.	6,000 sq. ft.	5.46	No
Lafayette	7,500 sq. ft.	5,000 sq. ft.	5,000 sq. ft.	?	No
Sheridan	7,000 sq. ft.	5,000 sq. ft.	5,000 sq. ft.	?	Yes (R-2, R-3 duplexes & multi-family)
Woodburn	6,000 sq. ft.	4,000 sq. ft.	3,600 sq. ft.	7.8 -9.0	Yes
Newberg	5,000 sq. ft.	3,000 sq. ft.	2,500 sq. ft.	7.4(draft)	Yes
Corvallis	5,000 sq. ft.	3,630 sq. ft.	2,178 sq. ft.	6.5	Yes
Dallas	5,000 sq. ft.	4,000 sq. ft.	3,000 sq. ft.	?	Yes
Keizer	4,000 sq. ft.	4,000 sq. ft.	4,000 sq. ft.	6.8	Yes

Minimum lot sizes for single-family detached houses

8.2% of McMinnville workers work from home



Jobs on residential land or existing employment sites

• McMinnville Draft EOA	5%
• McMinnville 2013 EOA	17%
• McMinnville 2001 EOA	13-17%
• Redmond	10%
• Grants Pass	10%
• Corvallis	11% to 29%
• Ashland	20%

City of McMinnville
PLANNING

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

Planning Commission
Thursday, September 7, 2023
6:30 PM Regular Meeting

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

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

ZOOM Meeting: You may join online via the following link:
https://mcminnvilleoregon.zoom.us/j/84808603865?pwd=WE03Ukt3bDU5VkUwRUhIa1Jnb2w0QT09
Meeting ID: 848 0860 3865 **Meeting Password:** 166748

Or you can call in and listen via zoom: 1 253 215 8782
Meeting ID: 848 0860 3865 **Meeting Password:** 166748

Public Participation:

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

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

1) ***Email in advance of the meeting*** *– Email at any time up to 12 p.m. the day before the meeting to heather.richards@mcminnvilleoregon.gov, that email will be provided to the planning commissioners, lead planning staff and entered into the record at the meeting.*

2) ***By ZOOM at the meeting*** *- Join the zoom meeting and send a chat directly to Planning Director, Heather Richards, to request to speak indicating which public hearing, and/or use the raise hand feature in zoom to request to speak once called upon by the Planning Commission chairperson. Once your turn is up, we will announce your name and unmute your mic.*

3) ***By telephone at the meeting*** *– If appearing via telephone only please sign up prior to the meeting by emailing the Planning Director, Heather.Richards@mcminnvilleoregon.gov as the chat function is not available when calling in zoom.*

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

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*****Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Commission Members	Agenda Items
Sidonie Winfield, Chair Gary Langenwalter Vice - Chair Matthew Deppe Rachel Flores Sylla McClellan Elena Mudrak Meg Murray Brian Randall Beth Rankin Dan Tucholsky	see below

6:30 PM – REGULAR MEETING

1. **Call to Order**
2. **Swear In New Commissioner – Rachel Flores**
3. **Citizen Comments**
4. **Minutes:**
   - **May 4, 2023** *(Exhibit 1)*
5. **Public Hearings:**

A. Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20) and A New Economic Opportunities Analysis (G 3-20) – *(Exhibit 2)*

(Continued from May 18, 2023)

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential land use.

Applicant: City of McMinnville

B. Quasi - Judicial Hearing: Planned Development Amendment (Docket G 3-23) – *(Exhibit 3)*

Requests: Review and approval of a Planned Development Amendment (PDA 3-23) for a mixed-use development on a 6.63-acre property located at the NE corner of Baker Creek Road and Hill Road. The application includes a request to amend provisions of Planned Development Ordinance #5086 and to approve the proposed master plan for the property.

The proposed master plan includes: four mixed use buildings with two stories of residential use above ground floor commercial use, three 3-story buildings with multi-dwelling residential use, and on-site green space, plaza, and bicycle and pedestrian amenities. This includes 30,000 total square feet of commercial space and 144 total

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

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residences (72 above the ground-floor commercial in the four mixed-use buildings and 24 in each of the three-story residential buildings).

Applicant: Baker Creek 2, LLC, c/o Mark DeLapp

6. **Commissioner Comments**

7. **Staff Comments**

8. **Adjournment**

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

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City of McMinnville

City of McMinnville
Planning Department
231 NE Fifth Street
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MINUTES

September 7, 2023
Planning Commission
Regular Meeting

6:30 pm
Hybrid Meeting
McMinnville, Oregon

Members Present: Sidonie Winfield, Dan Tucholsky, Beth Rankin, Rachel Flores, Megan Murray, Brian Randall, Gary Langenwalter, and Matt Deppe

Members Absent: Sylla McClellan

Staff Present: Heather Richards – Community Development Director, Tom Schauer – Senior Planner, Bill Kabeiseman – Bateman Seidel, Contracted Legal Counsel, and Beth Goodman – ECONorthwest, Consultant

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1. Call to Order

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

2. Swear In New Commissioner – Rachel Flores

Chair Winfield administered the oath of office to new Commissioner Rachel Flores.

3. Citizen Comments

None

4. Minutes

- **May 4, 2023**

Commissioner Tucholsky MOVED to APPROVE the May 4, 2023 minutes. The motion was seconded by Commissioner Murray and passed 8-0.

5. Public Hearings

A. <u>Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20) and A New Economic Opportunities Analysis (G 3-20)</u>

(Continued from May 18, 2023)

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential land use.

Applicant: City of McMinnville

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

Staff Report: Community Development Director Richards gave a background on the work that had been done for growth planning in the City. Tonight's public hearing would review draft results of the Housing Needs Analysis, Economic Opportunities Analysis, and Public Land Need Analysis. She explained the value of planning for growth. Affordability was critical and an increasing problem in McMinnville. Housing supply contributed to affordability, and supply was an increasing problem. The City was considered severely rent burdened. She discussed the population forecast for the City. They should not assume all multi-family housing was low income. As lots got smaller, access to open space was more important. She then reviewed the documents, which had recently been updated. This included the process to develop them, Buildable Lands Inventory, mix of housing types, deficit of land for new housing, Mac Town 2032 Economic Development Strategic Plan, land need for housing and employment, land added to the UGB in 2020 for public uses compared with estimated public land needs through 2041, how they were going to meet the need, public testimony received, assertions and conclusions made by 1,000 Friends of Oregon and Friends of Yamhill County, park land need, how the Project Advisory Committee and Public Lands Work Group elected to move forward with the existing levels of service in the adopted Parks Master Plan of six acres per 1,000 capita, and where parks should be located. She recommended the Parks Department update the Parks System Table to reflect the classifications in the Master Plan. The 6-acre LOS for greenspaces, greenways, and natural areas could be located on either buildable land or unbuildable land and should reflect the values and objectives of the Master Plan and could be a land use efficiency that was evaluated in 2024. She also recommended inviting Parks and Recreation Director Muir to the next Commission meeting to address these issues and give an update on the Master Plan process. She gave perspective for discussion on expansion to meet the land deficiency that had been identified. They needed 484 acres, which was one-tenth of one percent of the total acreage in Yamhill County. That was smaller than many of the farm tracts in the County. She recommended continuing the public hearing.

There was discussion regarding the need to update the data, questioning the assumptions and not think the past was a good predictor of the future, trend of home based offices and not as much need for office space, being more proactive, how if the forecasts were wrong and they brought in too much land there would be less land to bring in the next time, parkland need and levels of service, definition of park, how the additional acres of Joe Dancer Park that came into the UGB with the last effort was classified, how they could not rely on using school property in the calculations for parks as there was no agreement, talking to vacant property owners about developing, incentives for workforce housing, and how smaller lots were not less expensive due to the supply issue.

Proponents: None

Opponents: Mark Davis, McMinnville resident, did not think they needed to add more land to the UGB in the next 20 years, especially after the recent UGB approval. They were being asked to approve another EOA even though the last one was only ten years old and additional parkland when the parkland just added exceeded the acreage of all the parks that had been developed in the history of the City. The urban reserve process would sequester even more land ending in 2067, all the while the need for affordable housing continued. He thought the priorities were misplaced and there was no justification for the acreage requested, especially the land for parks. The 1999 Parks Master Plan had expired without reaching the goal of 14 acres of parks per 1,000 population. They had less park acreage per 1,000 residents than they did in 1999. He thought the City had all the land it needed for park development for the next 50 years.

There was discussion regarding how much land to set aside in developments for parks and lack of funding for parks.

Rob Hallyburton, Friends of Yamhill County, said they were in favor of the City adopting the documents, however they were in opposition to some of the elements of the plan. They had submitted a letter with suggestions to make sure the HNA contributed positively. The HNA did not account for the existing deficiencies in the housing options today. They needed to avoid over-estimation of land, especially to reduce the potential conversion of excellent farmland to urban uses before it was truly needed. Compact development was better for the City as it made more efficient use of public infrastructure and helped with housing affordability. They recommended the City take a more aggressive approach to planning for higher density development. Regarding economic development, the EOA, like the HNA, assumed less efficient use of land than the existing plan. This created an inflated forecast for both residential and employment lands. He thought changes could be implemented quickly and cheaply through the use of allowed safe harbors.

Sid Friedman, 1,000 Friends of Oregon, thought the changes they suggested would better serve the needs of those who lived and worked in the City, both now and in the future. McMinnville had larger minimum lot sizes than other cities, which affected their ability to provide housing at different price points. Another land capacity issue was the parkland projections. The UGB analysis assumed that half of the residential land added in 2020 would be used for parkland and churches. The City could use the safe harbor rule that 25% of additional residential land would account for streets, parks, and schools. There was a reduction in density from 5.7 units per acre to 5.46, which did not meet the City's needs. They suggested instead to use the safe harbor of 8 units per acre. The HNA assumed no new housing on C-3 land after the year 2021, which was incorrect. Regarding the EOA, there were too many jobs that needed new vacant employment land. The EOA assumed that only 5% of new jobs would occur on residential land around existing employment sites, but the census data said people working from home far surpassed the 5% and home occupations didn't begin to count all the people working in residential zones. Regarding the large Linfield site, if the land wasn't sold it would either be student housing or new employment.

There was discussion regarding how changing lot minimums would affect housing density and prices, farmland preservation, and parkland.

Rebuttal: Community Development Director Richards clarified the impact of 484 acres of EFU land in the County for an UGB expansion was about two-tenths of one percent. About half the County land was EFU. In the last UGB amendment, 56% of the acreage was EFU land and 44% was not. There were two phases of the last UGB amendment, and phase 1 did not have any parkland assigned to it. Phase 2 was making up for that deficit, but it was meant to be distributed across all the acreage. Median home prices in Newberg were $575,000. Their market rate housing was still at a higher level than McMinnville.

Commissioner Flores MOVED to CONTINUE the hearing for Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20) and A New Economic Opportunities Analysis (G 3-20) to September 21, 2023, with the record open. SECONDED by Commissioner Langenwalter. The motion PASSED 8-0.

B. <u>Quasi - Judicial Hearing: Planned Development Amendment (Docket G 3-23</u>

Requests: Review and approval of a Planned Development Amendment (PDA 3-23) for a mixed-use development on a 6.63-acre property located at the NE corner of Baker Creek Road and Hill Road. The application includes a request to amend provisions of Planned Development Ordinance #5086 and to approve the proposed master plan for the property.

The proposed master plan includes: four mixed use buildings with two stories of residential use above ground floor commercial use, three 3-story buildings with multi-dwelling residential use, and on-site green space, plaza, and bicycle and pedestrian amenities. This includes 30,000 total square feet of commercial space and 144 total residences (72 above the ground-floor commercial in the four mixed-use buildings and 24 in each of the three-story residential buildings).

Applicant: Baker Creek 2, LLC, c/o Mark DeLapp

Chair Winfield opened the public hearing and read the hearing statement. She asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. She asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none. She asked if any Commissioner had visited the site. All commissioners present raised their hands. Chair Winfield asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing. There was none.

Staff Report: Senior Planner Schauer said this was a request for amendments to the Planned Development conditions of approval and request for approval of the Planned Development Master Plan. He discussed the 6.63 acre subject site at the NE corner of Baker Creek Road and Hill Road, zoning map, proposed mixed use development, site plan, applicable criteria, additional information entered into the record, summary of the requested changes to the conditions which were more restrictive than C-3 standards, alternative design components with submittal of development plans, proposed master plan cross section, proposed master plan site plan, trail and greenspace, renderings and elevations of the proposed development, adjacent hazelnut orchard, and landscape plan. Staff found the criteria were satisfied with conditions and recommended approval with conditions.

There was discussion regarding bike storage, hours of operation for the commercial activity, configuration of the site, and adequate parking.

Applicant's Testimony:

Kevin Grant and John Wright, C2K Architecture, discussed how they came up with the design for the Baker Creek North project and creating a neighborhood activity center with gathering spaces and main street concept. They thought it was an efficient parking plan with adequate parking for the units. They did not have bike storage planned. There would be a cover over the bike corral on the plaza.

Mark DeLapp, applicant, said in order to get the commercial space with this kind of look and feel, they had to have enough residential income to support the construction budget, which was why there was three story residential buildings.

Mr. Grant thought it was important architecturally to have the three stories to replicate a main street look.

There was discussion regarding shared parking with the residential and commercial uses, how they were using the data and requirements for the number of parking spots, encouraging bicycle and pedestrian activity, parking for second and third vehicles assigned further away, use of permeable pavement, stormwater retention, how the commercial uses would be businesses that could provide services to the neighborhood, the work/live units would be residential until there was demand for retail and then they would be used for retail, making it fit with the look of McMinnville, special events that might close the street, marketing to businesses, how the project could pencil with the number of residential units without the commercial, all the residential would be market rate housing, mitigation for the hazelnut orchard, approval criteria, laundry facilities, and garbage units.

The Commission had no issues with the proposed setbacks, three story buildings, and live/work spaces.

{The recording of the meeting ended at this point}

Commissioner Deppe MOVED to RECOMMEND APPROVAL of PDA 3-23 to the McMinnville City Council. SECONDED by Commissioner Murray. The motion PASSED 7-1.

6. Commissioner Comments

7. Staff Comments

8. Adjournment

City of McMinnville
Community Development
231 NE Fifth Street
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www.mcminnvilleoregon.gov

EXHIBIT 1 - STAFF REPORT

DATE: September 7, 2023
TO: Planning Commission Members
FROM: Heather Richards, Community Development Director
SUBJECT: Public Hearing – Adopting a Housing Needs Analysis and Economic Opportunity Analysis as Addendums to the McMinnville Comprehensive Plan (Dockets G 1-20, and G 3-20)

STRATEGIC PRIORITY & GOAL:

GROWTH & DEVELOPMENT CHARACTER Guide growth & development strategically, responsively & responsibly to enhance our unique character.	HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM) Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

OBJECTIVE/S: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks for land supply align with market-driven housing needs

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Report in Brief:

This is a public hearing continued from May 18, 2023, to consider adopting a new Housing Needs Analysis and Economic Opportunity Analysis as amendments to the McMinnville Comprehensive Plan, for the planning periods of 2021-2041 and 2041 – 2067.

Per HB 2003 (2019 Oregon Legislative Session), the City of McMinnville needs to adopt and submit a Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCD April 2021) UGB amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years.

There are three steps in planning for growth relative to land supply:

1) Needs Analysis – Identification of how much land is needed for housing, industrial, commercial and public land to support population growth for twenty years.

2) Land-Use Efficiencies Analysis – is there a way to reduce the additional land need by densifying the development within the existing urban growth boundary.

3) Urban Growth Boundary Alternatives Analysis – an evaluation of land within 1 mile radius of the existing urban growth boundary to identify the best land for the City's urban growth boundary expansion that is the least impactful to prime farm and forest land.

This is the consideration of the first step in the process – the needs analysis. Step 2 will follow in 2024, and Step 3 will follow in 2025 if warranted.

Background:

In 2018, the City of McMinnville initiated an effort to update its Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA) and Public Lands Analysis.

In Oregon cities must maintain a buildable land supply to support necessary population growth for twenty years. This is accomplished through a needs analysis process. It is a highly regulated process governed by state legislation (Oregon Revised Statutes (ORS)) and rulemaking (Oregon Administrative Rules (OAR)). If the needs analysis identifies a need for additional land supply, cities must determine how they are going to meet that need, either by increasing density within the existing urban growth boundary or by expanding the urban growth boundary, or both.

Cities typically will conduct an efficiency measures analysis to identify opportunities for growth and higher density within the city's urban growth boundary prior to expanding the urban growth boundary.

If cities choose to expand their urban growth boundary, cities must then embark on a land analysis of land adjacent to the existing urban growth boundary to determine where it is appropriate to expand. Like the needs analysis, the efficiency measures analysis and urban growth boundary analysis are highly regulated with ORS and OARs.

In 2018, after realizing the negative effects of constrained land supply on the City of McMinnville's housing market and employment opportunities, the City elected to initiate the needs analysis to facilitate another effort at planning for growth in McMinnville. City Council directed staff to plan for both a twenty-year growth horizon (2021 -2041) as well as a fifty-year growth horizon (2021 – 2067) in order to adopt a future Urban Reserve Area so that the City did not find itself in the same predicament in the future.

The last time the City had successfully adopted a Housing Needs Analysis was in 2003. The needs analysis and resulting efficiency measures indicated a need to expand the city's urban growth boundary for future growth. However, it was appealed and challenged by 1000 Friends of Oregon, Friends of Yamhill County and a few local opponents, with an eventual appeal to the Court of Appeals. Based on that appeal, the Court of Appeals remanded the urban growth boundary analysis back to the state, who remanded it to the City in the city was not successful in adopting a new urban growth boundary that met the city's identified need due to appeals and legal challenges, eventually resulting in a Court of Appeals remand to the City in 2013.

In 2018, with rapidly declining land supply for needed housing and commercial land, the city engaged a consultant team and worked with a project advisory committee on a buildable lands inventory, housing needs analysis, and economic opportunities analysis throughout 2018 and 2019.

At the same time, during the 2019 Oregon Legislative Session, two house bills were adopted, HB 2001 and HB 2003. Both bills impacted state legislation and eventually rulemaking relative to how cities implemented land needs analyses. Knowing that the legislation and rulemaking would take some time to enact, the City put a pause on their draft needs analyses and turned towards the 2013 urban growth boundary remand to see if that would lead to a quicker resolution to the city's land supply issues rather than a new effort. City staff worked on a response to the Court of Appeals remand in 2020 and in April, 2021 learned that the submittal had been approved by the Department of Land Conservation and Development and was not appealed.

In order to preserve their efforts from 2018 and 2019, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

- **HNA.** Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
- **Housing Strategy.** (June 2019 Draft).
- **EOA.** Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DCLD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.

In addition to the HNA, Housing Strategy and EOA, the City prepared a memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. All of which were provided as part of the PAPA notices.

As part of the PAPA notice for these documents in May 2020, the City needed to provide a specific date for a public hearing, and the City elected to select May 20, 2021, for the public hearing date to provide enough time for the HB 2001 and HB 2003 rulemaking to conclude.

On May 20, 2021, the Planning Commission opened and continued the public hearing to May 18, 2023. And then on May 9, 2023, the City noticed that the public hearing would be continued to September 7, 2023, to consider the final documents. This was done to preserve the work and investment that went into the 2018/2019 effort and to just focus on a limited update in 2023. Legal counsel and DLCD staff concurred with the process.

Since these documents were completed and noticed to the Department of Land Conservation and Development, there have been several significant developments that have occurred which impact the outcomes of these draft documents:

- The City's successful completion of the McMinnville Growth Management and Urbanization Plan (MGMUP), which amended the existing urban growth boundary by adding 662.40 gross buildable acres to the urban growth boundary.

- HB 2003 rulemaking which mandated a calendar of when cities needed to adopt a new Housing Needs Analysis (OAR 660-008-0045). The City of McMinnville was assigned an adoption date of December 31, 2023. (Please see table below).

- New DLCD program for the development of a Housing Production Strategy to meet the mandates of HB 2003.

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

Due to the actions that the City took in May, 2020, the City was able to preserve the work that had already been done thus far to meet the HB 2003 mandate, but the buildable land inventory needed to be updated to reflect the new urban growth boundary amendment and the provisions of HB 2001 (2019 Legislative Session) needed to be applied to the capacity analysis.

Normally, the City would need to show how it will meet its identified land need when it adopts the HNA by December 31, 2023. However, anticipating that the analysis would more than likely show additional land need, the City is applying to DLCD to participate in their sequential UGB process which allows the City to submit the land need analysis and then work on how to meet the land need through land-use efficiencies to increase density within the current UGB (December 31, 2024) and a UGB amendment in subsequent years if necessary (December 31, 2025).

Discussion:

The updated McMinnville Urbanization Report (attached) provides a summary of the key data and findings for the Housing Needs Analysis, Economic Opportunities Analysis and Public Land Needs Analysis.

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

(Note this is provided by Portland State University's Portland Research Center and cities are required to use it per state law. It has been updated since the 2017 forecast was released, but the City made a policy decision to continue to use the 2017 population forecast so as not to rework the entirety of the documents to reflect a new forecast that was released in the summer of 2020 after the drafts had been completed. This is allowed by state law and is a policy decision that was supported by DLCD staff, as it saved the City the costs and time that would be associated with redoing all of the work to reflect the new forecast.)

A project advisory committee was engaged to work with a consultant team on decision-making milestones, resulting in the analysis and recommendations outlined in the attached Housing Needs Analysis and Economic Opportunity Analysis. These documents reflect what a committee comprised of community stakeholders after conducting public engagement, reviewing the statutory guidelines and discussing what is best for McMinnville decided was the best course and roadmap for McMinnville in terms of housing density, employment land needs and public land needs. Some decisions are protected by state law and are not appealable. Other decisions are driven by adopted city policies in McMinnville's comprehensive plan, and some decisions were a result of other strategic planning efforts.

The documents discuss the different applicable statutory requirements and local policies that framed the discussion and recommendations of the project advisory committee as well as the decisions made by the project advisory committee that best reflected community values.

Land Deficiency Identified (gross buildable acres):

Planning Period	*Housing Land Need*	*Employment Land Need*	*Public / Institutional Land Need*	*Total*
2021 – 2041 *(Urban Growth Boundary)*	*202 Acres*	*29 Industrial* *159 Commercial* *188 Acres*	*94 Acres*	*484 Acres*
2041 – 2067 *(Urban Reserves Area)*	*1066 Acres*	*29 Industrial* *237 Commercial* *266 Acres*	*298 Acres*	*1630 Acres*

If a needs analysis shows a need for additional land, typically the City would be required to submit with the needs analysis how it was addressing that additional land need – either through land-use efficiencies that created higher density development within the existing urban growth boundary or an expansion of the urban growth boundary or both. However, the state recently passed statutory provisions that allow for a sequential UGB analysis providing cities with additional time to evaluate land-use efficiencies and a potential UGB expansion after submitting a needs analysis (OAR 660-025-0040).

In this case, the needs analysis showed the additional land need for approximately 484 additional acres for housing, industrial, commercial, and public development needs to meet the projected population growth in the 2021 – 2041 planning horizon. However, given the statutory deadline of December 31, 2023, to submit the needs analysis to the state, the City is working with the Department of Land Conservation and Development on the ability to conduct a sequential UGB analysis, allowing the City to conduct an efficiency measures analysis in 2024, and an urban growth boundary amendment if warranted in 2025 after the efficiency measures analysis.

For decades McMinnville has struggled with the discussion of growth planning – some in the community want no new growth at all, others will do whatever they can to prevent the urban growth boundary from expanding, others promote small growth that is rigorously managed, and others are concerned that the City's land supply has become so constrained that the City can no longer serve all of its community needs.

This community dynamic has led to impassioned dialogue and debate about what is best for McMinnville.

The reality though is that McMinnville must plan for growth. That is the basis of the Oregon land use system. Cities are meant to plan for the absorption of future growth at a much higher rate and intensity than the unincorporated county in order to preserve farm and forest land. This is one of the basic premises of Oregon land use planning. Growth should occur within the cities' urban growth boundaries at a higher level of density and intensity than rural areas.

To put it in perspective:

- The City of McMinnville's urban growth boundary is approximately 7,956 acres. There is approximately 458,240 acres of land in Yamhill County. The City of McMinnville's current urban growth boundary accounts for 1.7% of the overall land acreage in Yamhill County.

- The City of McMinnville houses 34% of the county's population.

- 484 acres is .1% (1/10 of 1%) of the total land acreage in Yamhill County.

The Oregon land use system was never intended to prevent cities from expanding their city limits and urban growth boundaries in order to accommodate that growth. In fact, the system is set up to require cities to expand their urban growth boundaries if the analysis indicates the need to do so. All Oregon land use goals are intended to be considered in equal measure and no one land use goal is considered more important than another. It is just as important to provide adequate land supply to support the needed new housing and employment opportunities for future population growth as it is to protect farm and forest land. If that does not occur, then the system is no longer equitable as it is choosing one land use goal over another.

The law provides the opportunity for McMinnville policymakers to make their own decisions about how dense they want to build their needed housing, and the amount and type of land needed to meet their economic development goals and strategies.

The law also provides the opportunity for individuals and organizations to appeal the decisions of the City.

However, there are many aspects of the decision-making that are not appealable (often called safe harbors), other aspects of the decision-making that are governed by local comprehensive plan policies and goals that would need to be changed to support a different decision, and some decision-making that is discretionary based on the community values.

McMinnville's previous growth planning effort endured 20 years of debates, challenges, and appeals, resulting in a constrained land supply system that has changed the dynamics of the community. Housing has become exponentially more expensive as production has dwindled with land supply constraints. Lower and moderate-income households are being displaced from the marketplace. Employers are struggling to recruit and retain workforce due to affordable housing supply issues. Commercial land deficits have affected the supply of retail options in McMinnville. Recent studies show that many of McMinnville's households drive out of town to shop for general merchandise that they do not feel they can access in McMinnville.

This initial land need process is about planning for and ensuring that McMinnville can accommodate the future population growth assigned to the city by the state so that there is enough land to build the needed housing, parks, employment, and commercial opportunities necessary to sustain a growing community with its own unique quality of life for current and future residents in an equitable manner.

This step in the process is about identifying what the land need is for the community to absorb population growth based on the community's existing values for housing density, economic development opportunities, and public land amenities to ensure a standard of quality of life for McMinnville's current and future residents. The next step in the process, the land-use efficiencies evaluation, will determine if the community wants to increase housing and employment density and reduce the amount of commercial and public amenity options to preserve more farm and forest land adjacent to the community. The last step of the process, the urban growth boundary expansion analysis, evaluates all land surrounding the current urban growth boundary for the lowest classification of high-value farm and forest land that is suitable for urban development in order to preserve the highest classifications of high-value farm and forest land.

The 484 acres of land need will most likely decrease after spending the next year evaluating land-use efficiencies within the existing urban growth boundary. Then, if based on that work, there is still land need that is not being met with efficiency measures, the City will need to evaluate an urban growth boundary amendment.

Next Steps:

- Adopt and submit the land needs analysis to DLCD - December 31, 2023.

- Evaluate land-use efficiencies – January 1 – December 31, 2024

- Adopt and submit a UGB amendment, if needed, to DLCD – December 31, 2025

<u>Attachments:</u>

- Draft Updated McMinnville Urbanization Report (2023)
- Draft Updated McMinnville Housing Needs Analysis (2023)
- Draft Updated McMinnville Economic Opportunities Analysis (2023)
- Public Testimony Received – Friends of Yamhill County and 1000 Friends of Oregon

<u>Fiscal Impact:</u>

The initial drafts of the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $165,000 in consultant fees plus staff support at $75,000.

Updating the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $50,000 plus staff support at $20,500.

Recommendation:

Staff recommends the Planning Commission vote to recommend adopting the proposed documents as amendments to the McMinnville Comprehensive Plan to the McMinnville City Council.

"I MOVE THAT THE PLANNING COMMISSION RECOMMEND THAT THE CITY COUNCIL ADOPT THE MCMINNVILLE HOUSING NEEDS ANALYSIS, 2023 AND THE MCMINNVILLE ECONOMIC OPPORTUNITY ANALYSIS, 2023 AS AMENDMENTS TO THE *MCMINNVILLE COMPREHENSIVE PLAN*"







Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

JUNE 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The official population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population
11,260

New Employment
6,885

New Housing Units
4,657

MCMINNVILLE NEEDS 484 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth, McMinnville will need 188 gross acres for employment for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need an additional 94 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(94)	(397)
Industrial	(29)	Not forecast for 2041-2067*
Commercial	(159)	(416)
Total	**(484)**	**(2,110)**

Source: ECONorthwest
*Note: This analysis does not estimate demand for industrial land for the 2041-2067 period.

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 by 2041— a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

BUILDABLE LANDS INVENTORY

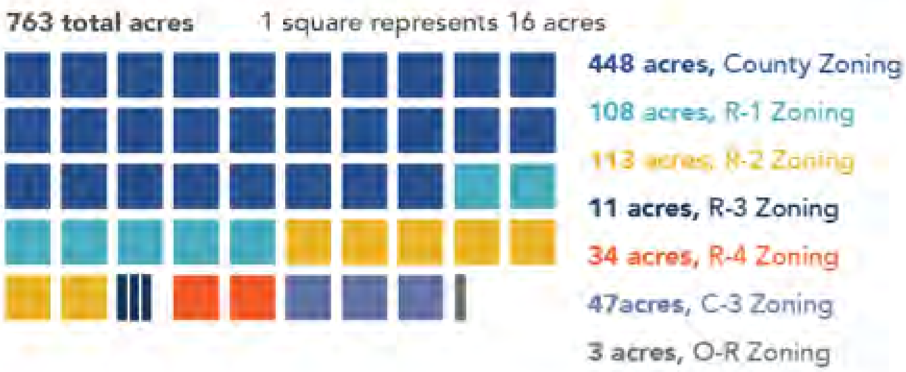
Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legistlature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

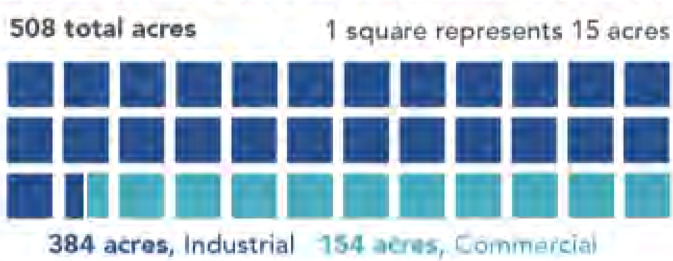
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land are in industrial designations and about 154 vacant acres are in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

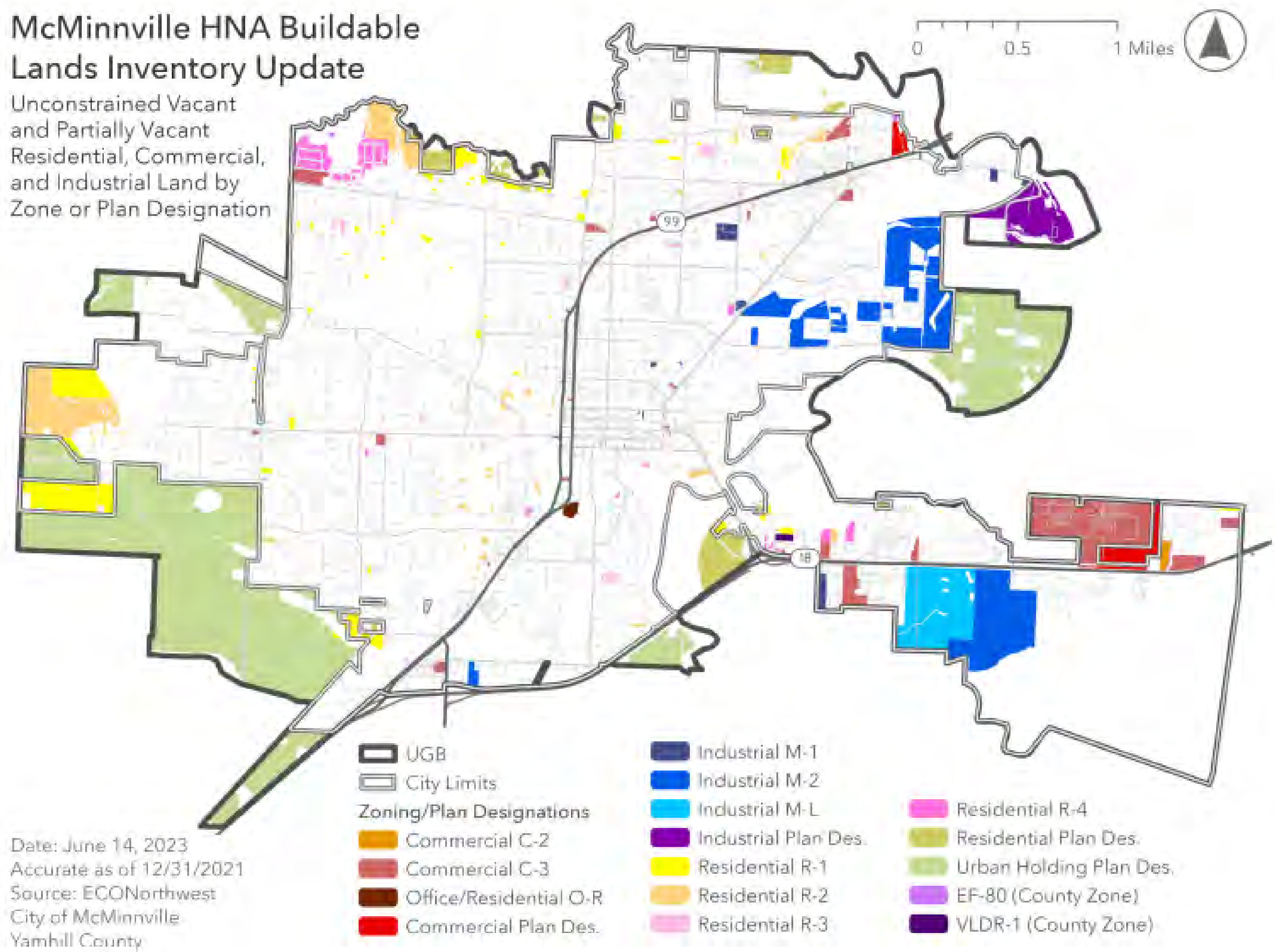
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up a about one-third of Yamhill County's total population, McMinnville has grown at a much faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville's population has historically grown faster than both the county and state.

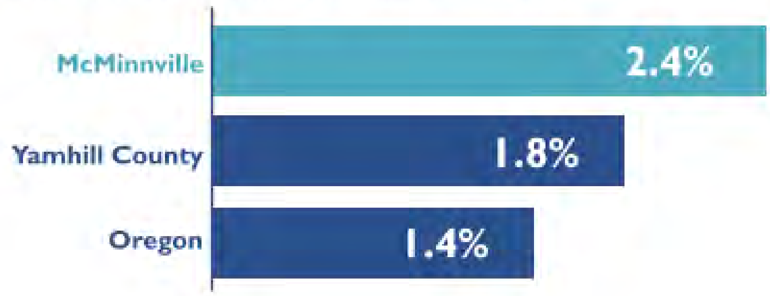
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

Source: Portland State University, Population Research Center

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

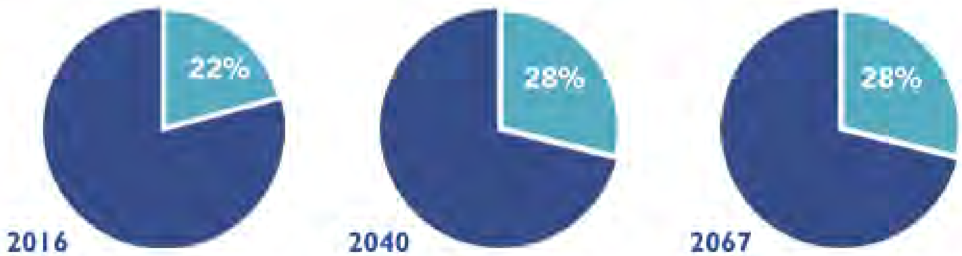
MEDIAN AGE, 2016

Source: Portland State University, Population Research Center

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

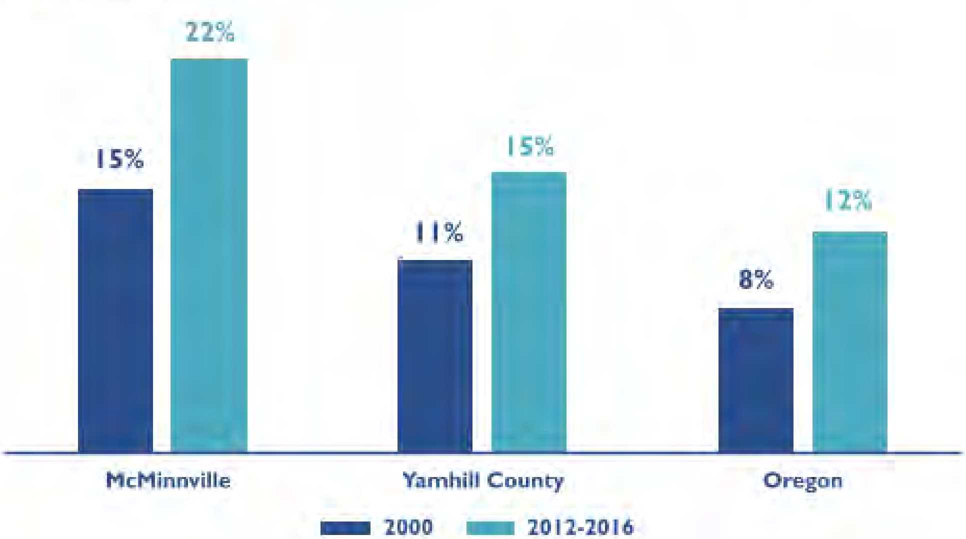


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

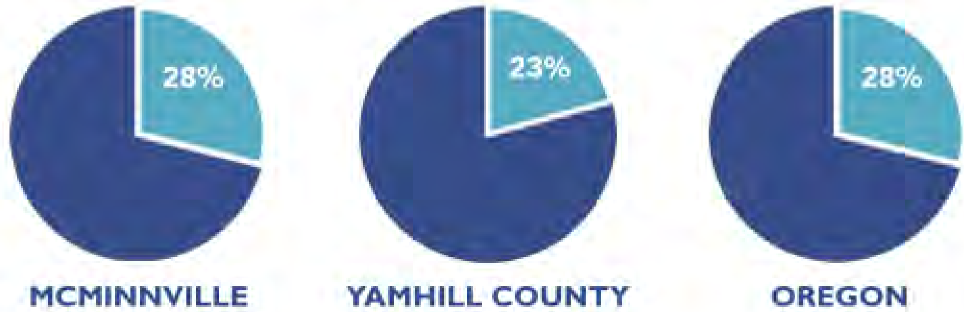
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

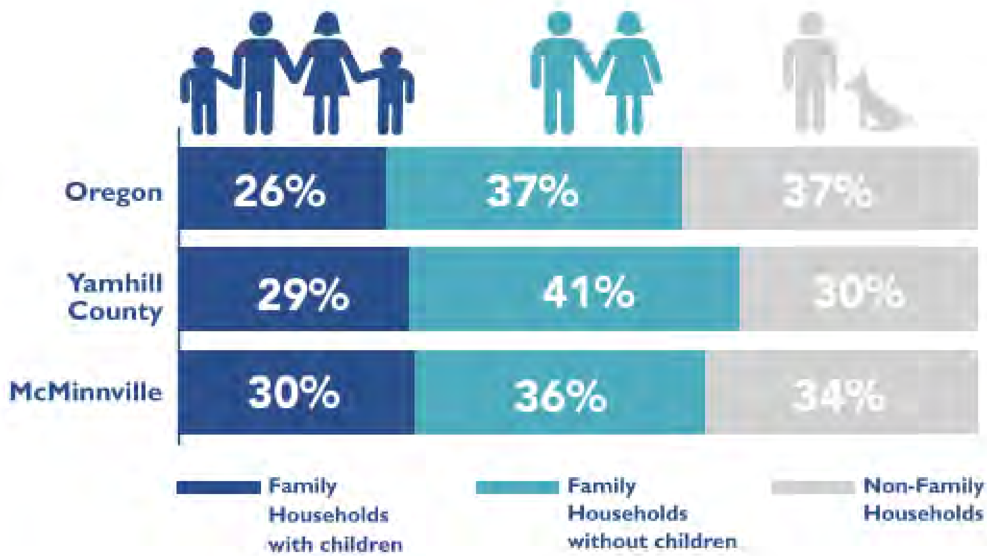


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

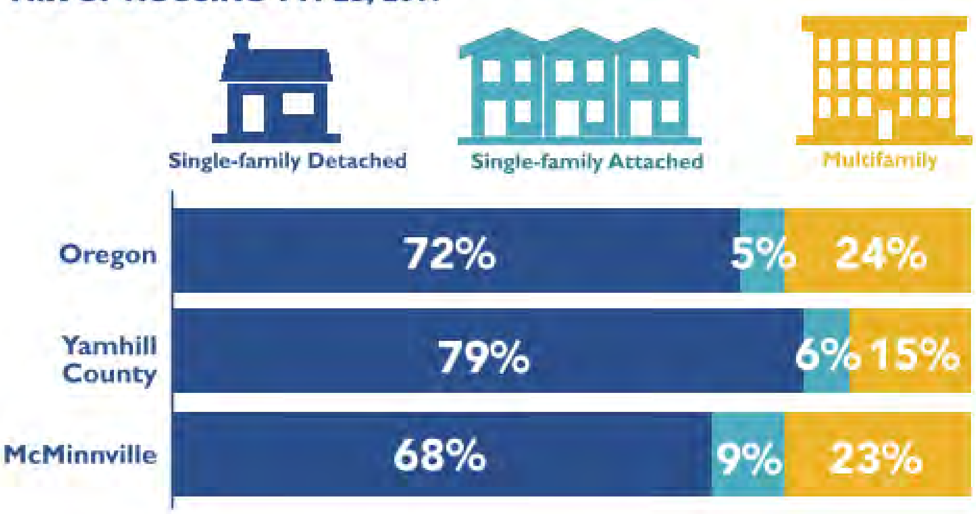
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

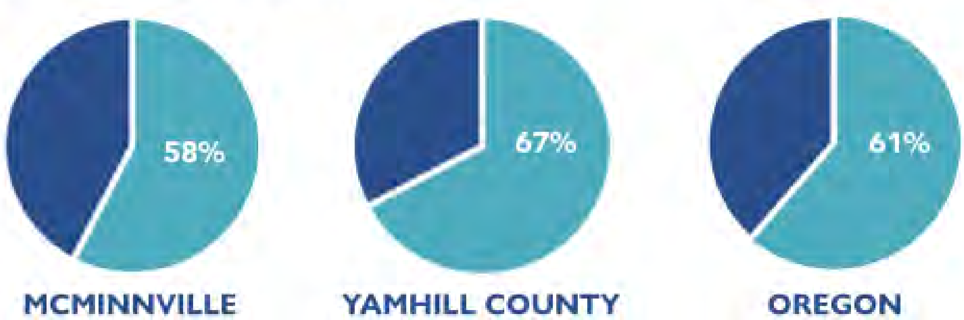
Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

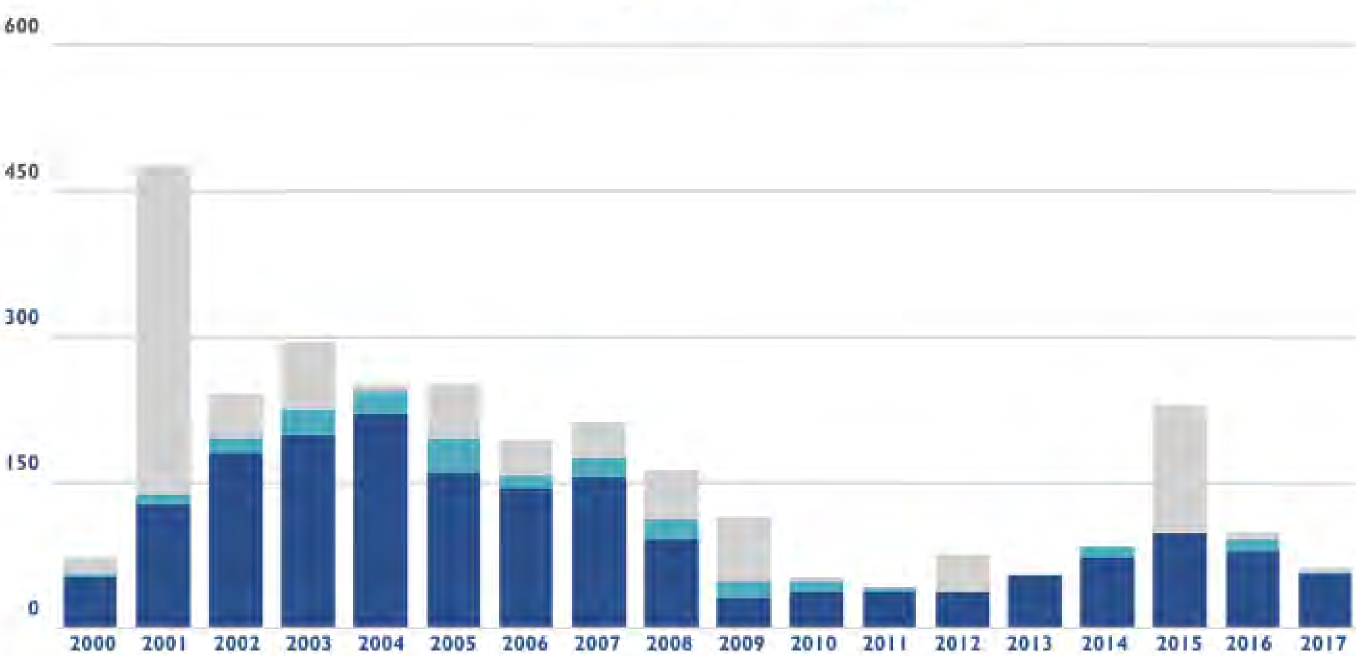
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnvile Building Permit Database

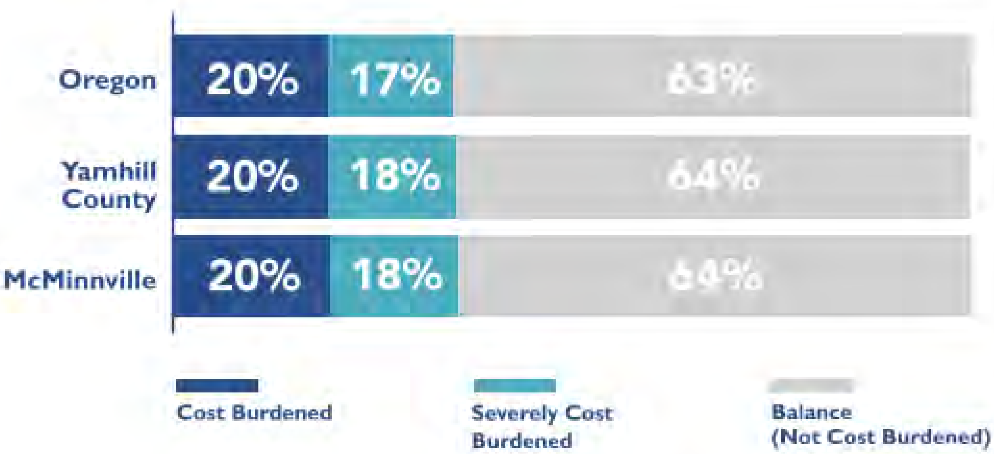


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



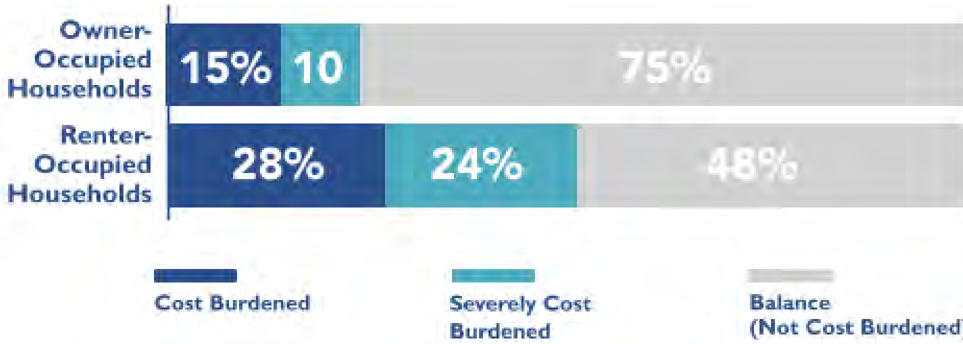
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

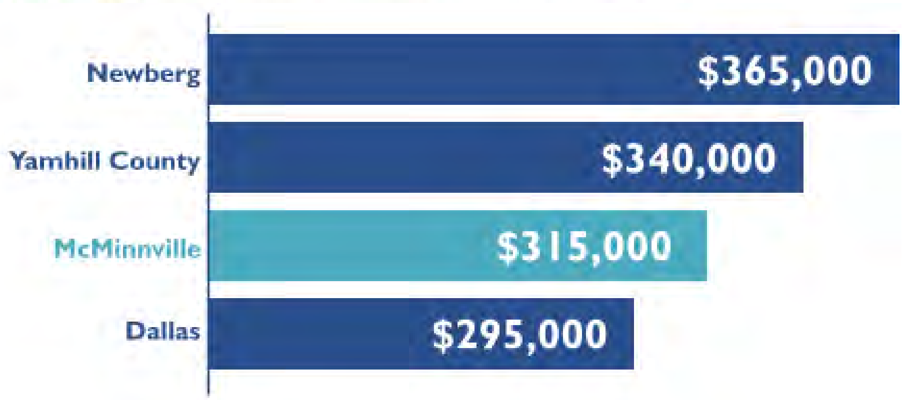
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



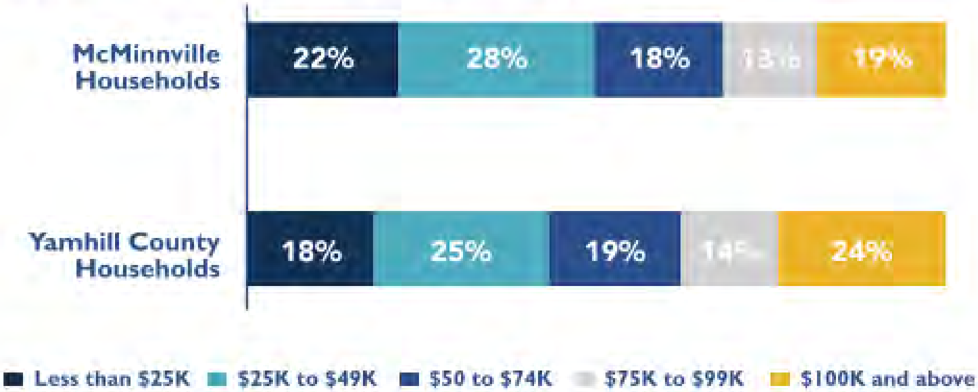
MEDIAN MONTHLY RENTS, 2016

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

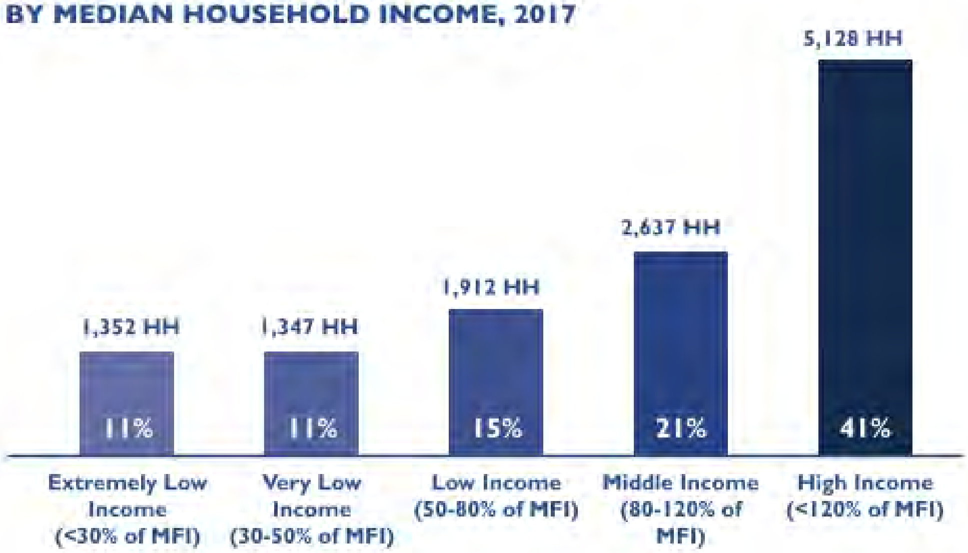
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

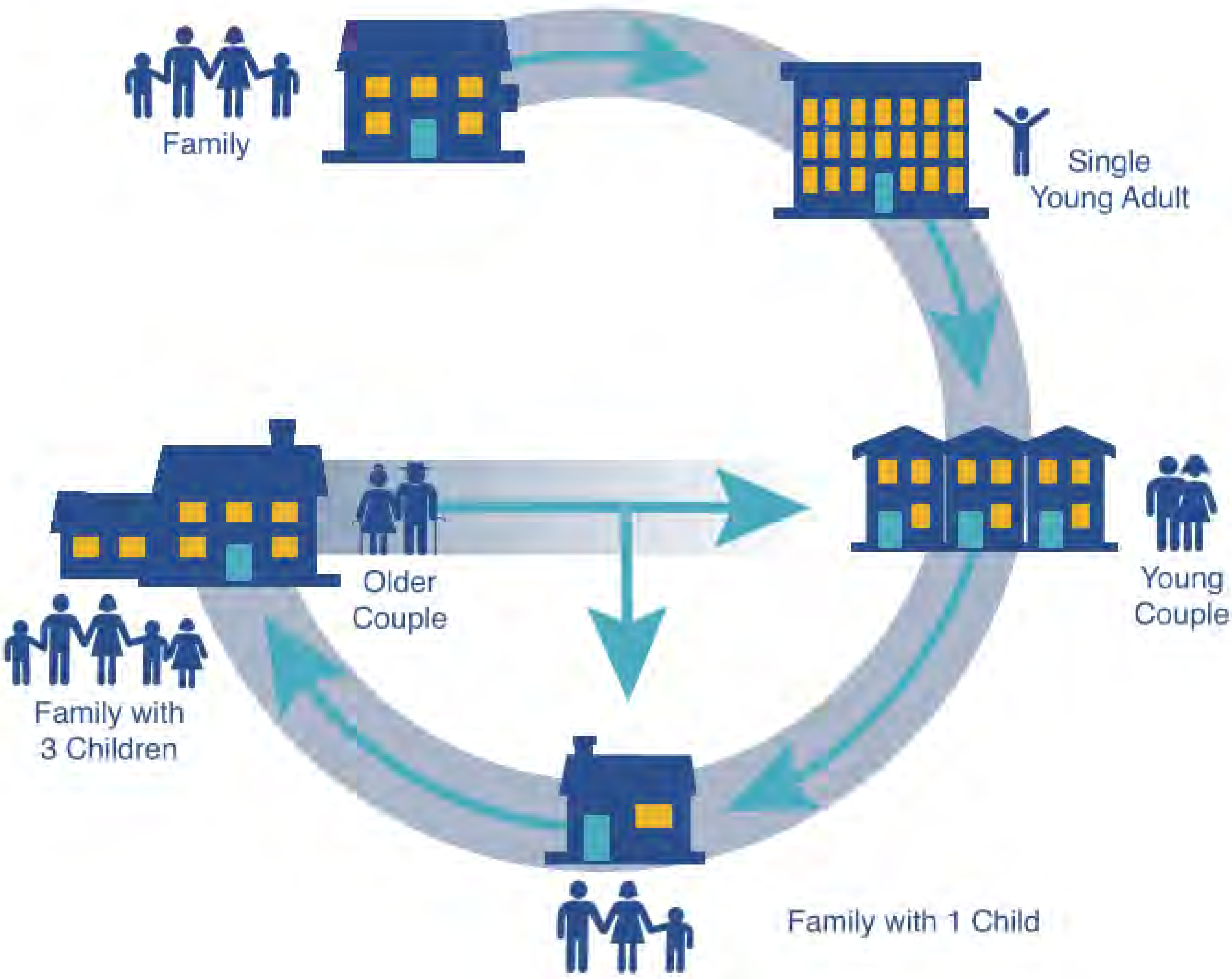
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes
(more 1 person households)

Homeownership Rates
(especially 75 years old)

Income

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes
(as they form families)

Homeownership Rates

Income

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

Homeownership Rates
(Hispanics/Latino households have higher homeownership rates at younger ages)

Continued Lower-Than-Avg. Income

Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

3,611 total dwelling units 1 square represents 36 dwelling units

2,486 dwelling units
County Zoning

499 dwelling units
R-2 Zoning

345 dwelling units
R-1 Zoning

211 dwelling units
R-4 Zoning

28 dwelling units
R-3 Zoning

DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISTLATURE)

3.19	4.43	4.94	6.28
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.49	22.56	5.05
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

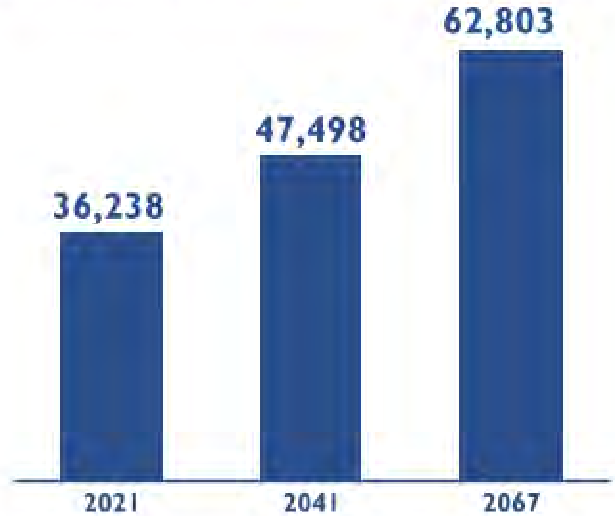
Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

Demand For Residential Land, By Housing Type

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at needed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

1,268 GROSS ACRES
at needed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill – these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) – an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem – possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area

1.2 Establish a Framework Plan for the URA

1.3 Identify an Expanded UGB per the URA

1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities

1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)

1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas

1.7 Update Goal 7 Hazards Planning & Policies, Incl. Landslide Susceptibility

1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.

1.9 Implement Great Neighborhood Principles

1.10 Create a Diverse Housing Zone

1.11 Develop a High-Density Residential Zone

1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone

2.2 Develop a High-Density Residential Zone

2.3 Provide Density Bonuses to Developers

2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards

2.5 Update Infrastructure Plans for Infill Development

2.6 Implement Great Neighborhood Principles

2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill

3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements

3.4 Develop Infrastructure Allocation Policies

3.5 Identify Areas with Underutilized Infrastructure Capacity

3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy

4.2 Evaluate Three Mile Lane for Residential Development

4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards

5.2 Implement Other Code Amendments Prioritized by the PAC.

5.3 Streamline Zoning Code and Other Ordinances

5.4 Implement the Great Neighborhood Principles

5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

5.6 Evaluate Code for Fair Housing Act Best Practices

5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence)

6.2 Financial Incentives Supporting Inclusionary Zoning

6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing

6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)

6.5 SDC Financing and Credits

6.6 Parcel assembly

6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)

6.8 Sole Source SDCs

6.9 Grants or Loans

6.10 Vacant Property Tax.

6.11 Fee for Demolition of Affordable Home for Expensive Home

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds

7.2 Community Land Trust (CLT)

7.3 Affordable Housing Property Tax Abatement

7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

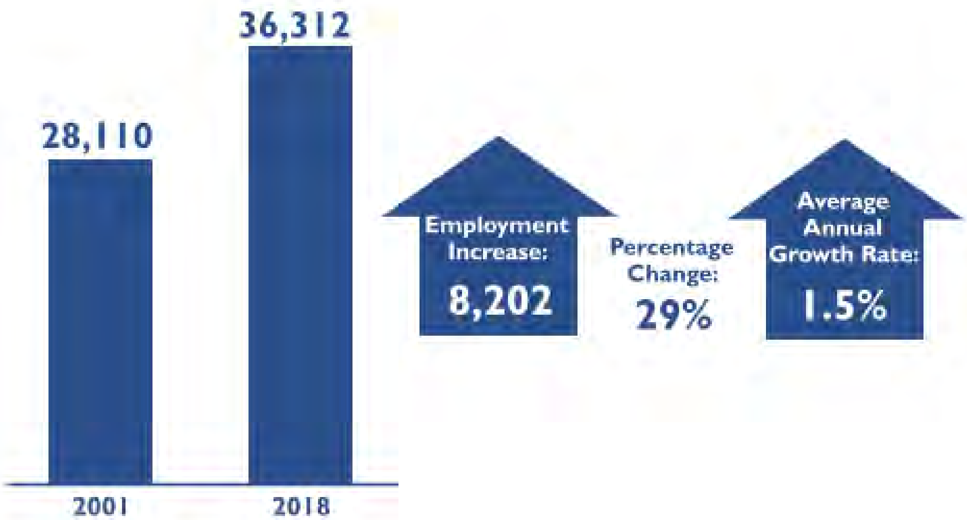
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

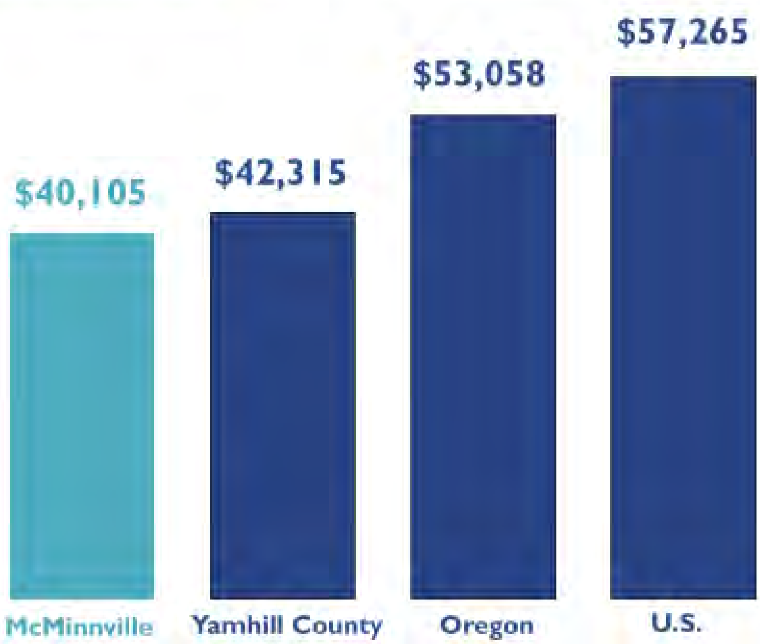


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

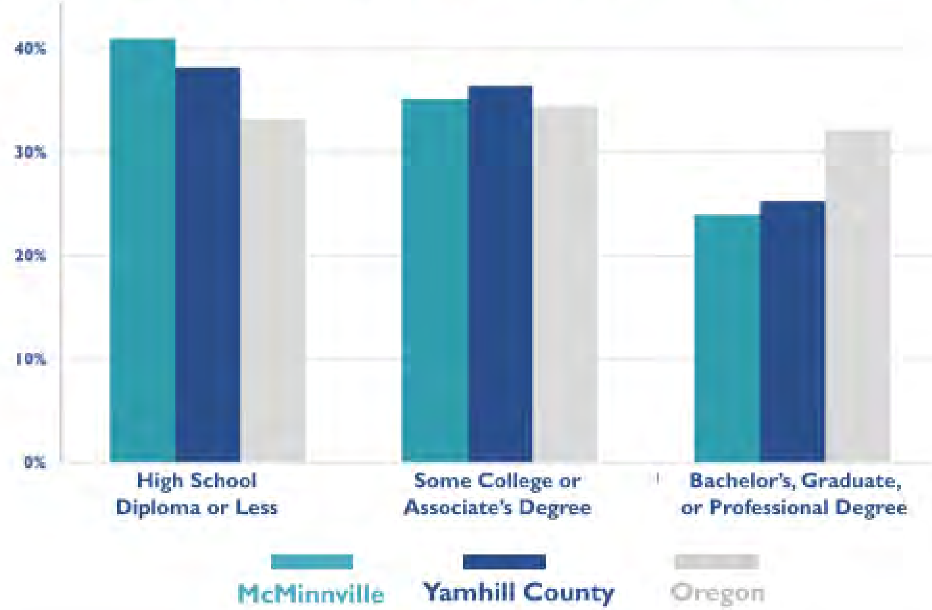


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

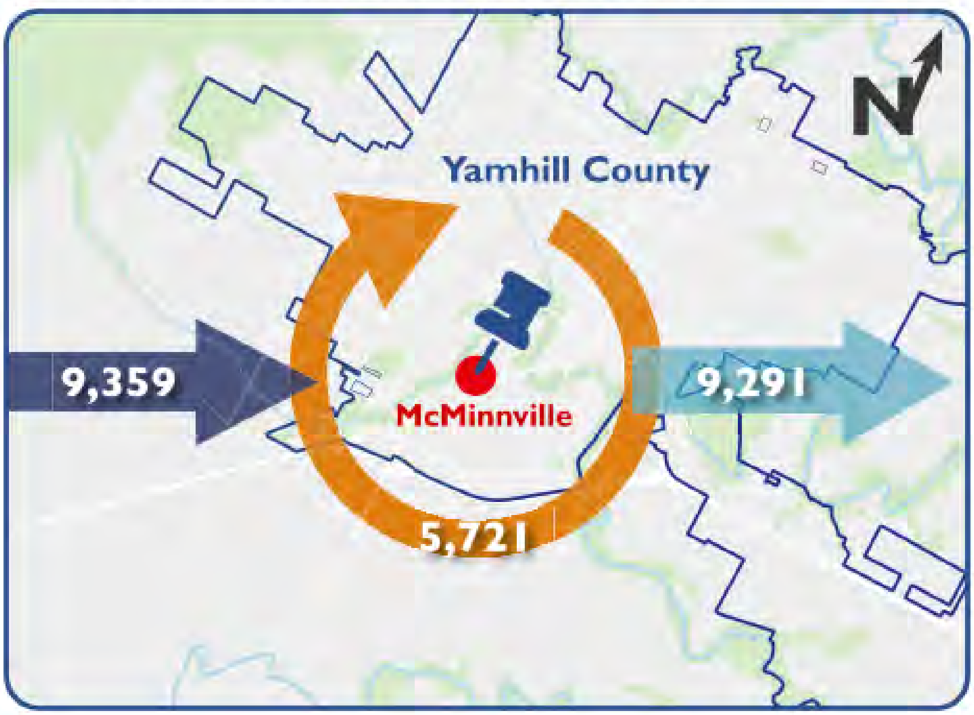
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721	9,359	9,291
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1square represents 500 jobs

Government: 2,082 employees / **14%**

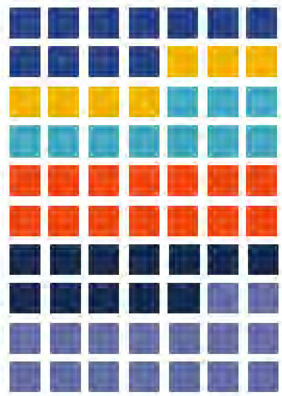
Accommodation & Food Services: 1,503 employees / **10%**

Retail Trade: 2,170 employees / **15%**

Health Care & Social Assist.; Private Education Services: 3,159 employees / **21%**

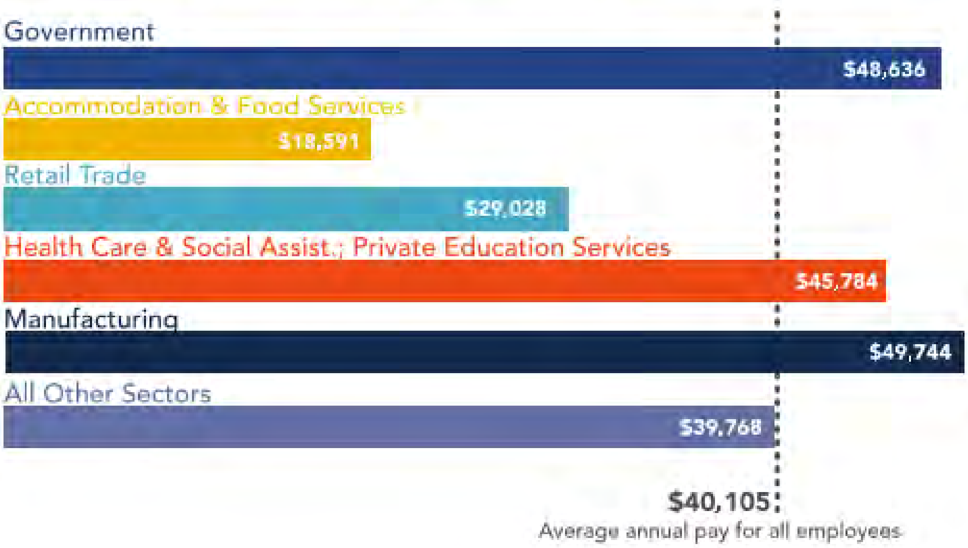
Manufacturing: 2,277 employees / **15%**

All Other Sectors: 3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

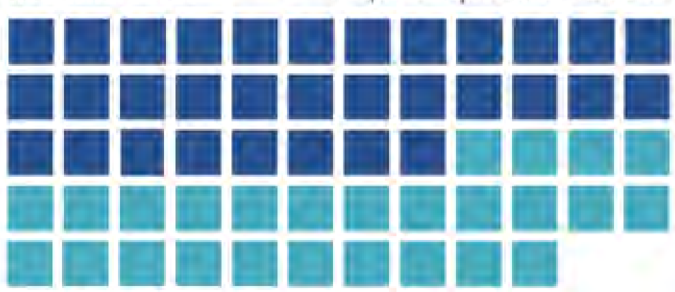
FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 697 acres of land between 2021 and 2041. For commercial land, demand will continue to grow through 2067, resulting in total commercial land demand of 570 acres between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

697 total acres 1 square represents 12 acres

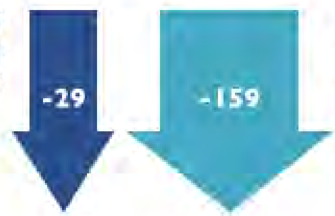


384 acres, Industrial **313 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

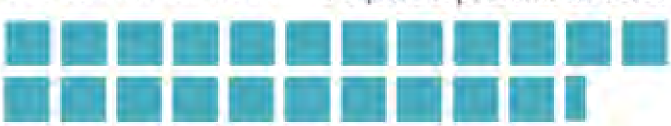
29 GROSS ACRES of industrial land



159 GROSS ACRES of commercial land

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

570 commerical acres 1 square represents 25 acres



570 acres, Commercial

FORECASTED DEMAND FOR COMMERCIAL LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial employment growth over the next 46 years. The City has a deficit of about 416 acres of commercial land. This analysis does not estimate demand for industrial land for the 2041-2067 period.

416 GROSS ACRES of commercial land

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories...". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 383 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	383	477	(94)

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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City of McMinnville
Housing Needs Analysis

September 2023

Prepared for:

City of McMinnville

FINAL DRAFT REPORT

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Acknowledgments

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

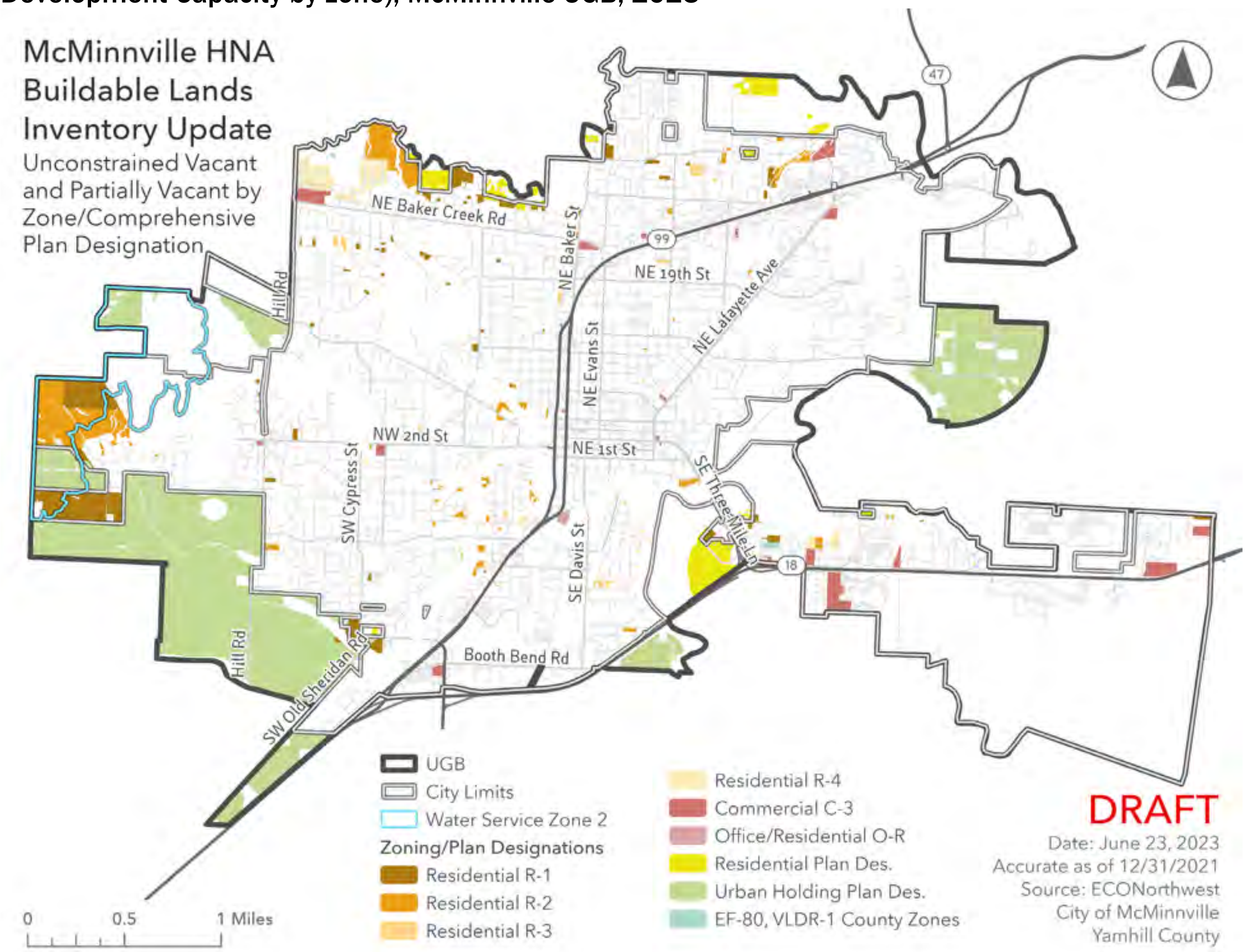
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2021
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
    - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term “needed housing,” however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn’t provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville’s future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

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[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

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[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

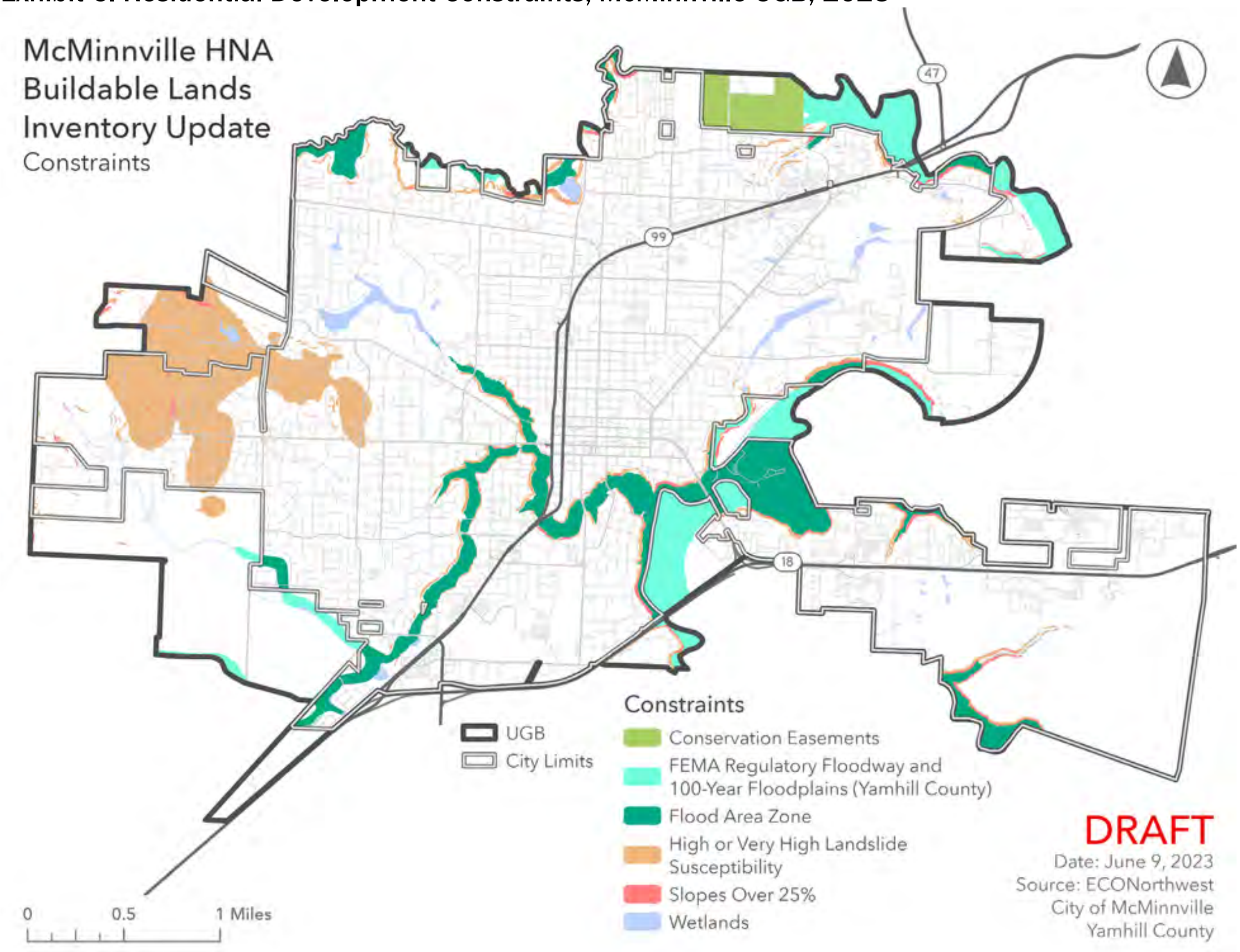
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023

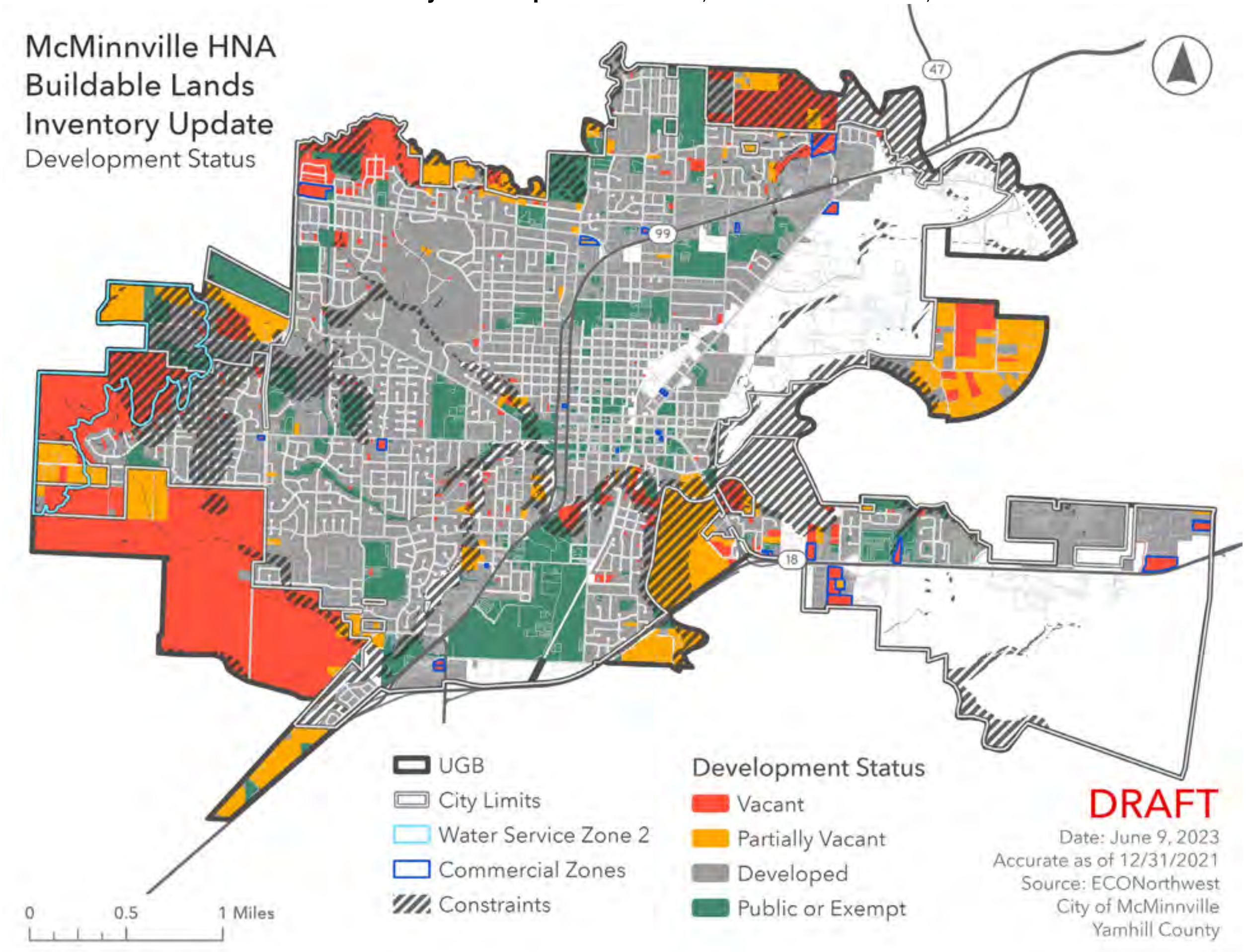
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

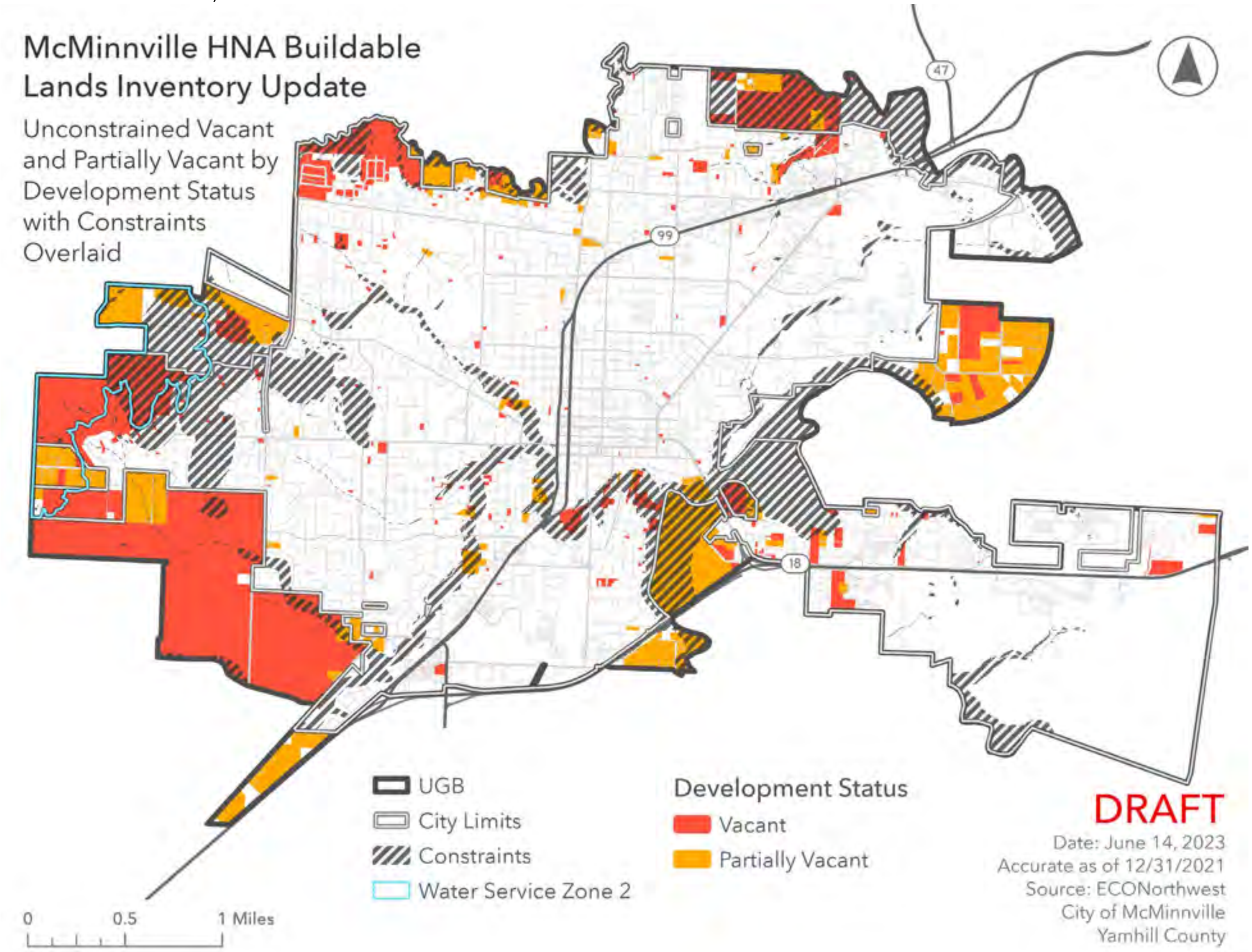


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

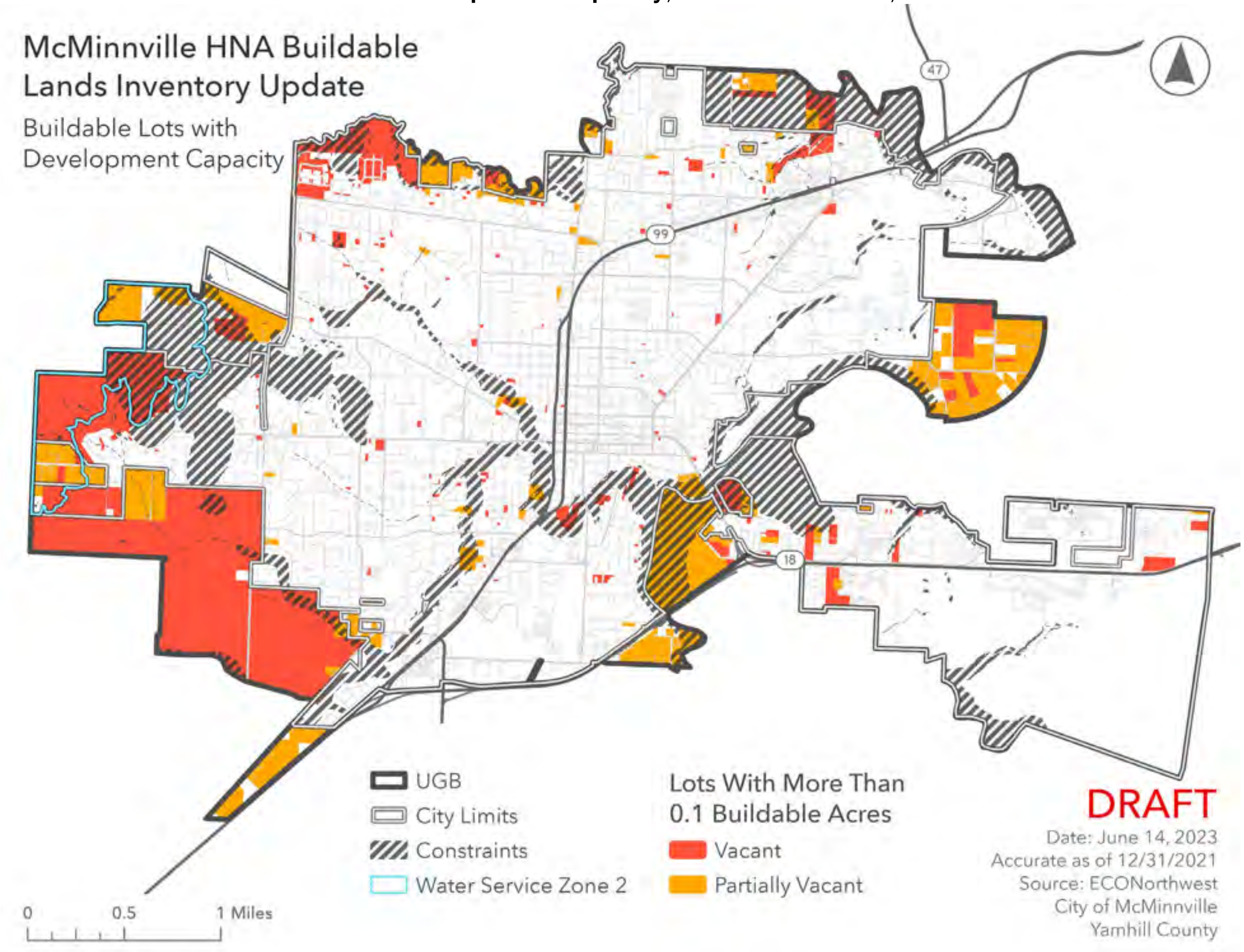
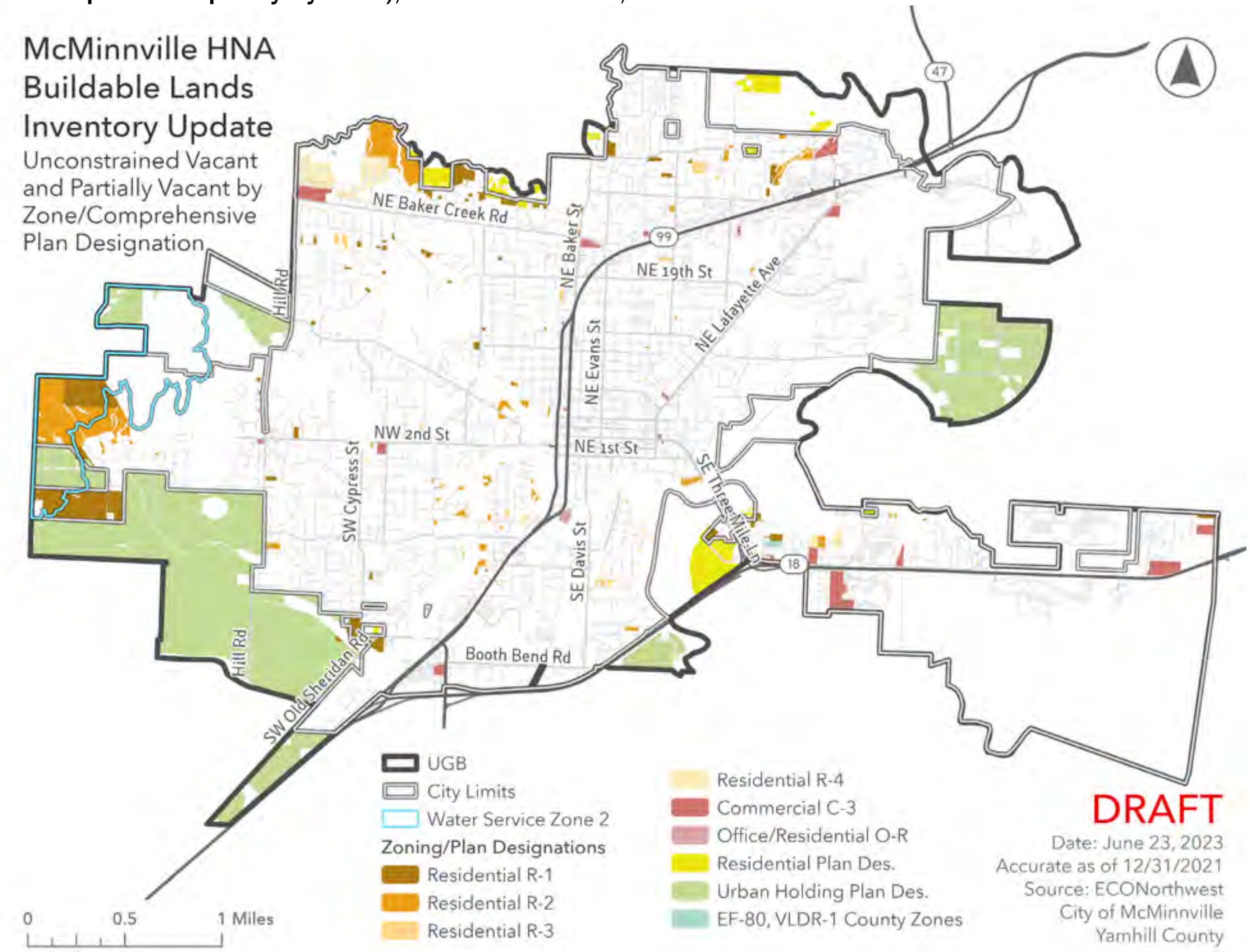


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the strong likelihood that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
    - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
    - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don't differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

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[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

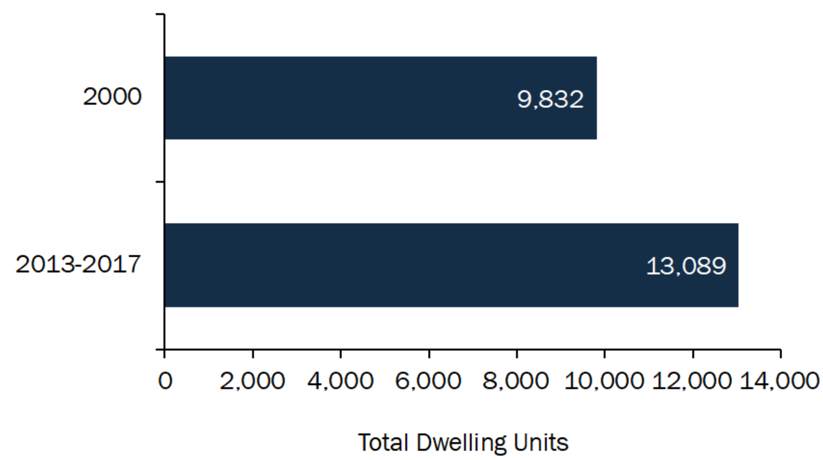
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

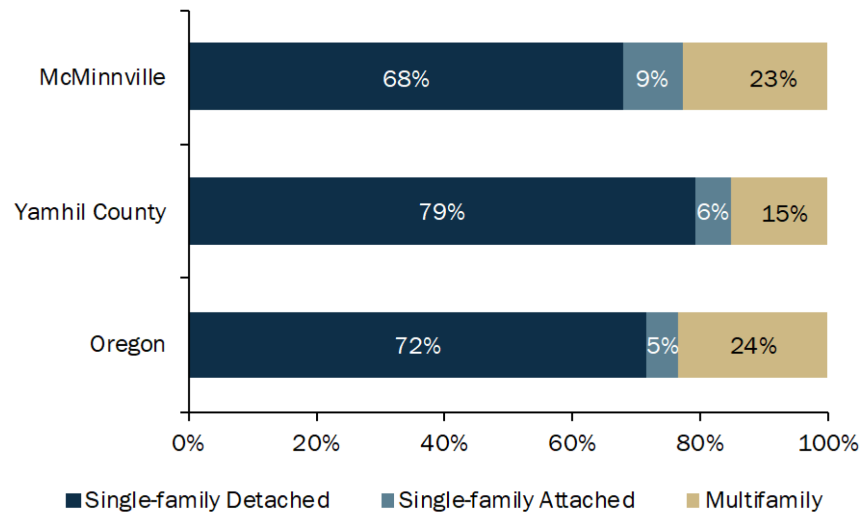


About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

Exhibit 16. Housing Mix, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25024.

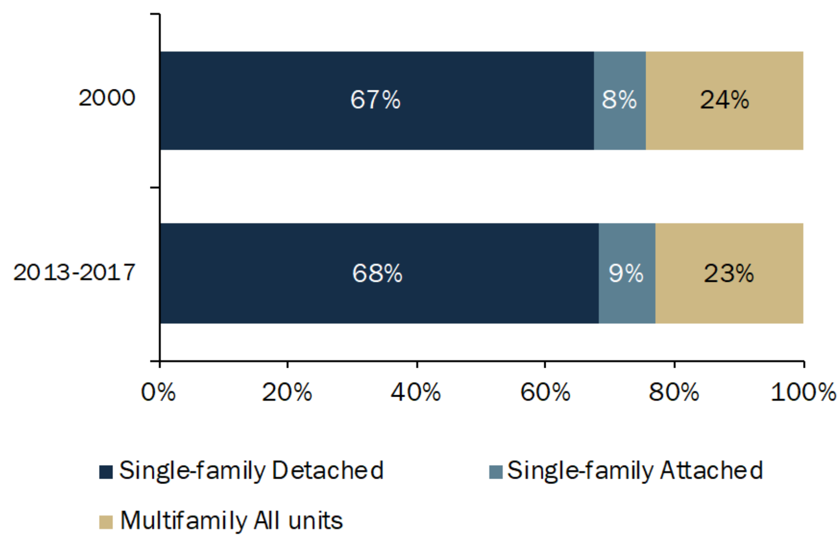


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017

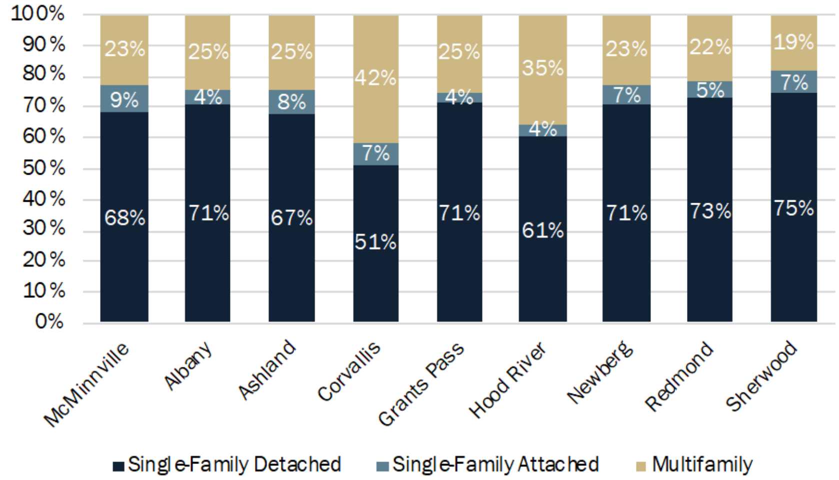
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

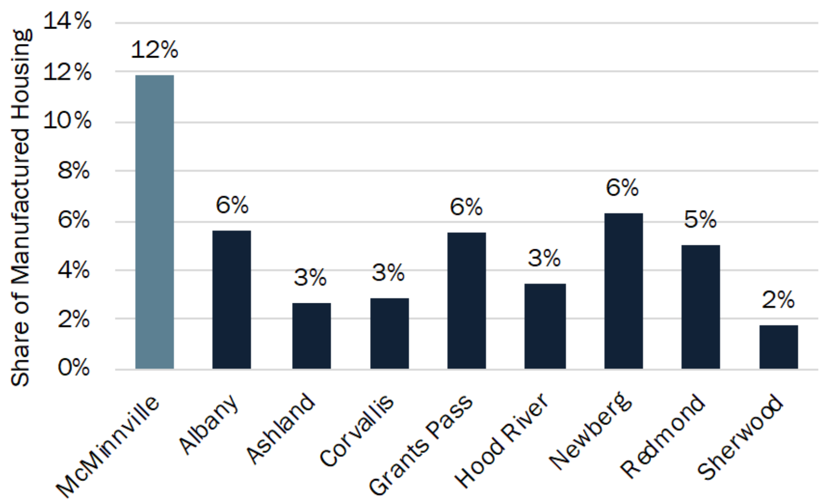


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



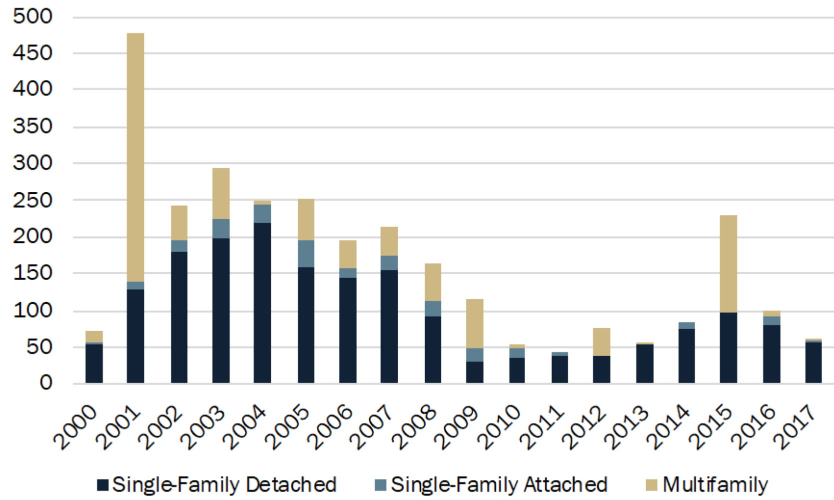
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

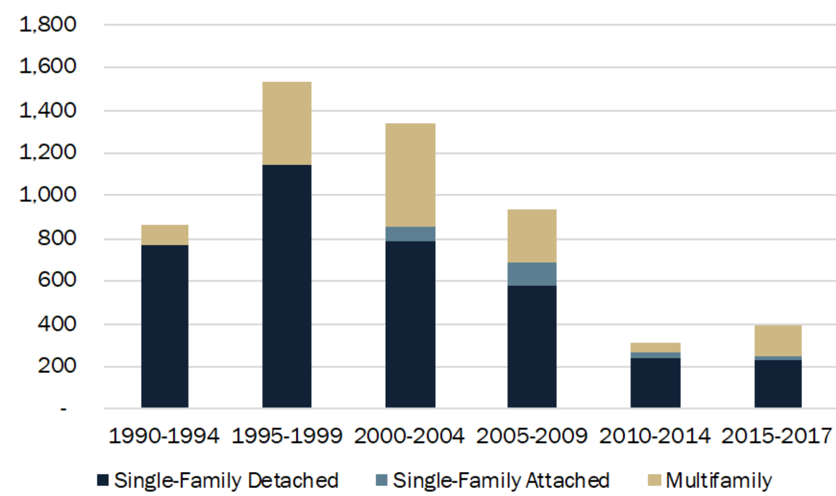
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

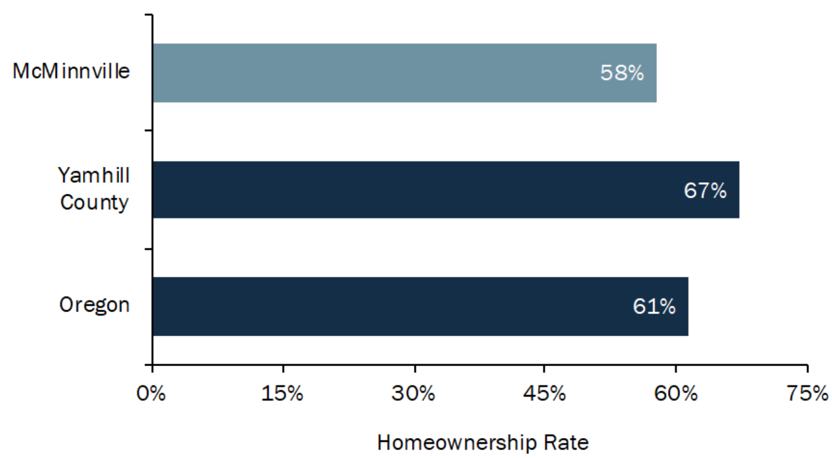
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

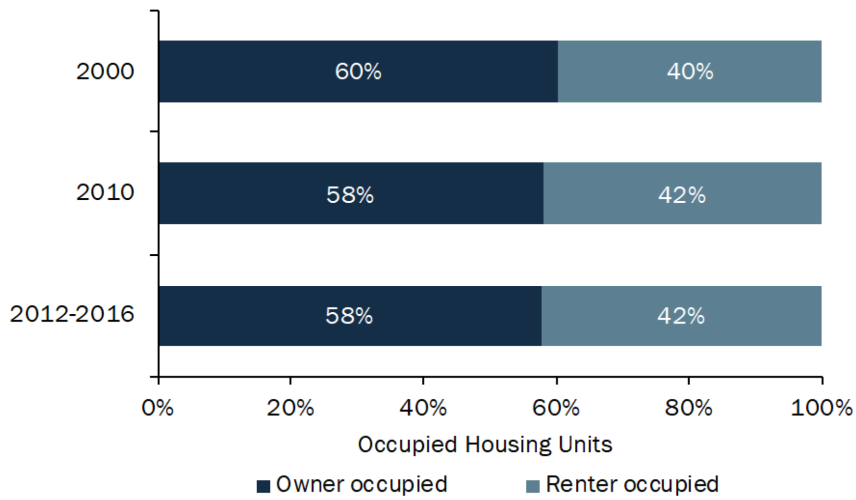
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

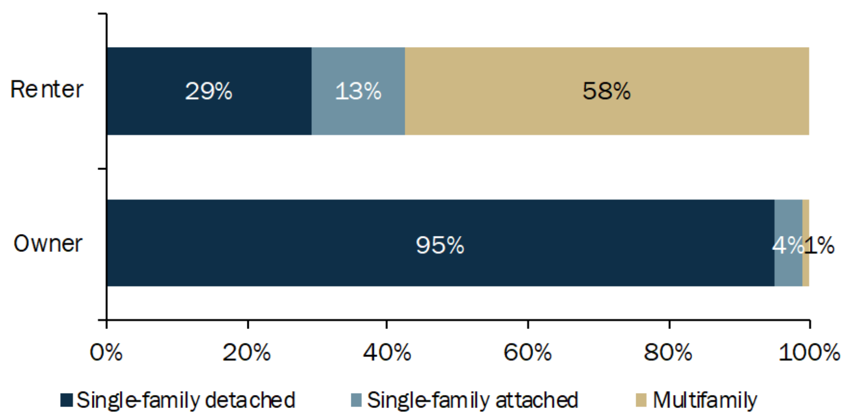
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

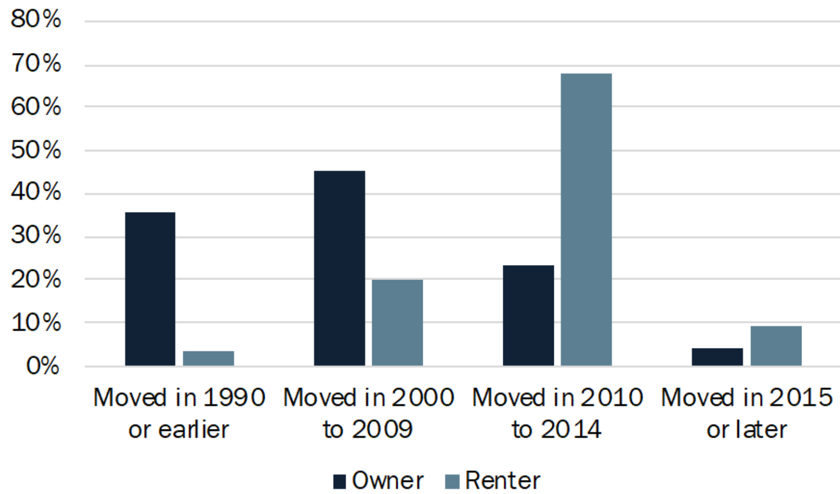
Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

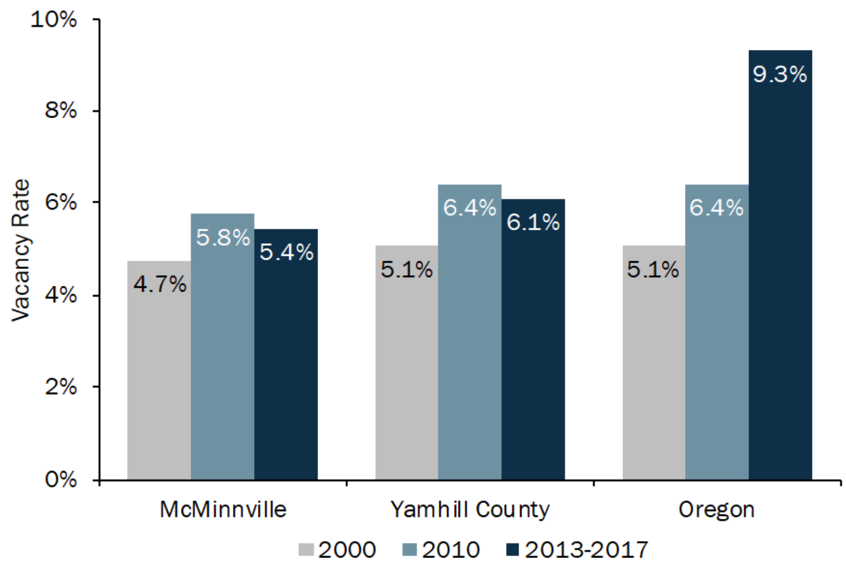
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



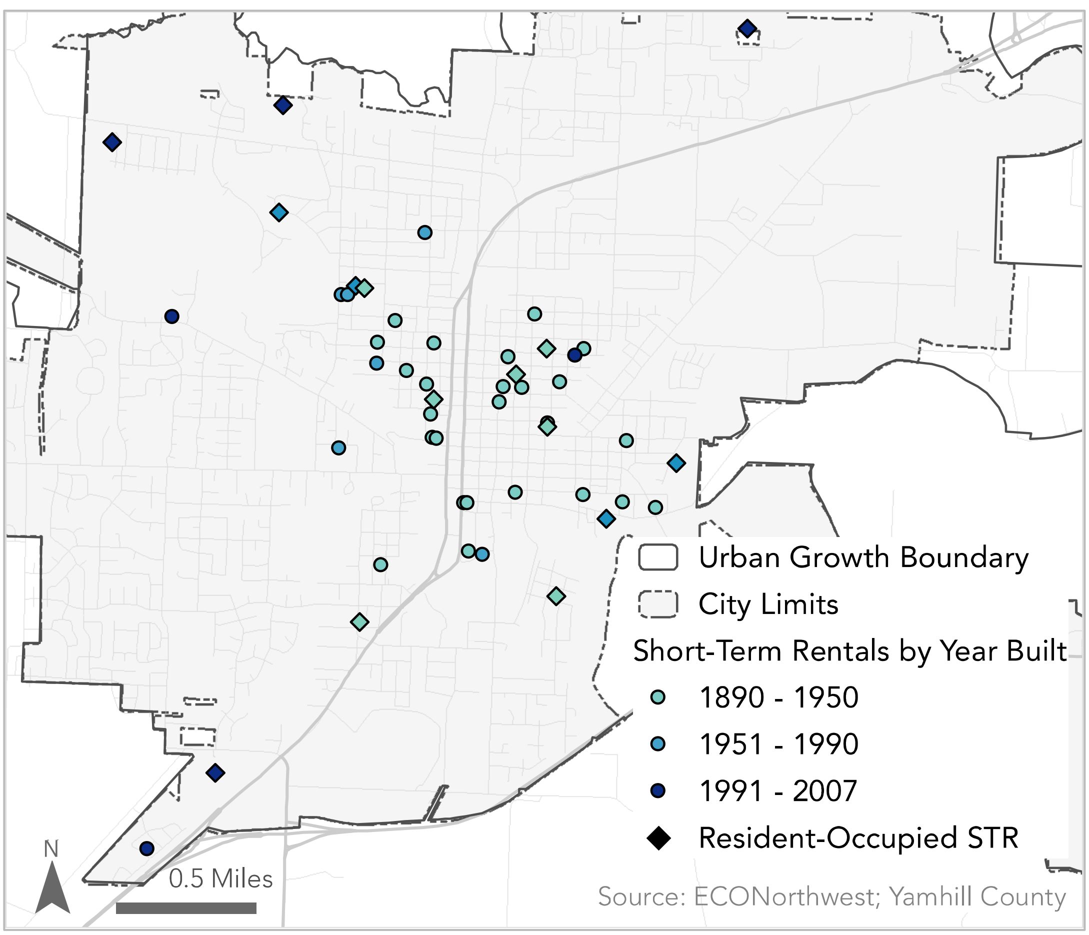
Short-Term Rentals and Seasonal Housing

McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time
Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

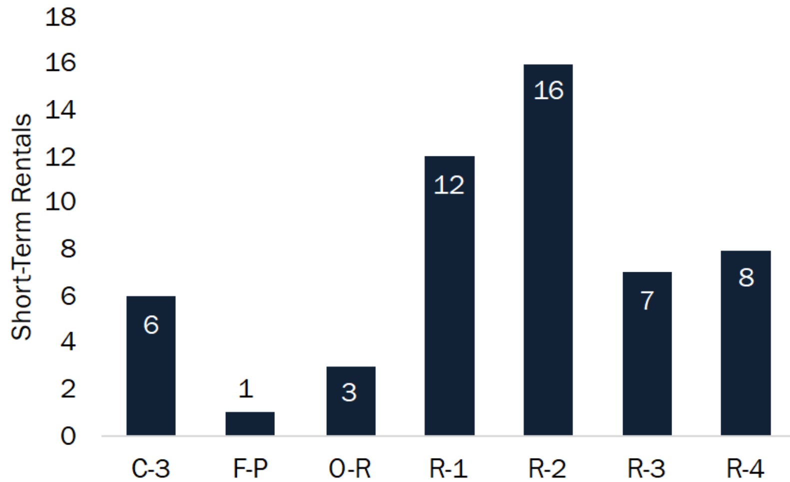


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	52 Units	74 units	222%
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
  - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
  - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
  - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

    - Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
    - 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.
- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
    - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
    - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
    - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
    - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

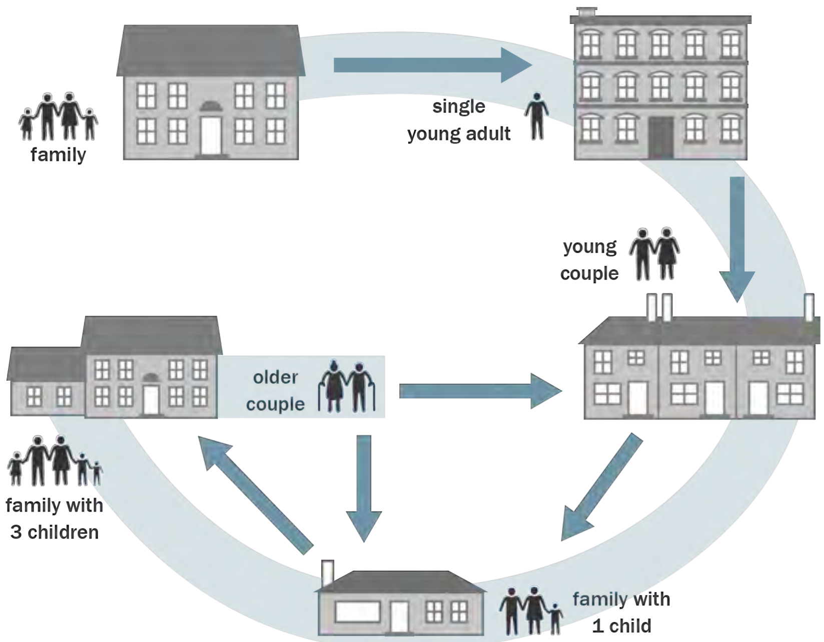
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

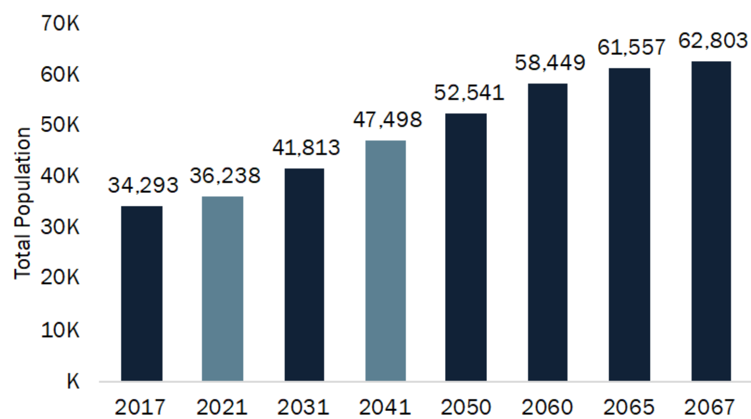
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

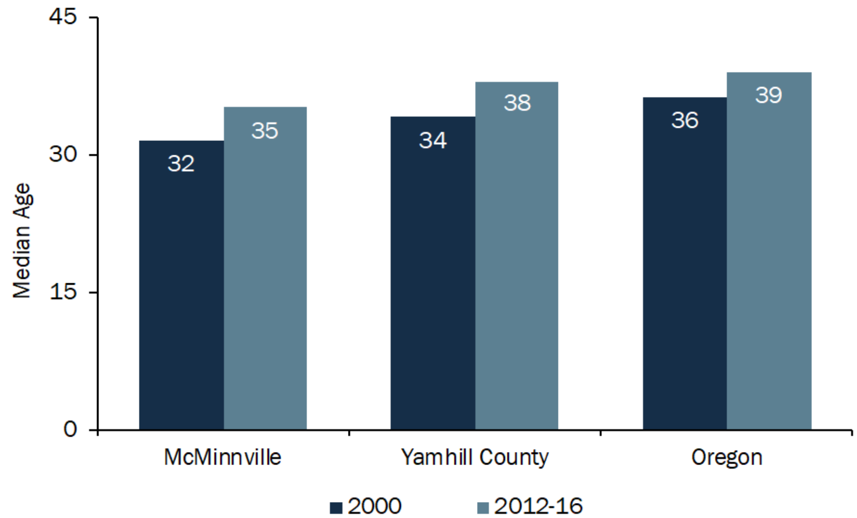
[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.
Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

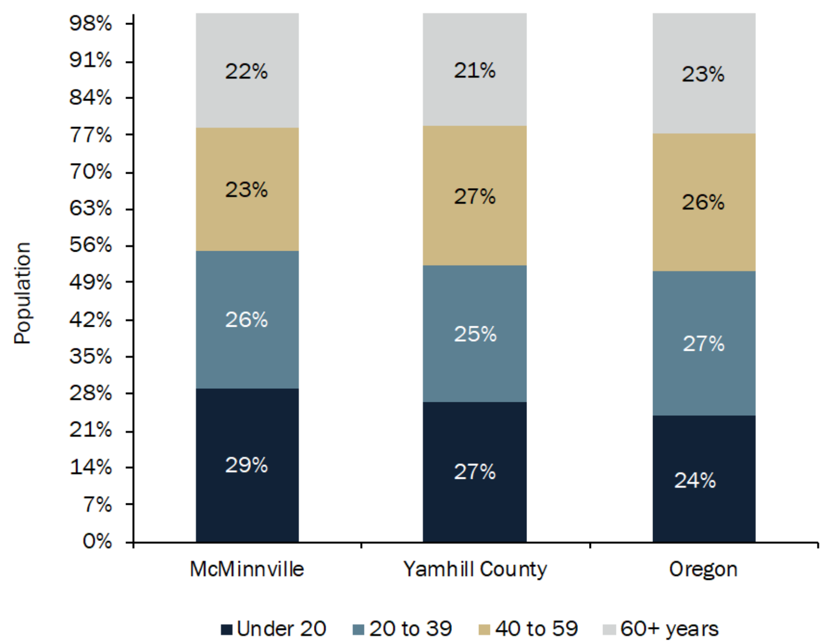
From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

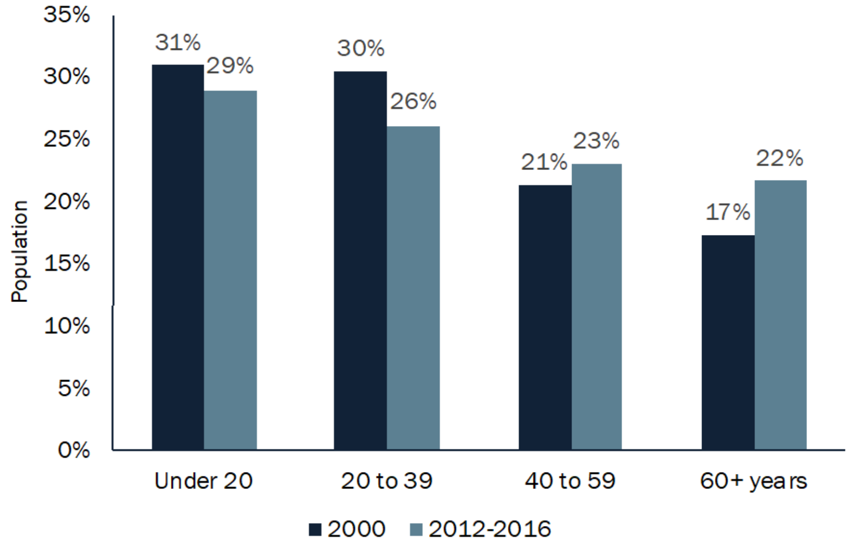
Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

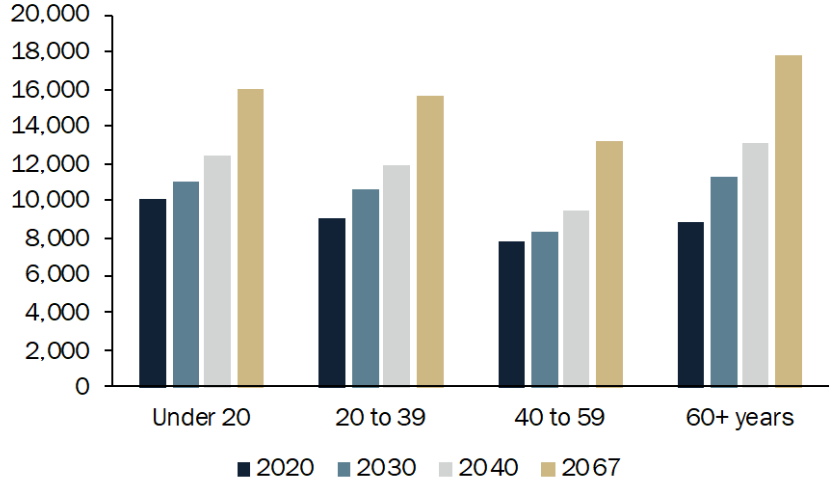
19%	**22%**	**28%**	**56%**
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

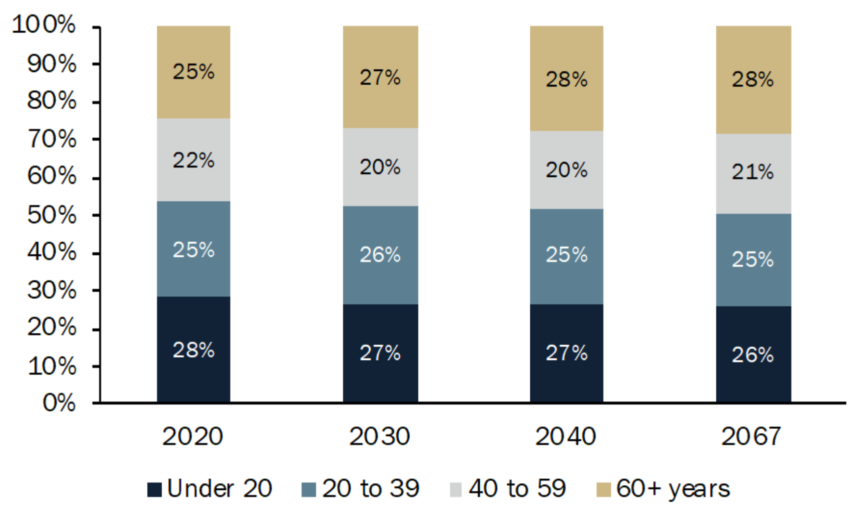
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

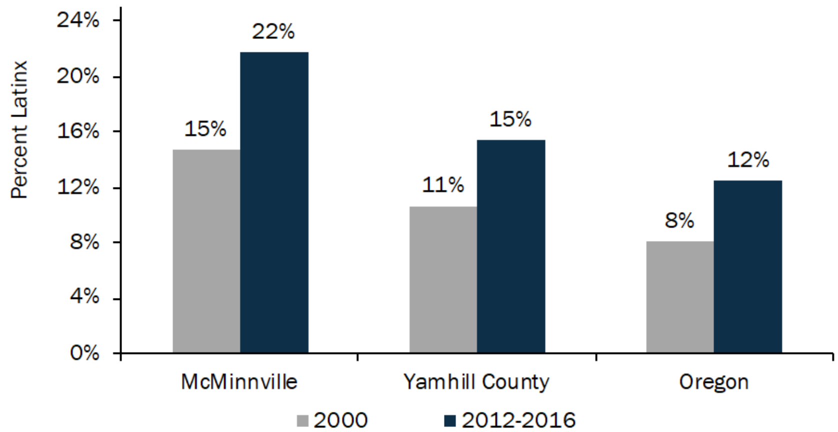
Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	89% White	1% Black/African Am.	2% Asian	8% Other races
Yamhill Co.	89% White	1% Black/African Am.	1% Asian	9% Other races
Oregon	85% White	2% Black/African Am.	4% Asian	9% Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018
Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

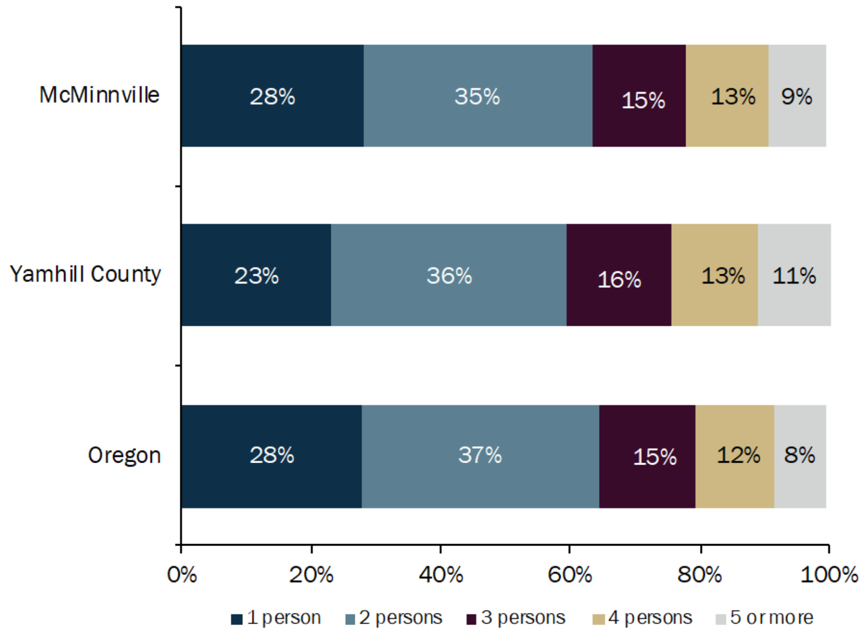
Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25009

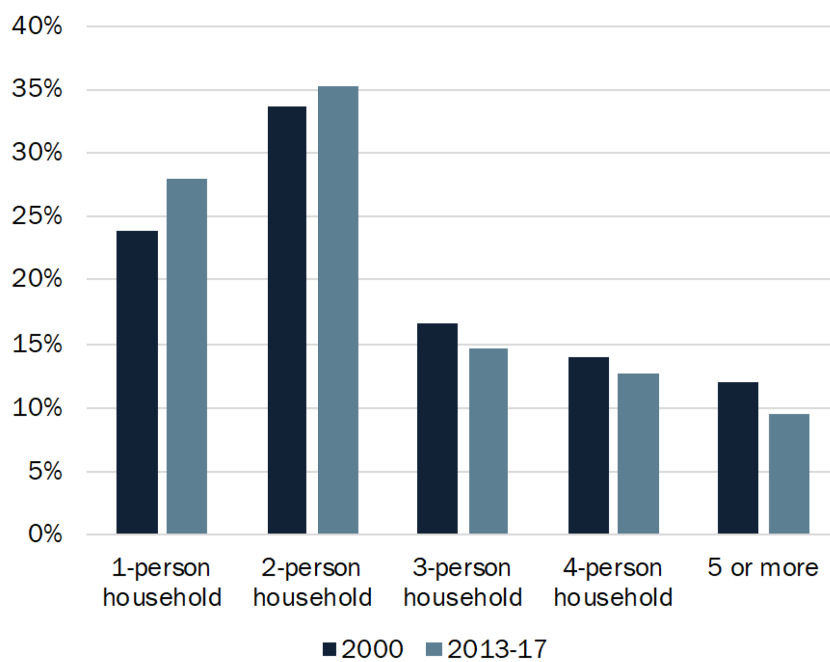


McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17

Source: US Census Bureau, 2013–2017 ACS, Table B25009.

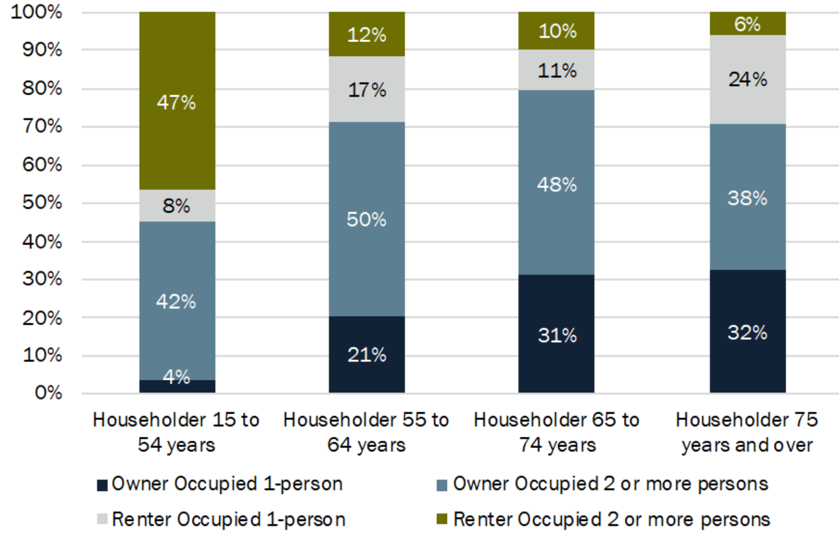


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

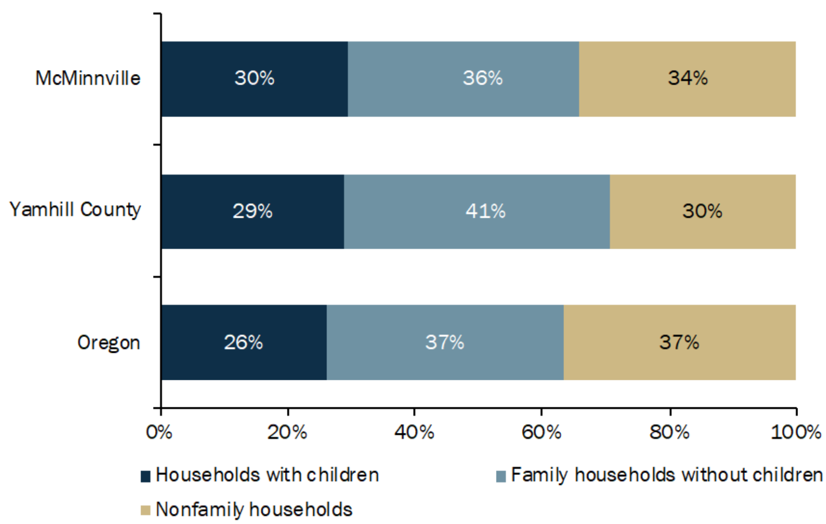


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

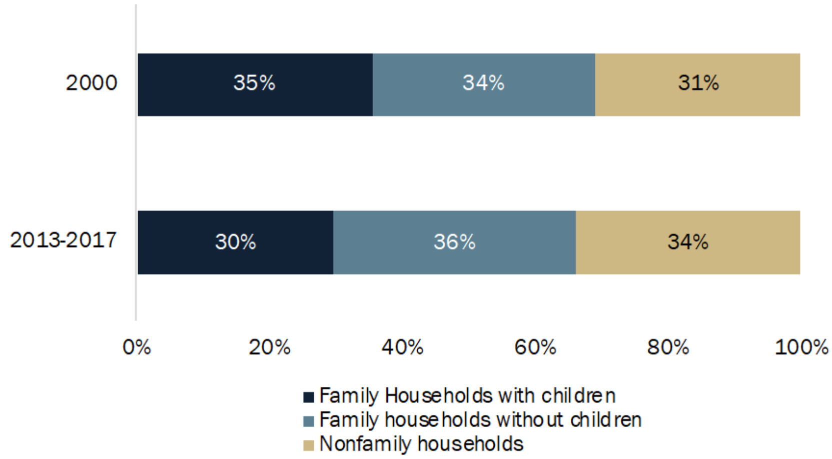
Exhibit 52. Household Composition, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017
Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.



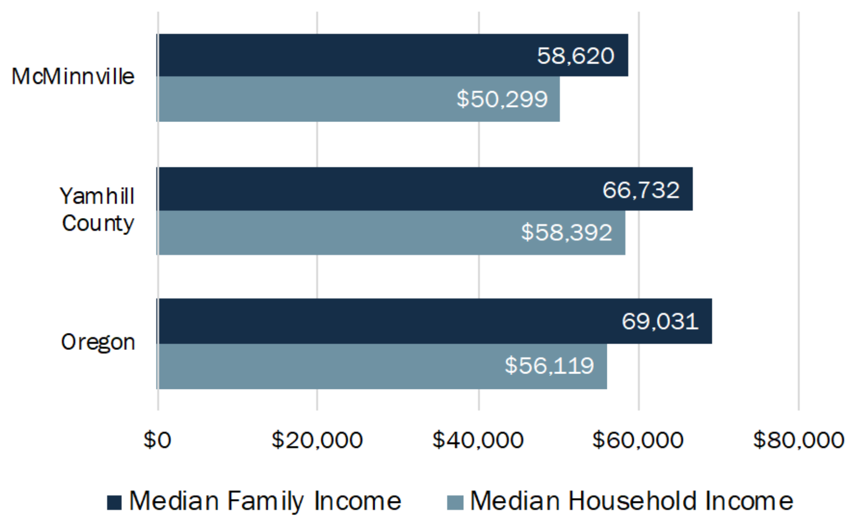
Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.

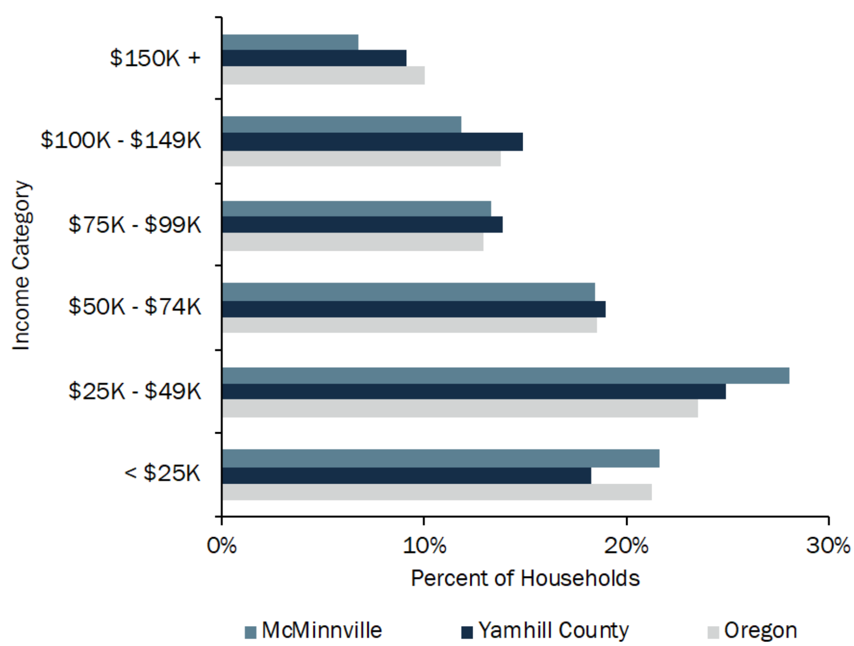


Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B19001.

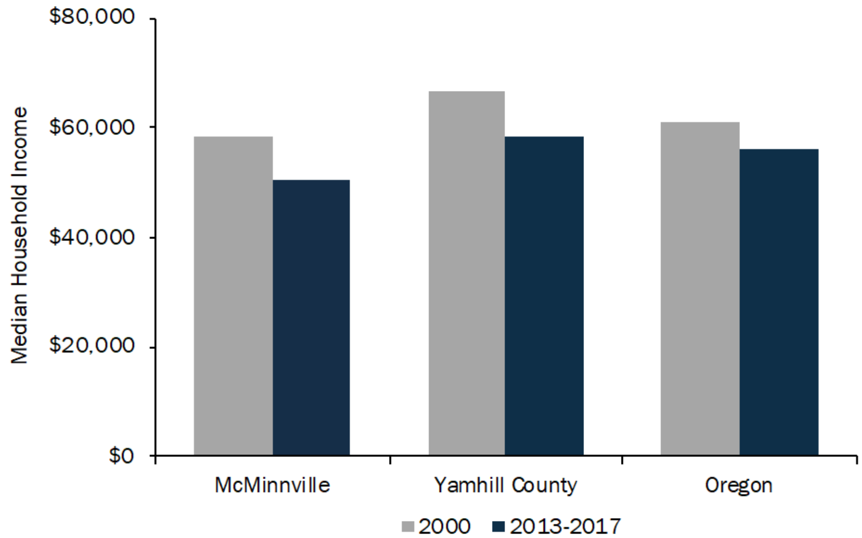


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015

Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015

Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015

Source: US Census Bureau, Census On the Map.

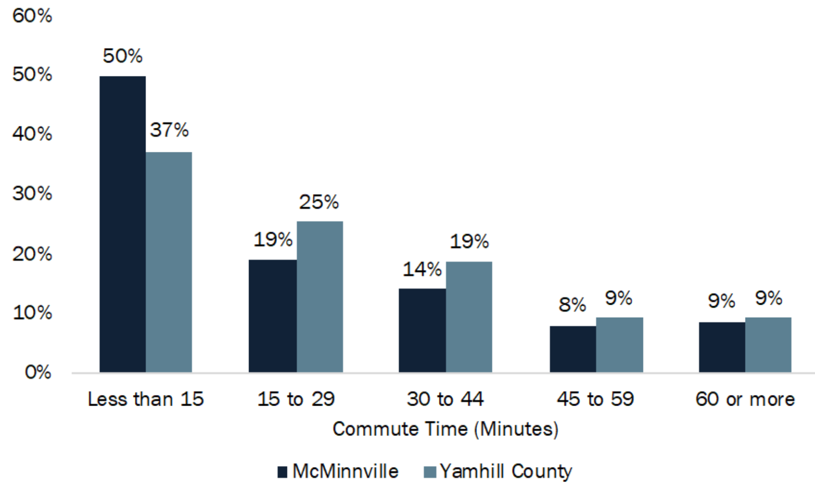
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

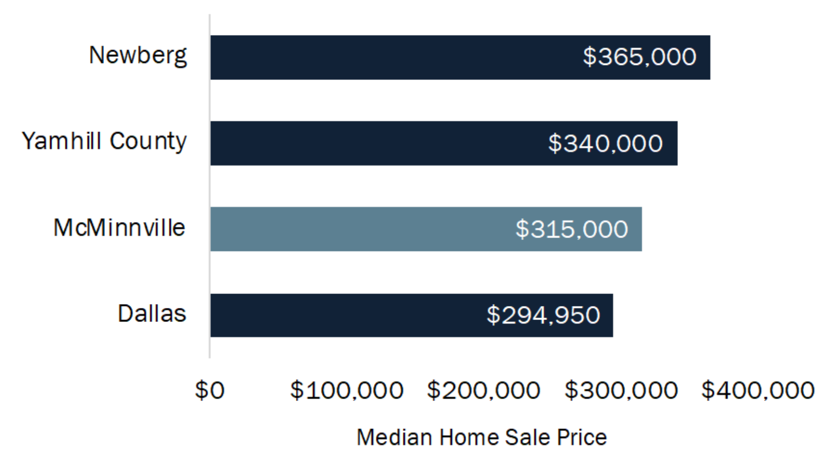
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.

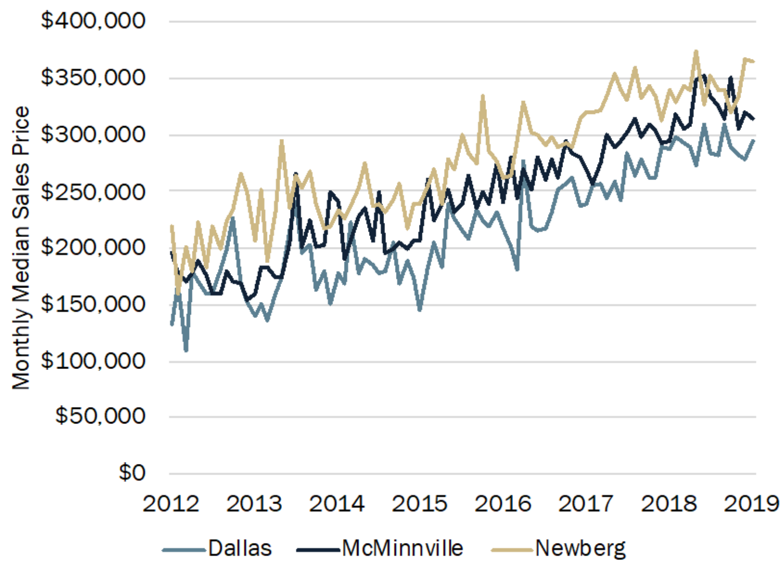


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019

Source: Redfin Median Sales Data 2018.

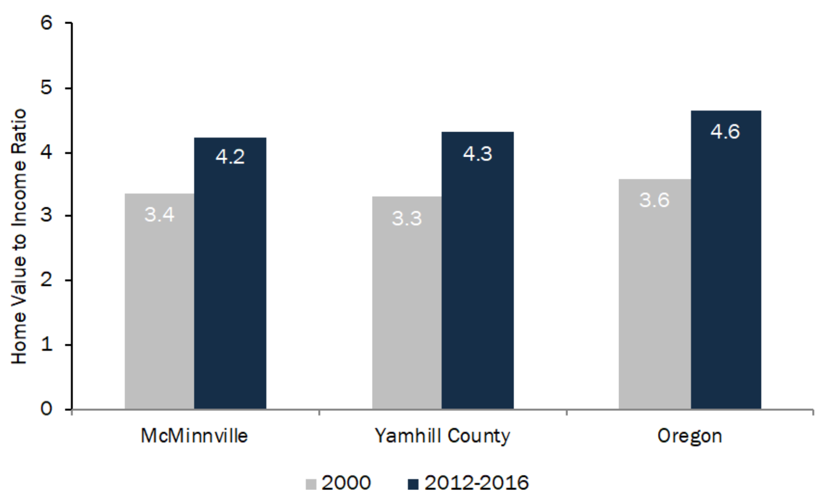


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

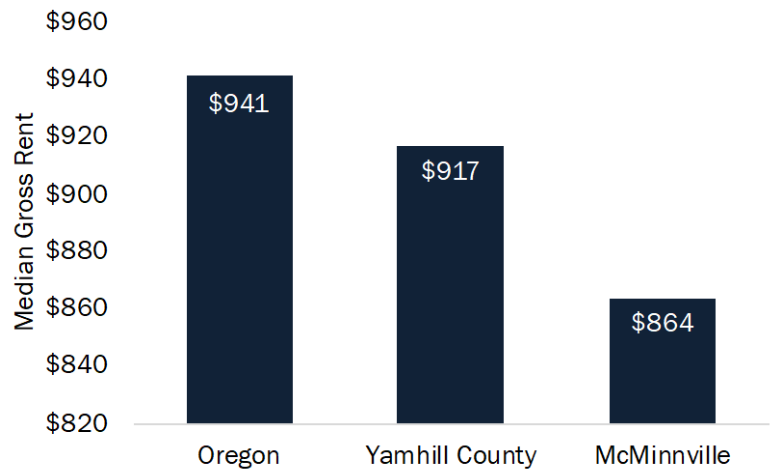
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

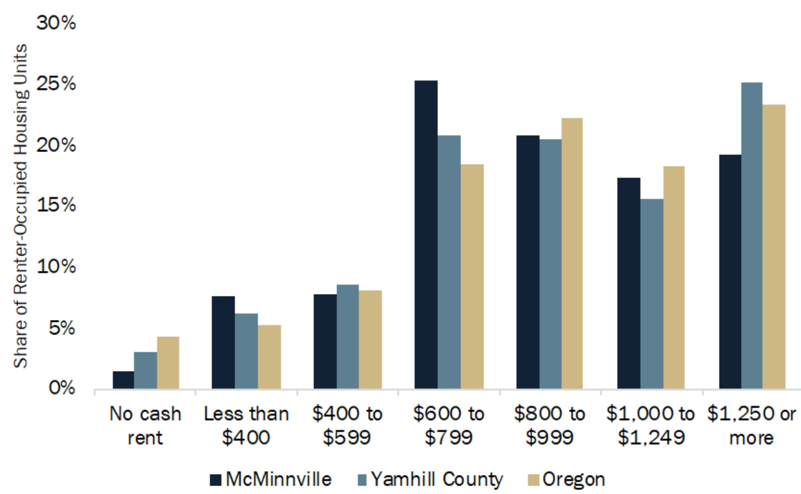


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

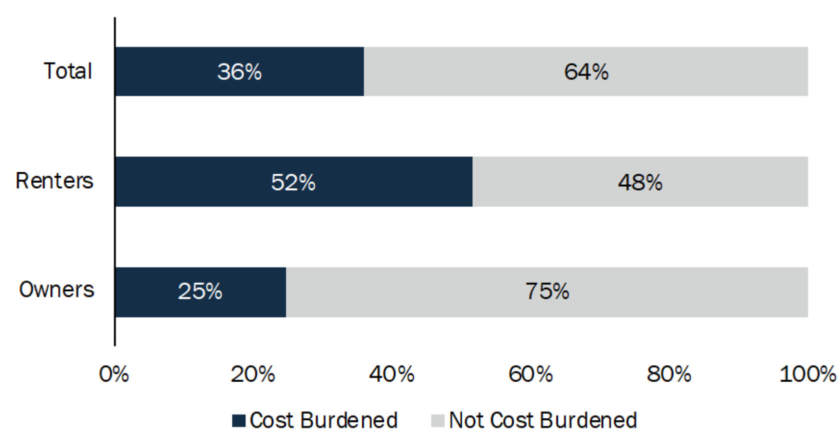
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

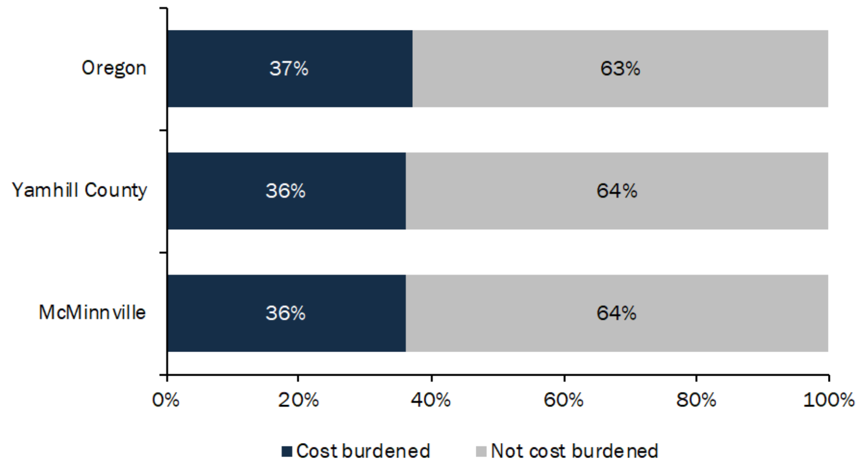
Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



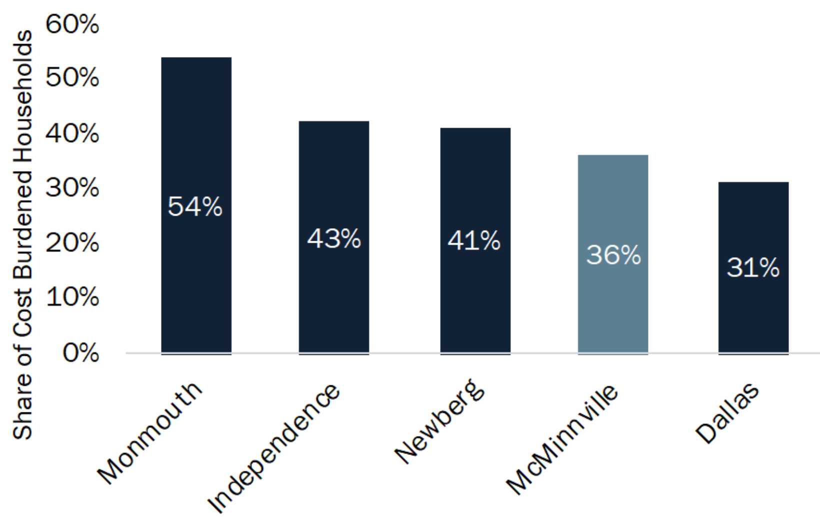
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Other communities in the region have a larger share of cost-burdened households than McMinnville does.

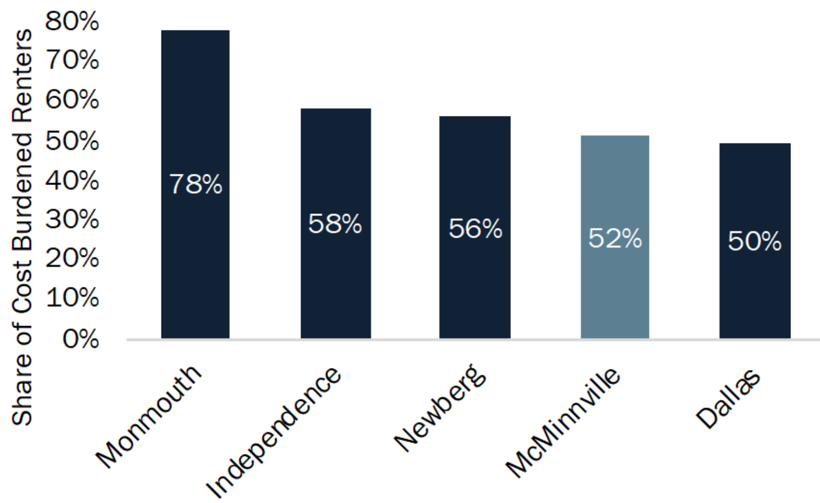
Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016

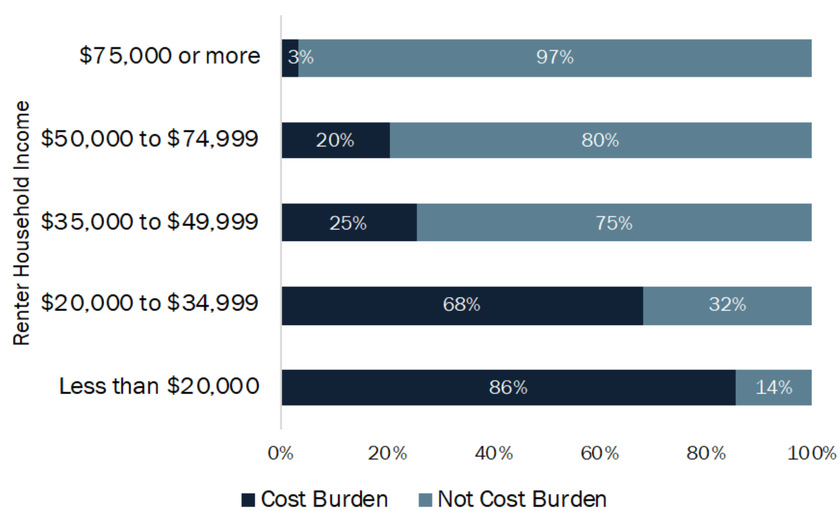
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

$1,026	$1,132	$1,330	$1,935	$2,343
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

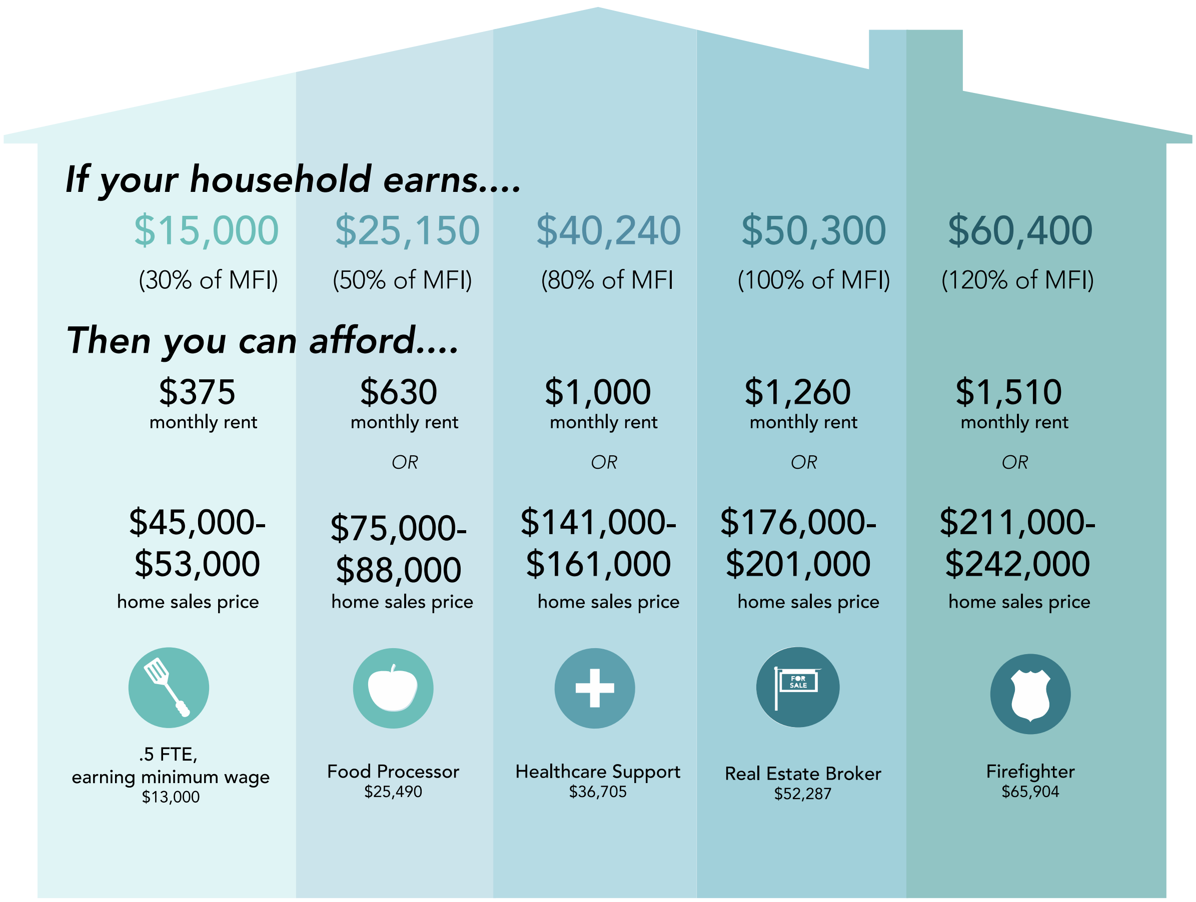
$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017

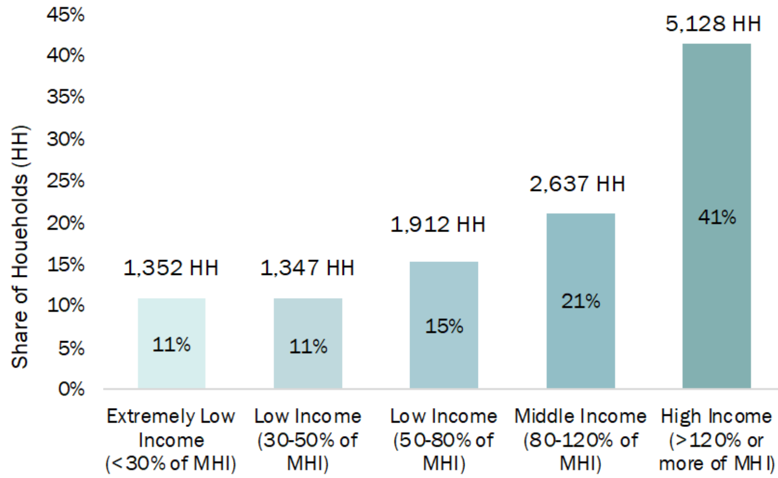
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017

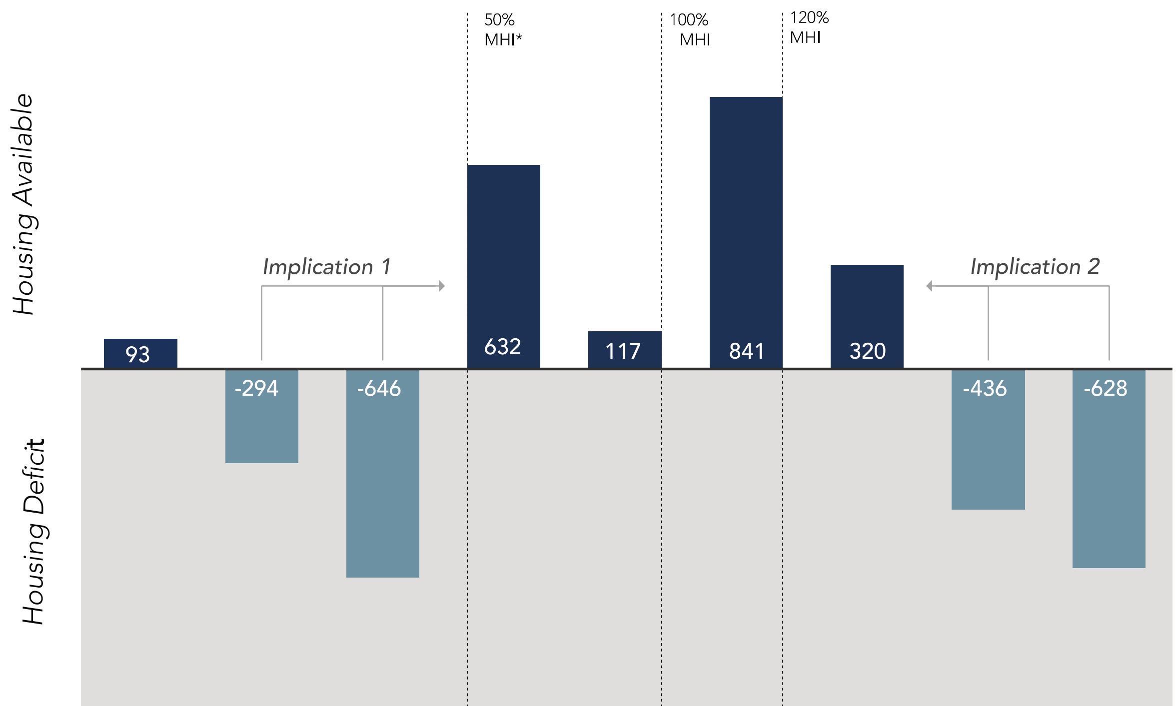
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017

Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

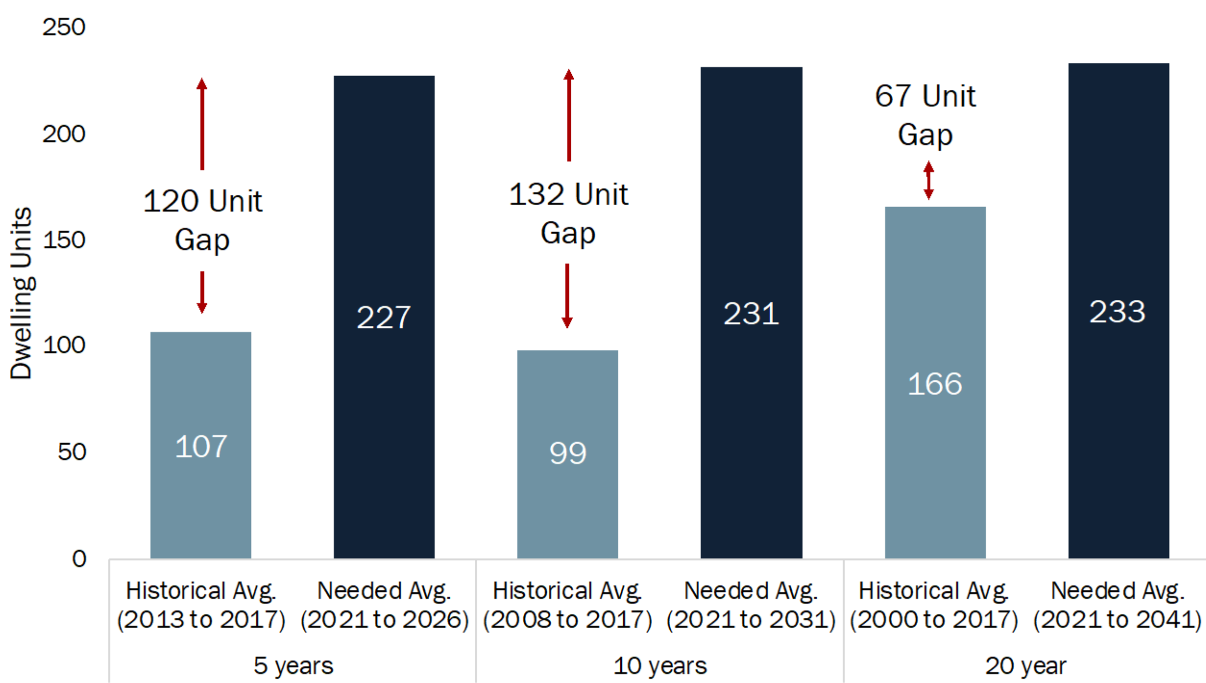
Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> > (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

> (a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:
>
> (A) the number, density, and average mix of housing types of urban residential development that have actually occurred;
>
> (B) trends in density and average mix of housing types of urban residential development;

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

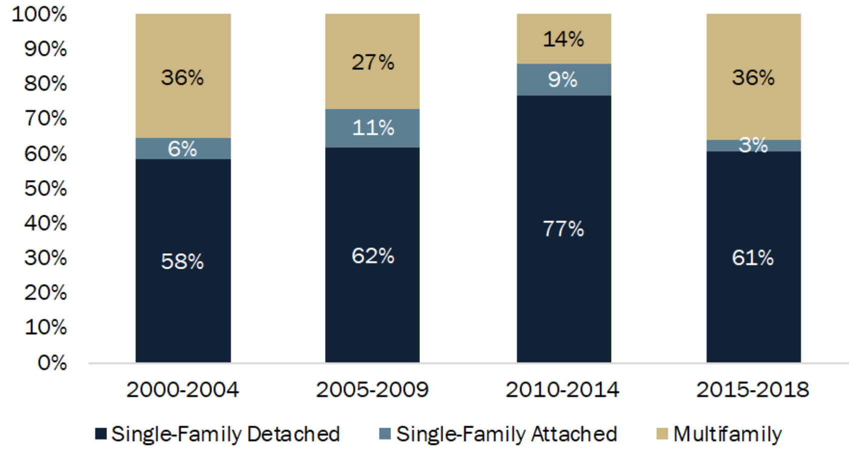
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

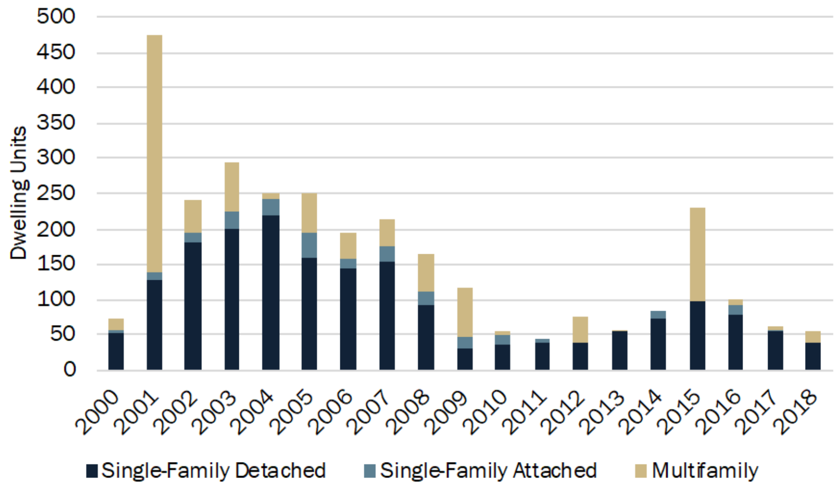
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

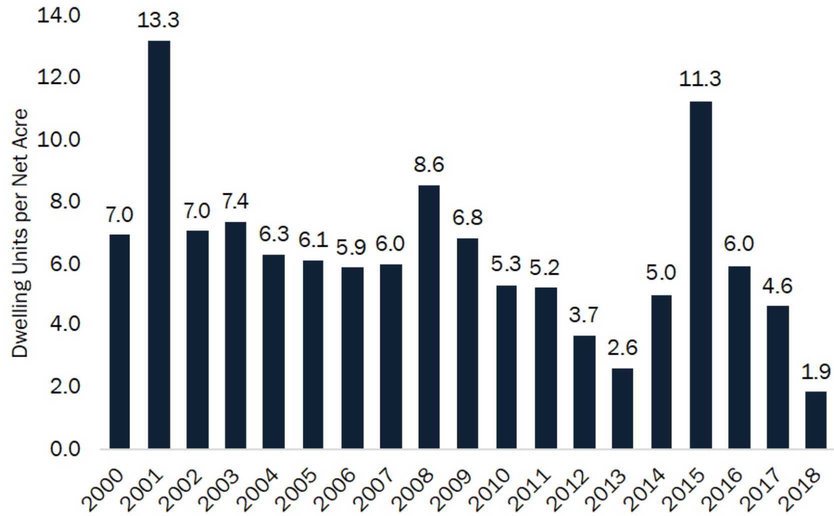
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
  - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
  - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

  - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

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[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
  - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
  - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
  - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

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[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

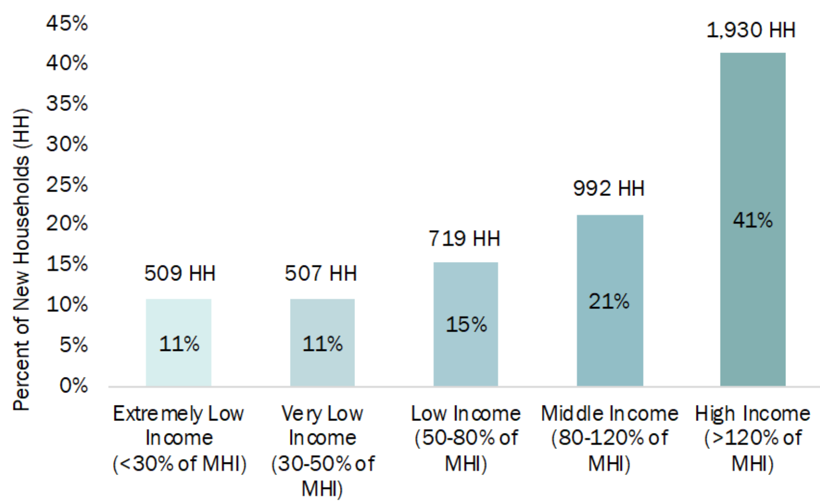

Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
    - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

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[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
  - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

    Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

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[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

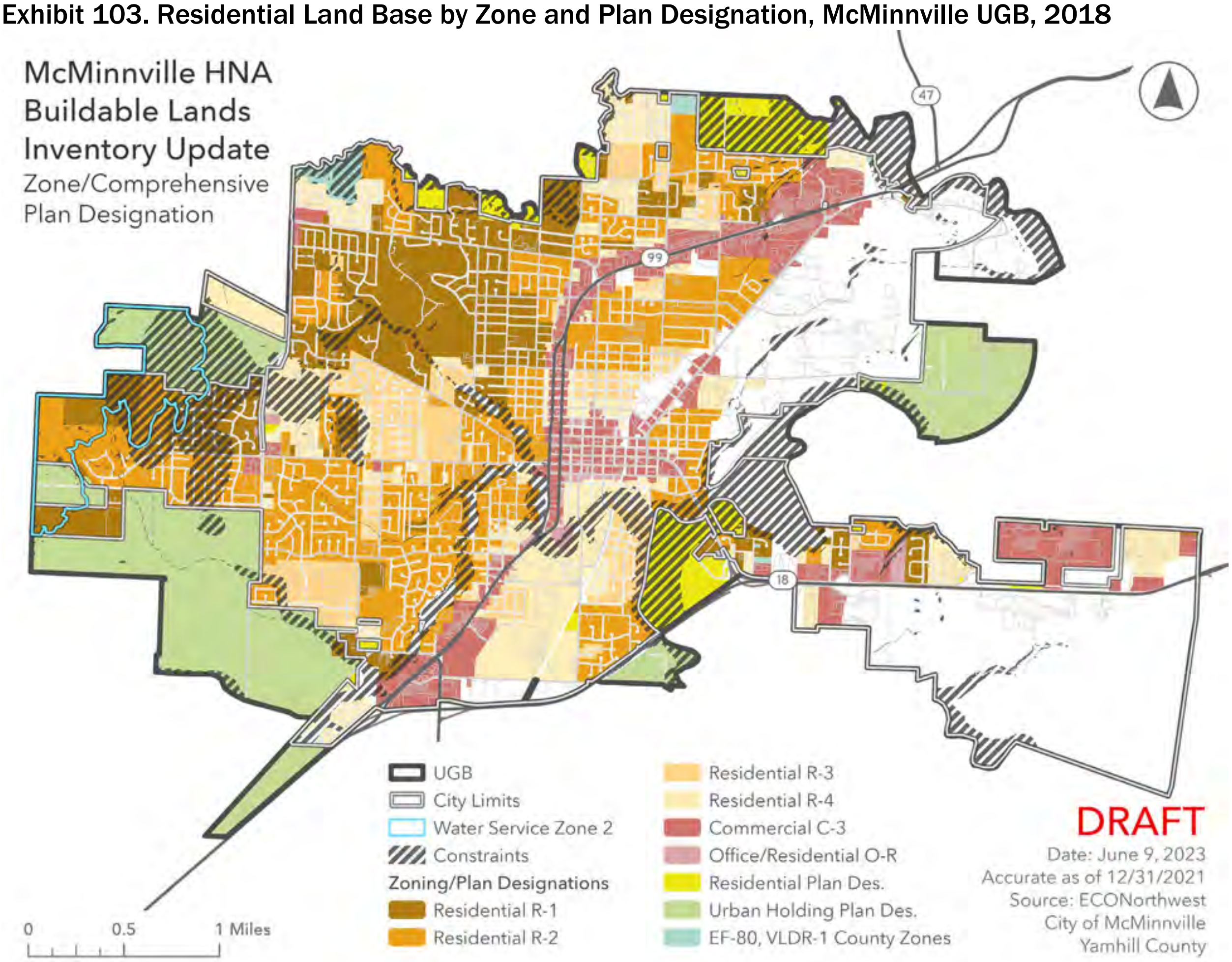
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067
Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041
Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

City of McMinnville Economic Opportunities Analysis

September 2023

Prepared for:

City of McMinnville

***FINAL* REPORT**

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgments

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041 and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 and resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to “Planned Development” overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

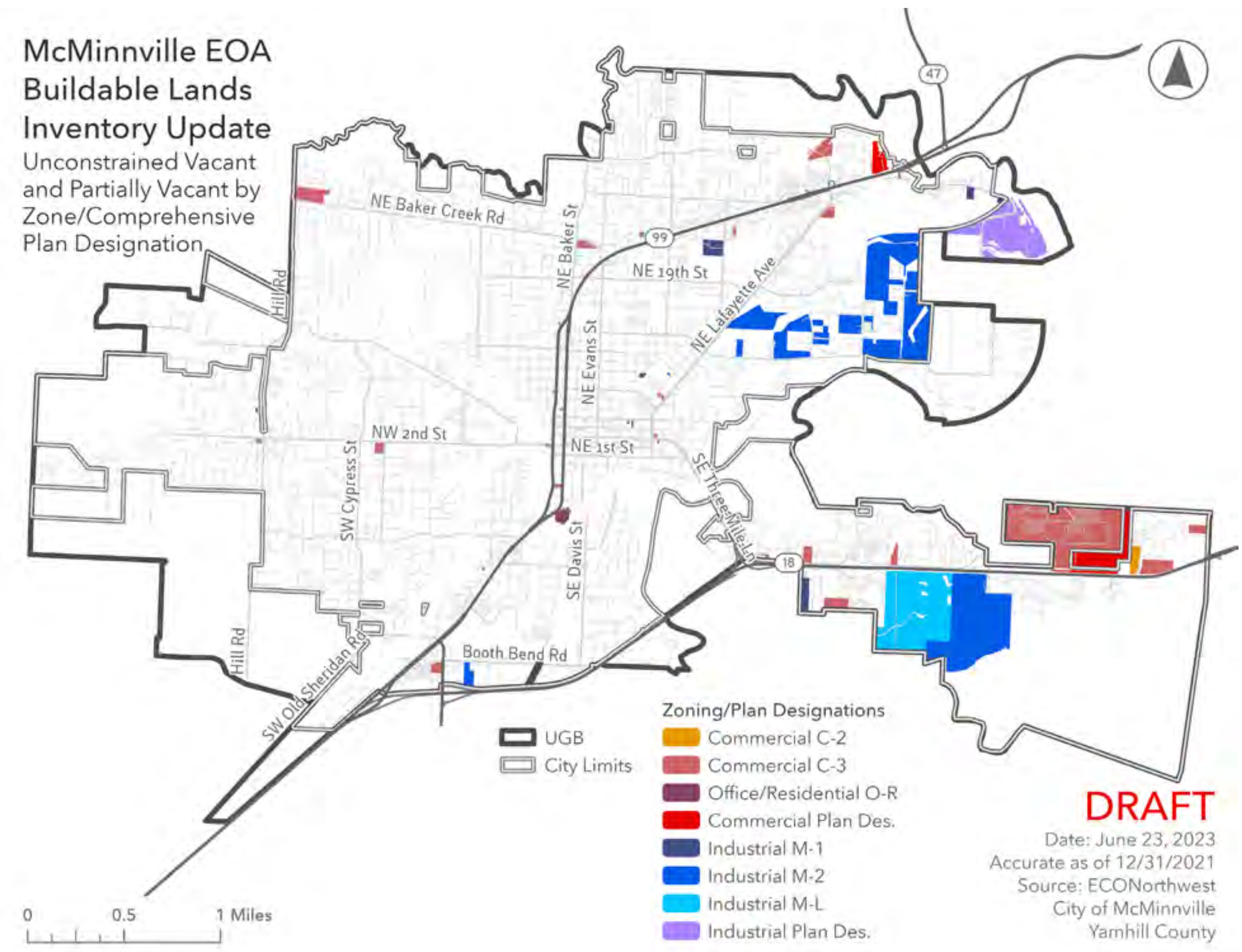
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24-acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need	
	20-Year (2021-2041)	46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 383 acres. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that

McMinnville's UGB expansion added about 383 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	383	477	(94)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2020
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

"McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.
- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes five appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

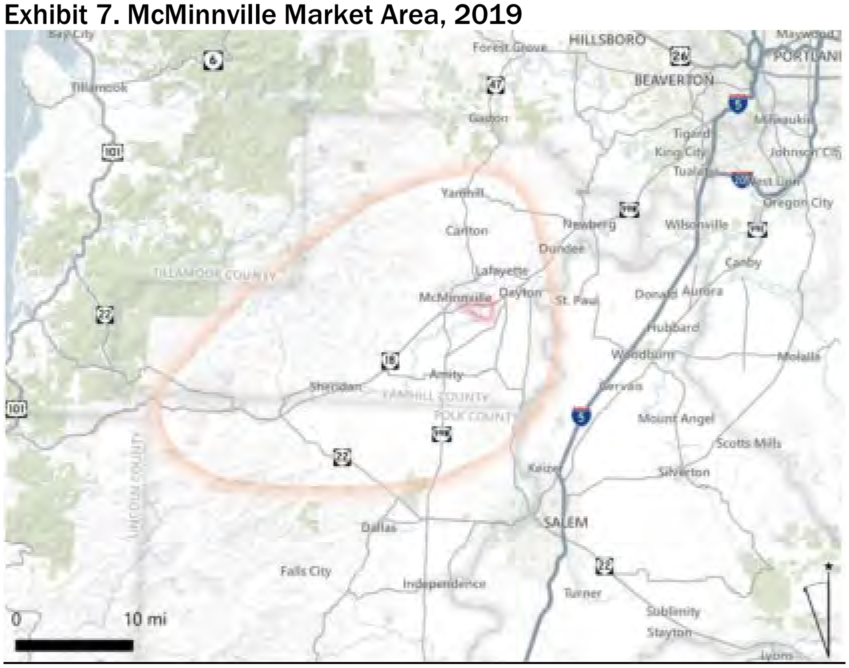
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the county's covered employment and these jobs pay approximately 24% more than the county

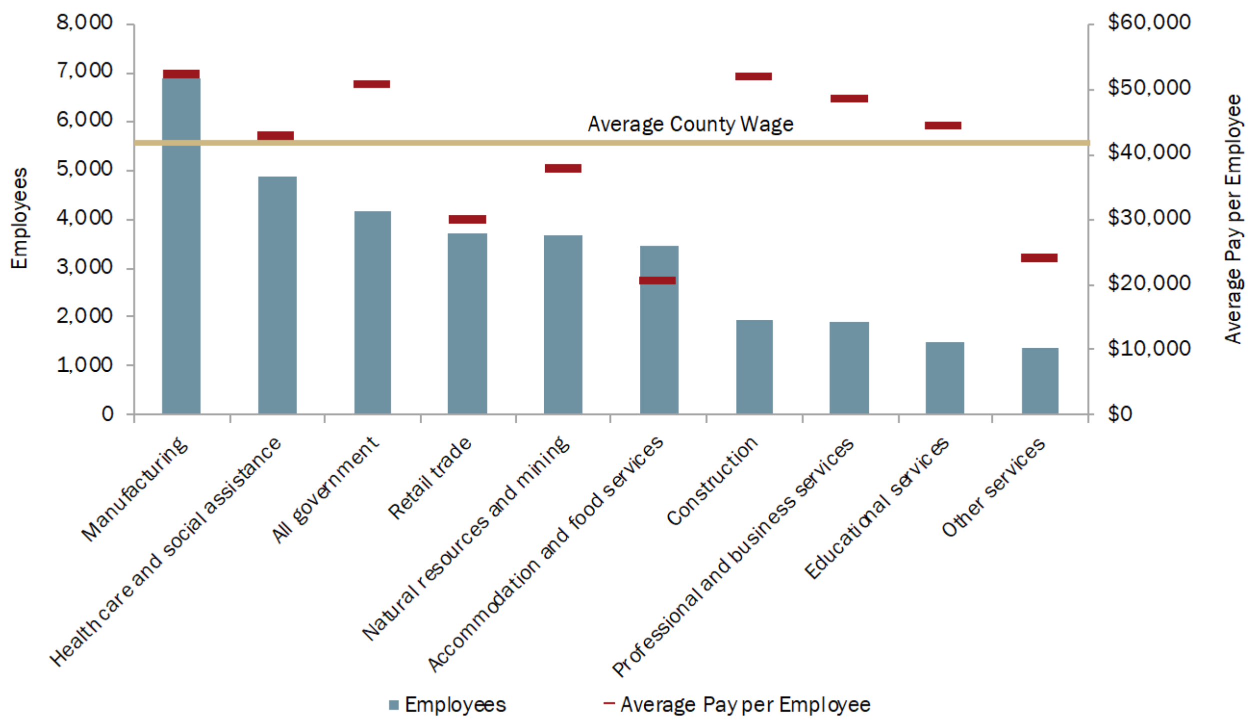
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

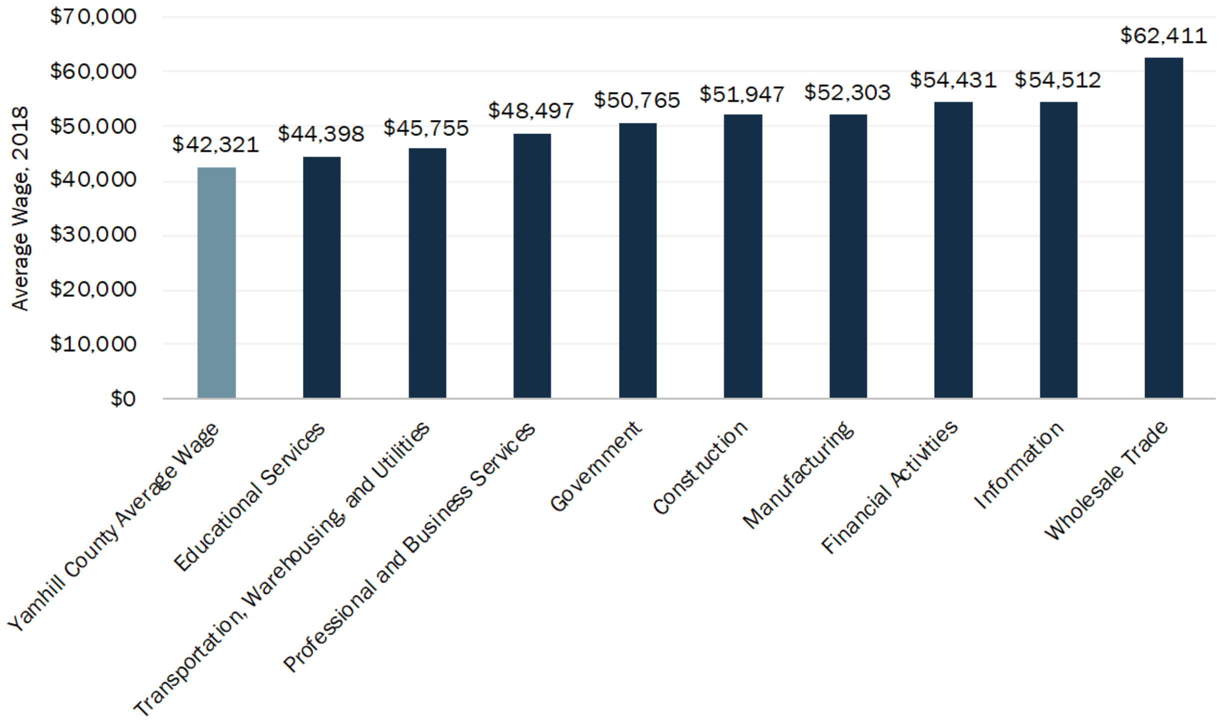
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229. (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment		Change in Employment	Percent	AAGR
	2007	2017			
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

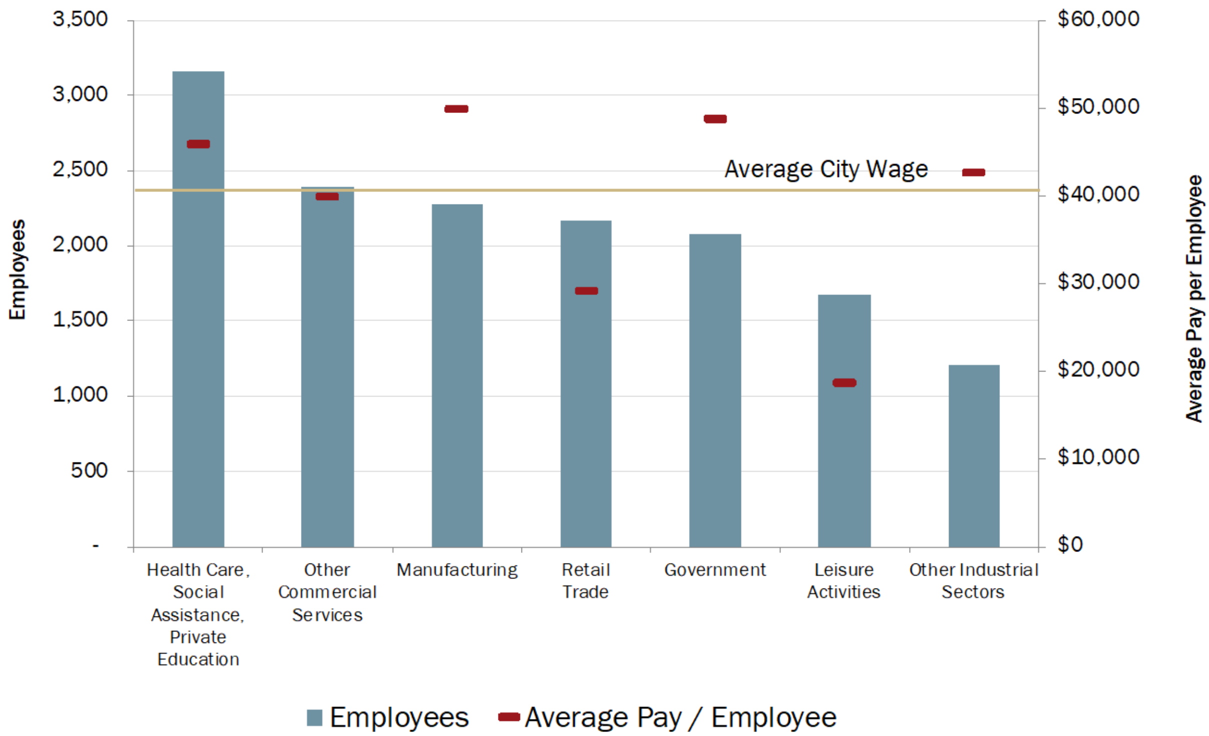
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

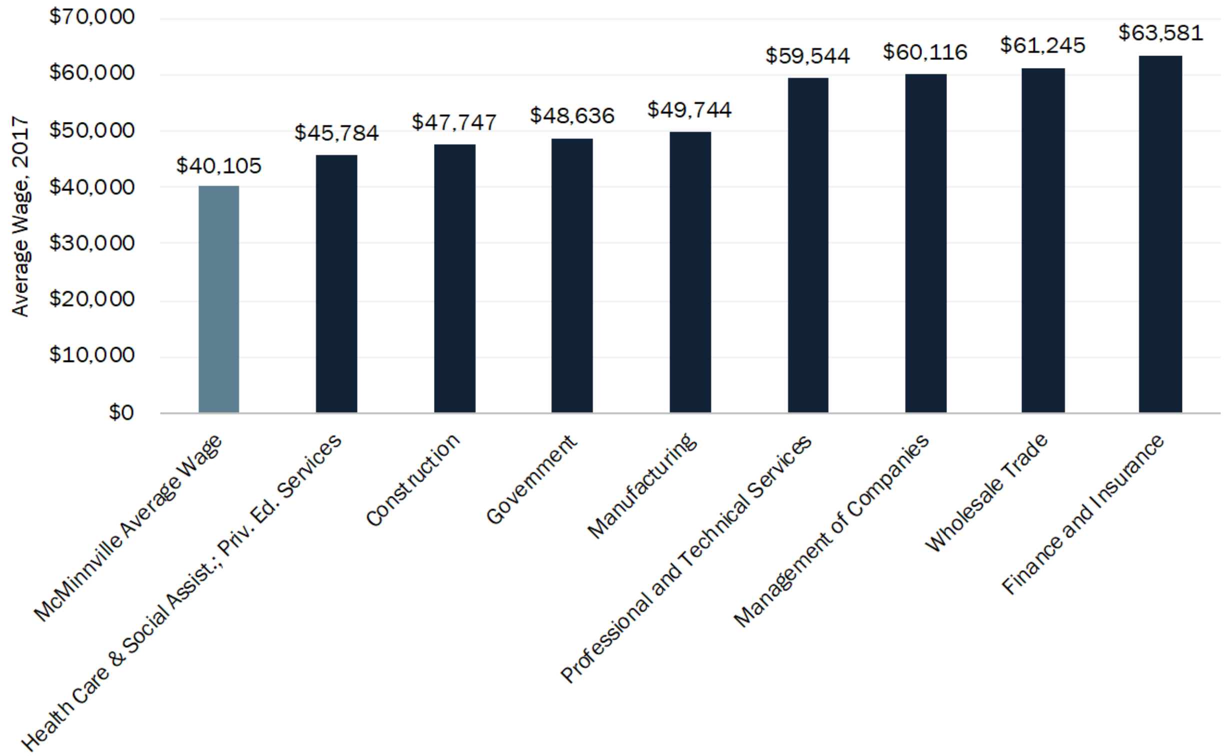
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

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[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

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[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

[30] For a more thorough discussion of relevant research, *see*, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

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[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53] Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]

- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]

- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

  The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born

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[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

[60] *Ibid*.

between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

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[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017. This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

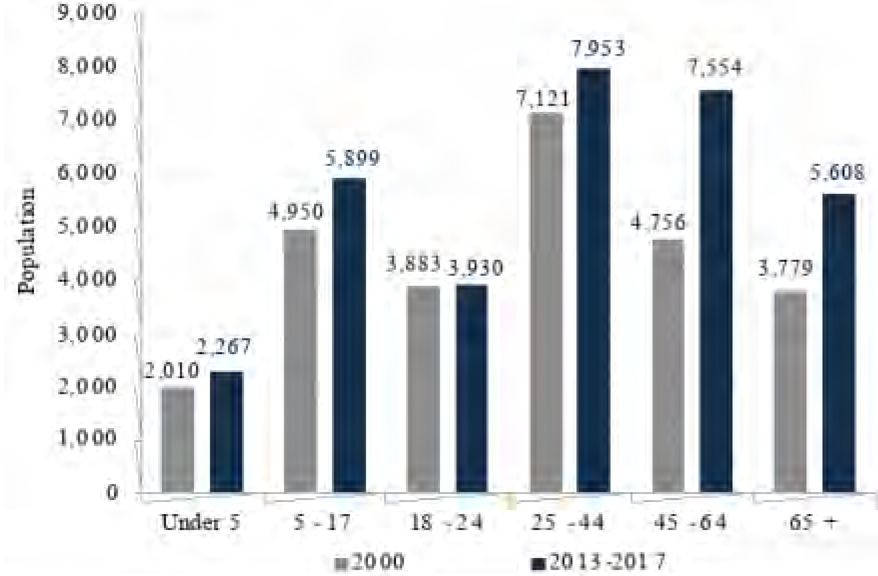
[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).

This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



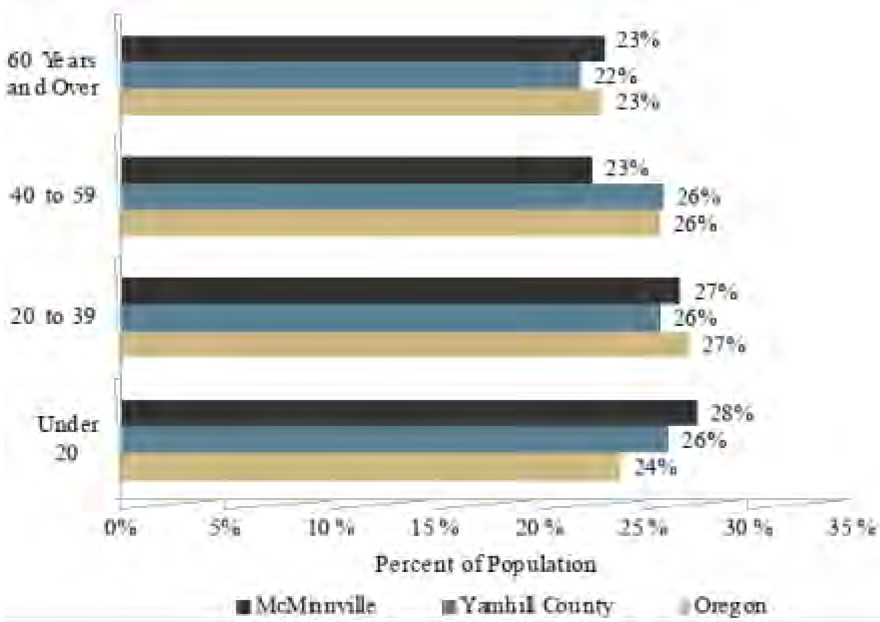
During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.

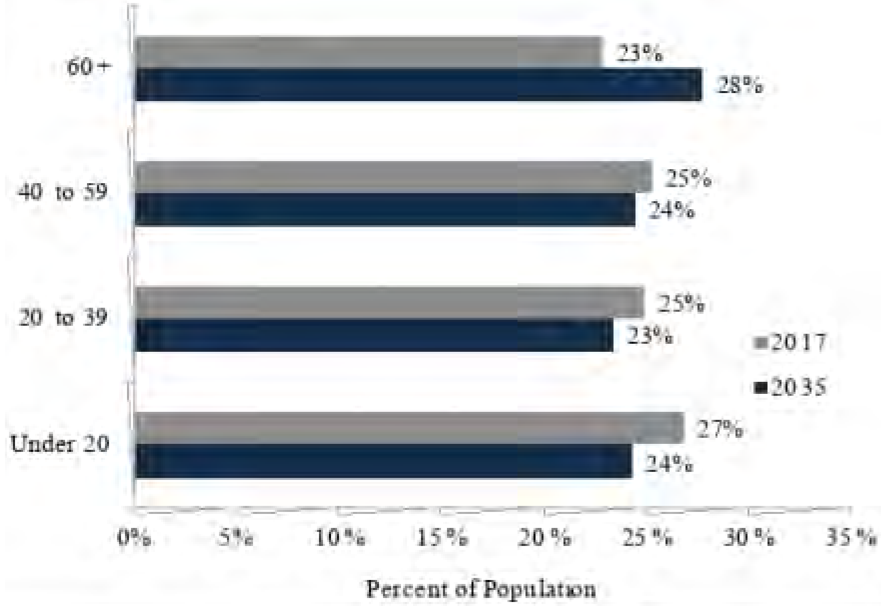


By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

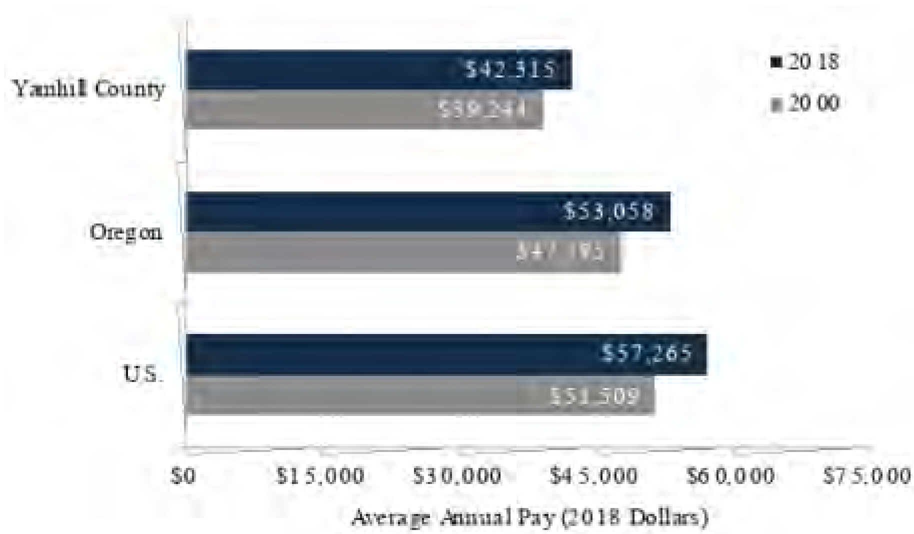
Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation. In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299	$58,392	$56,119
McMinnville	Yamhill County	Oregon

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017

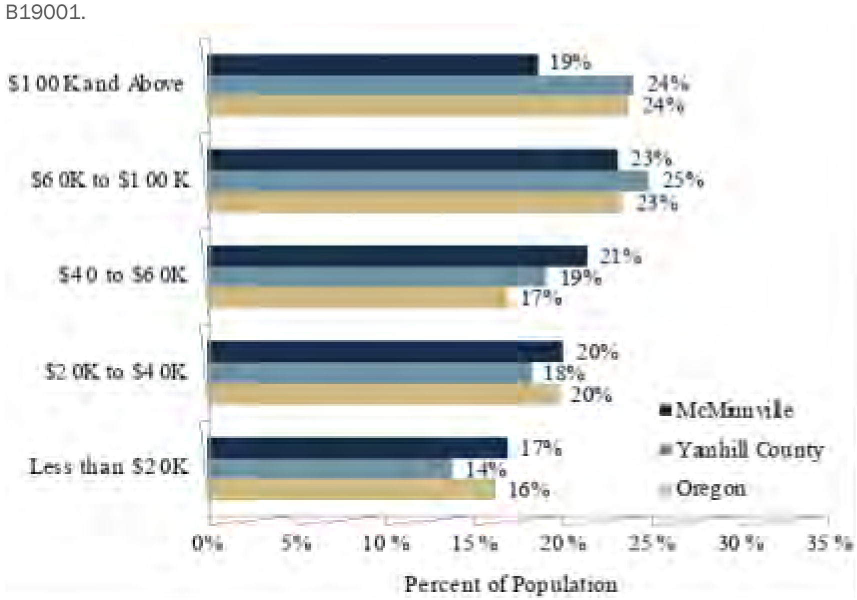
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



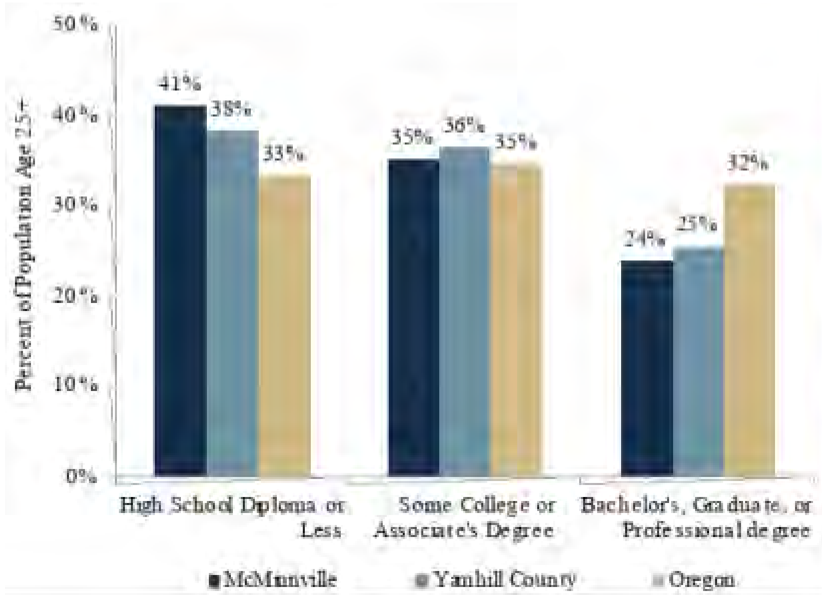
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



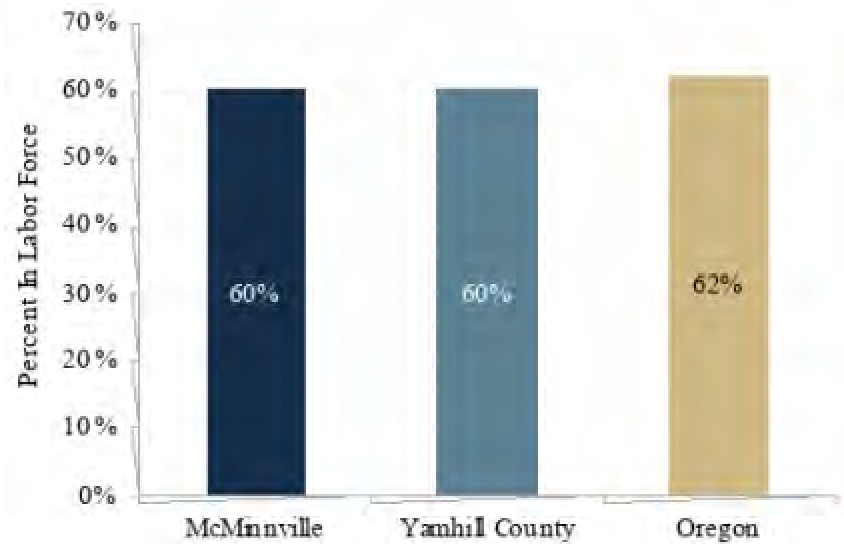
Labor Force Participation and Unemployment

The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



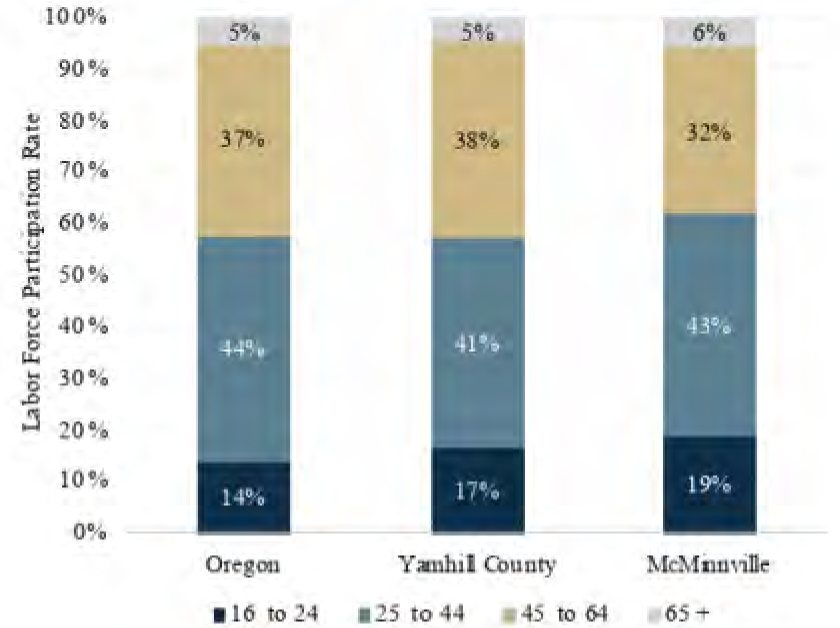
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

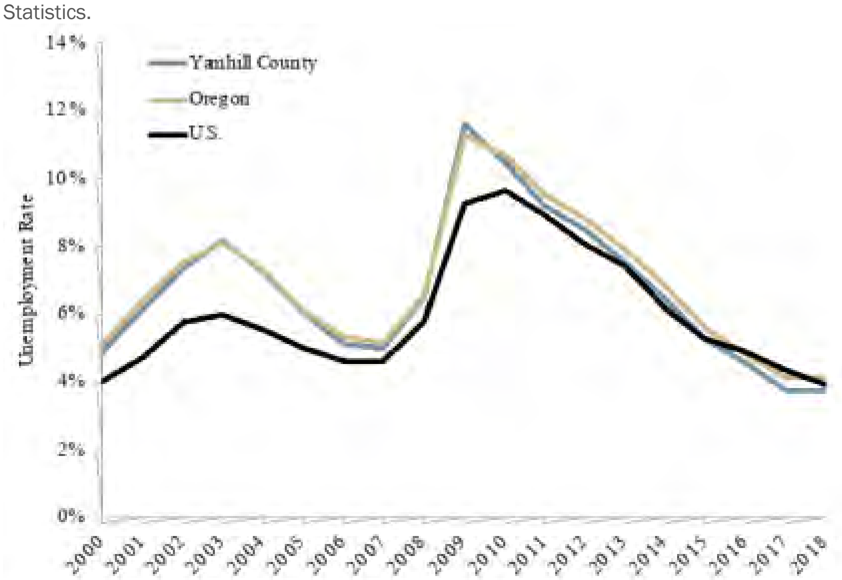


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.
Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017
Source: U.S. Census Bureau, Census On the Map.

As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

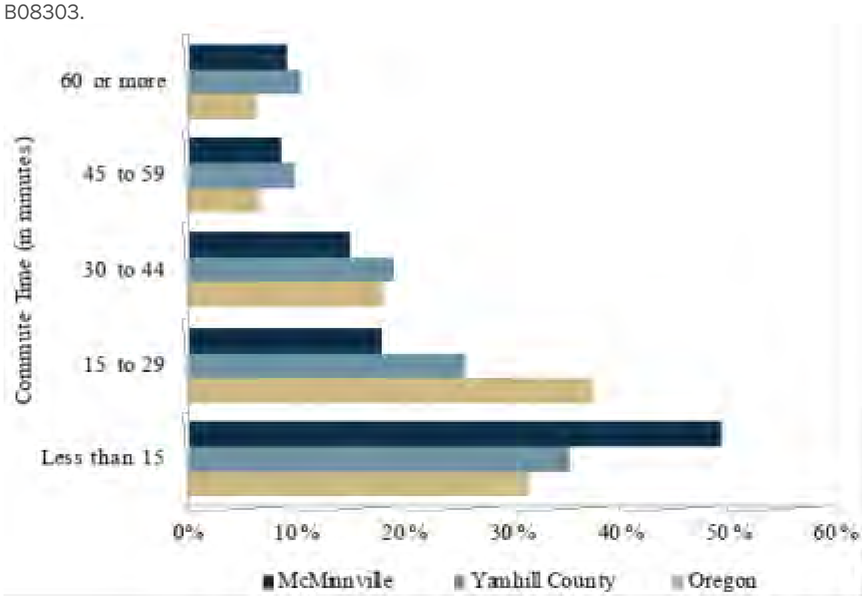
Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018. The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

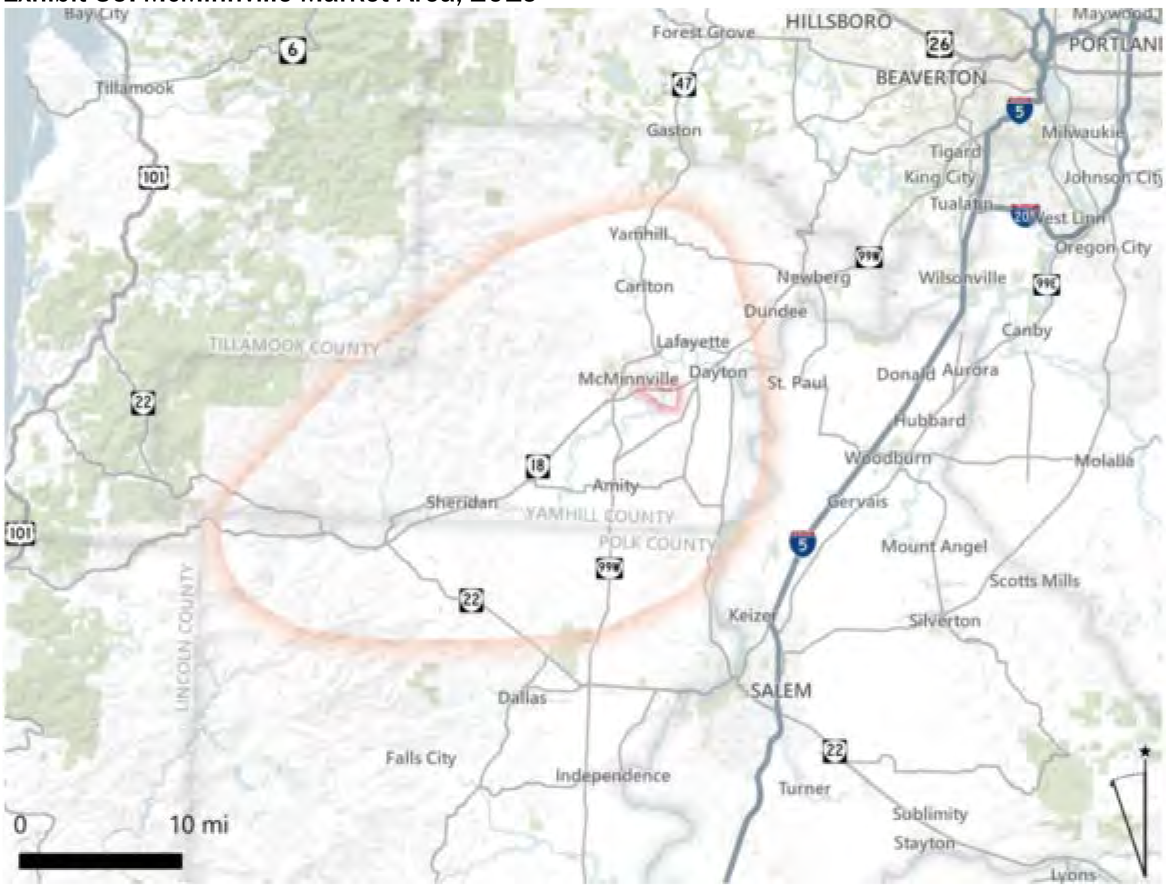
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains,

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[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

> "Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."
- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

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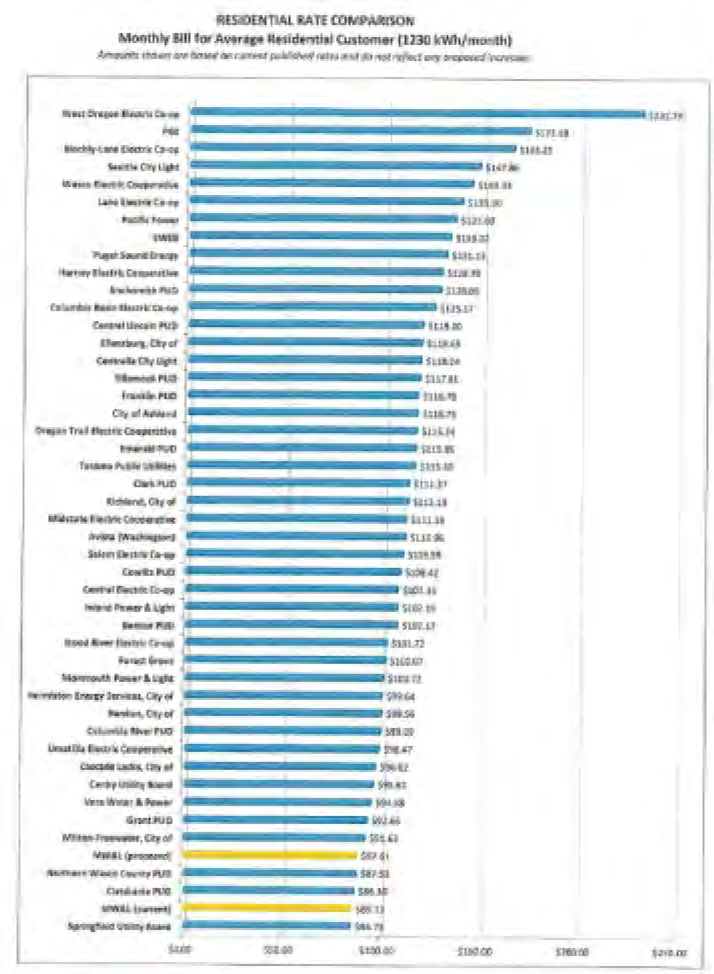
[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*
  - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.

  - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.
- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.

- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.

- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and connecting them with businesses in the broader Yamhill County region.[92] Additionally,

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[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

  McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.
- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

  As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

  Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments.

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[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

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Strengths

- High quality of life to boast about and attract investment
- Strong, widely-recognized downtown
- Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors
- Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets
- Balanced employment across industry sectors
- Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College)
- Location advantages:
- Good location in proximity to major metro area
- High quality soils in surrounding areas, climate suited for agriculture
- Natural environment assets nearby, including Yamhill River, access to the ocean and mountains
- Inexpensive power and water, with sustainable sources
- Major infrastructure assets: major highways, freight rail, airport
- Various parks and recreational assets
- Positive business climate perceptions and a sense of civic leadership

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Weaknesses

- Relatively low educational attainment
- A limited labor pool for local companies and those looking to relocate
- Difficult access to and from I-5 and no near near-term possibility of a more direct connection
- End-of -the-line location for wine country visitors coming from the Portland area
- Lack of housing options
- Low levels of professional and office office-using employment
- Comparatively high poverty rates and low median household income

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Opportunities

- Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities
- Local airport has comparative advantages over other regional airports
- Highway 99 bypass : future completion will improve access to McMinnville
- A stronger framework for regional collaboration , improved opportunity in surrounding communities
- Opportunity sites for new downtown development
- New housing development – higher density , diversity of types, live live-work units
- Improved connections to the University of Oregon and Oregon State University
- Stronger branding and improved gateways into McMinnville
- Innovation in agriculture and food systems
- Wine -oriented makerspace
- Food hub
- $6M gift to Linfield College's wine program
- Expanded culinary and craft beverage retail offerings

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Threats

- Limited land availability for residential, commercial and industrial development
- Regulatory challenges associated with UGB expansion
- Worsening housing affordability
- Brain drain due to local graduates leaving for other job markets
- Absorption of projected growth without detrimental impacts to character, congestion, affordability
- Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs
- Need to find a sustainable solution to homelessness
- Future impacts of climate change on agriculture and related industries, including tourism

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Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
    - 4.1 Ensure workforce availability in trades and other mid-skill positions.
        - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
        - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
    - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
    - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
    - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
    - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
    - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
    - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
  - 5.1 Become a place where small and medium technology firms can relocate and grow.
    - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
    - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
    - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
    - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
    - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
    - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
    - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.
  - 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.

        - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
    - 5.3 Incubate new businesses and start-ups.
        - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
        - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
        - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
    - 5.4 Create new talent pipelines for tech-related occupations.
        - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
        - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.
- **6. Be a Leader in Hospitality and Place-Based Tourism**
    - 6.1 Make downtown the best it can be.
        - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
        - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
        - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
        - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
    - 6.2 Become the preferred destination for wine-related tourism.
        - Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.

    - Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
    - Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
    - Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville
  - 6.3 Diversify tourism destinations beyond wine.
    - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
    - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
    - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
    - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
    - Become a national destination for bicycle tourism and other recreational and leisure activities.
  - 6.4 Market and promote McMinnville.
    - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
    - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
    - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
  - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.
    - Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.

  - Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
  - Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
  - Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.
- 7.2 Locate higher job-density food and beverage activities within McMinnville.
  - Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
  - Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
  - Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
  - Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
  - Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
  - Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
  - Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
  - Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
  - In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.
  - Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
  - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.

        - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
    - 7.4 Open new markets for local agricultural products.
        - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
        - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
        - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
    - 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
        - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
        - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
        - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
        - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
        - Evaluate alignment of current food cart regulations with community goals.
    - 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
        - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
        - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.
        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models
- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.

    - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
    - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
    - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
    - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
- 8.2 Assist in recruitment and training to fill specific workforce needs.
    - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
    - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
    - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
- 8.3 Support the expansion of programmatic offerings at local institutions.
    - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
    - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
    - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.
    - Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
    - Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
    - Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.

    - Foster R&D opportunities for existing and emerging industries.

- 8.4 Improve and expand connections between key institutions and the City of McMinnville.
    - Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
    - Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/ Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	718	73%	607	41%
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des	5	1%	80	5%
Industrial	265	27%	888	59%
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des	18	2%	96	6%
	983	100%	1,494	100%

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

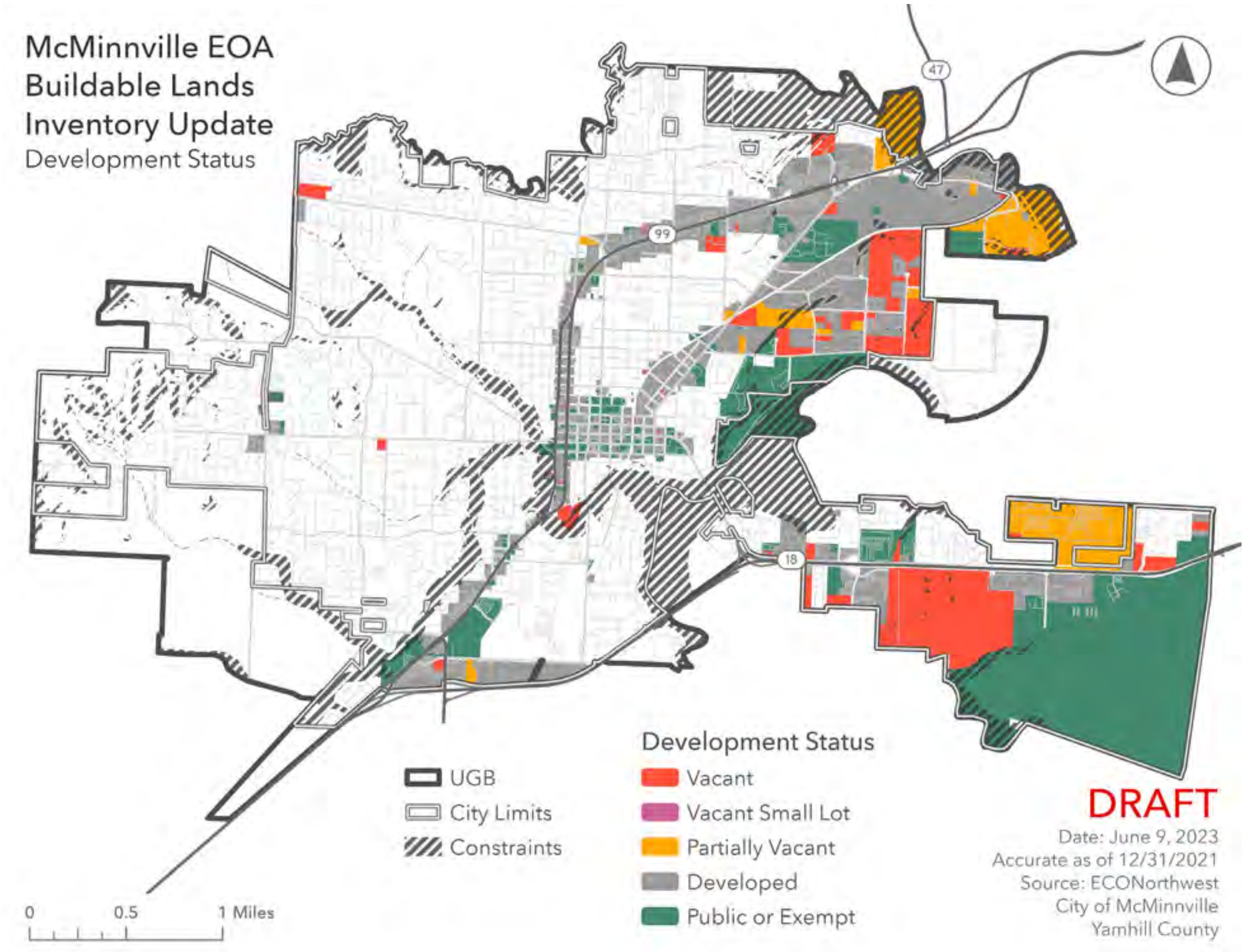
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

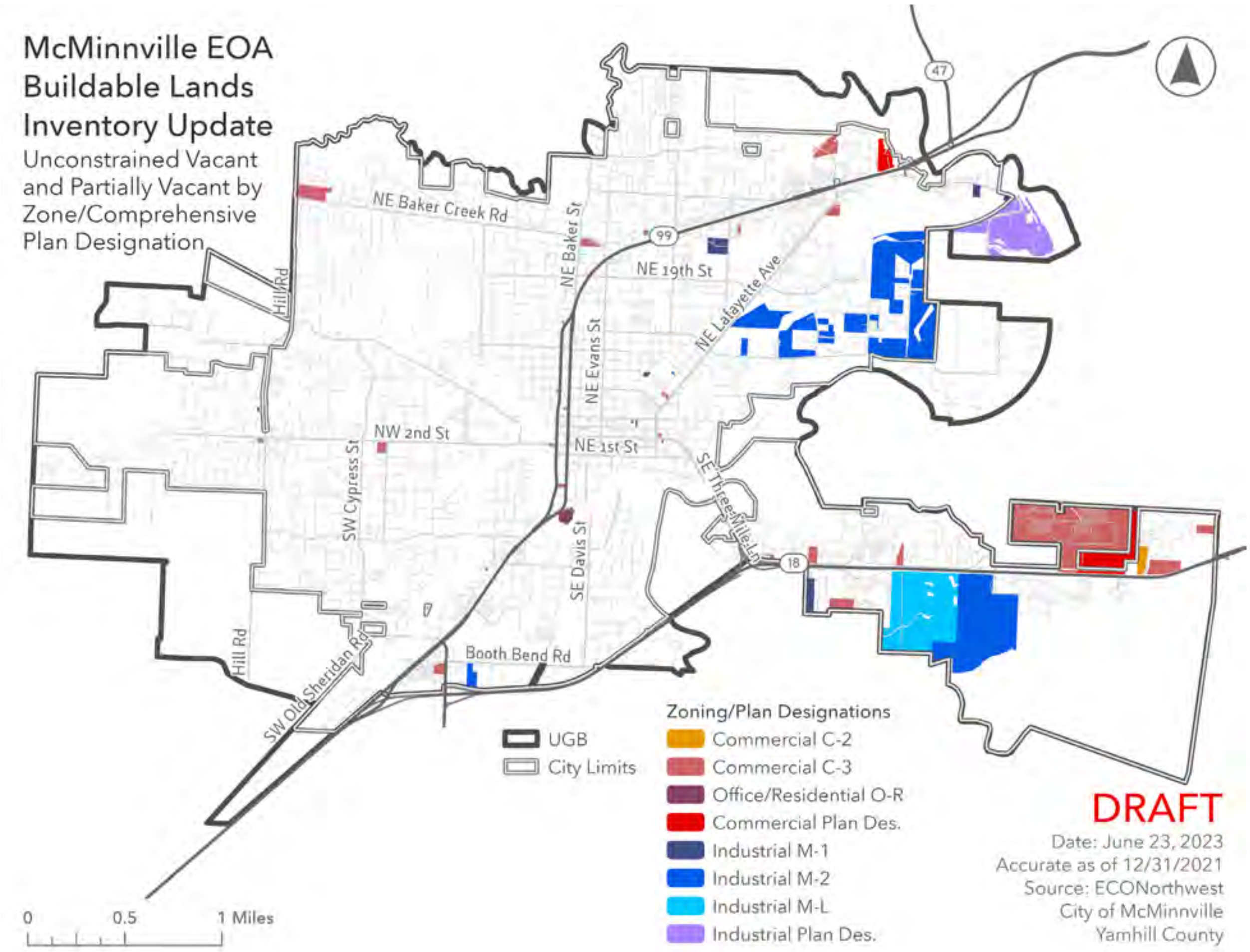
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	**-**	**4.4**	**22.4**	**13.5**	**23.2**	**-**	**-**	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	**-**	**16.8**	**-**	**-**	**-**	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	**-**	**-**	**-**	**-**	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	**-**	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	**-**	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	**-**	**1**	**3**	**1**	**1**	**-**	**-**	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	**-**	**1**	**-**	**-**	**-**	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	**-**	**-**	**-**	**-**	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	**-**	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	**-**	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		14,964	20,990	76%

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs might differ for these commercial sub-types. ECONW informed the PAC that the sub-types

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

	2021		2041		Change
Land Use Type	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	22,157	100%	29,042	100%	6,885

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	1,721	3,443	6,885	16,001

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153 gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56

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[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

[109] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= <u>net increase of 49 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft^2 of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

Washington County Event Center: 89,000 sf; ~8 acres with parking

Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking

Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking

Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking

Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres

Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres

Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres

Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres

Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

	Developed acres size									
Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

ICSC

U.S. Shopping-Center Classification and Typical Characteristics*								
Type of Shopping Center	**Concept**	**Typical GLA Range (Sq. Ft.)**	**Acres**	**# of Anchors**	**% Anchor GLA**	**Typical Number of Tenants**	**Typical Type of Anchors**	**Trade Area Size**
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster.	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster.	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	15-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchorless or a small convenience-store anchor	N/A	N/A	Convenience store, such as a mini-mart	< 1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors; retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

#	CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	GENERAL REQUIREMENTS		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCBA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/in 10	w/ in 10	w/in 30	w/in 15	w/in 20	N/A	N/A	w/in 5 (only interstate or equivalent)	w/in 5 (only interstate or equivalent)	N/A	w/in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/in 60	w/ in 60	w/in 60	w/in 50	w/in 60	w/in 50	w/in 60	w/in 60	w/in 60	w/in 50	w/in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/in 300	w/in 300	w/in 300	w/in 100	w/in 300	w/in 100	w/in 300	w/in 300	w/in 300	w/in 100	w/in 300	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Diameter)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Diameter)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1620 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1620 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Diameter)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2300 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Diameter)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
##	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.) Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical

'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards

'Competitive' significantly increases marketability and is *highly recommended by Business Oregon* . May also be linked to financing in order to enhance the potential reuse of the asset in case of default.

'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

Less Critical

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			**Revised Size Classes and Assignments**		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

[114] https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac 5@ 1ac	2.5 5.0
1.00-1.99	12	12-24	6@1 ac 6@2 ac	6.0 12.0
2.00-4.99	4	8-20	2@2 ac 2@4 ac	4.0 8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac 5@15 ac	50.0 75.0
20.00-25.00	7	140-175	4@20 ac 3@25 ac	80.0 75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
Production Manufacturing			**4:**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
Value-Added Manufacturing & Assembly			**4:**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>**Light/Flex Industrial**</u>			<u>**6:**</u>							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
			1	25-50 ac						1
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					
<u>**Warehousing & Distribution**</u>			<u>**5:**</u>							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
			3	10-25 ac			1	1	1	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred			(1) 10ac, (1) 15ac, (1) 20ac					

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	**10-14.9**	**15-19.9**	**20-25**	**25.1-50**
<u>**Specialized**</u>			<u>**2:**</u>							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land for the 2021-2041 period. This analysis does not estimate demand for industrial land for the 2041 – 2067 period.***

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB,
2021–2026, 2021–2031, 2021–2041, and 2021–2067
Note: The analysis did not forecast industrial growth for the 2041-2067 period.

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	Not forecast for 2041-2067		
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinnville's existing Comprehensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018, and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that <u>all lands within tax lots</u> identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements	OAR 660-009-005(14)

[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
	For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name
Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. in 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. in 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. in 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. in 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. in 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. in 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
  - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
  - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

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[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook,* which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>**Examples:**</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>**Example:**</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	<u>**Master Plan Facilities:**</u> Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		**Average Annual Employment:** Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 Makerspace: 3 **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = **net increase of 49 acres** for other needed sites, over acres calculated from average employees/acre	

Appendix D. Site Need Letters

McMinnville | ECONOMIC DEVELOPMENT PARTNERSHIP

Please accept these comments regarding the City of McMinnville's Economic Opportunity Analysis and the estimated future industrial land needs. MEDP has had the good fortune to work with many economic development partners over the years as we work to further our mission of advancing strategies that respond to the needs of McMinnville's traded-sector businesses. We do this through four economic development strategies guided by the City's MAC Town 2032 Economic Development Strategic Plan: 1) Business Retention & Expansion, 2) Business Attraction, 3) Workforce Development, and 4) Innovation Development.

Without available, buildable industrial lands the strategic plan cannot be fully realized. The historical job growth and the projected job growth of 27% over the next 20 years will struggle to take place without planning for necessary industrial land.

The current estimates state McMinnville will need 153 acres of buildable industrial lands by 2041 and 329 buildable acres by 2067. Currently, we have 323 acres of identified industrial land. The reality of those numbers is that 177 of those acres are on two sites. The highest and best use and market realities for these sites with Highway 18 frontage may make these sites impractical to retain as large industrial sites that would be available for industrial use. The potential unavailability of these sites for industrial use would place us well behind the projected need.

While acres available and acres needed may be close to matching up, the fact is there are few perfect sites. An available site may meet a company's minimum requirements, but it's location, shape, slope, or infrastructure may not work. So, they will look for another similar sized site in a different location (hopefully) within the community. McMinnville has lost out on potential opportunities due to lack of rail-served sites, proximity to a major metro area, access to a major airport, or location close enough to an Interstate. It is critical we don't lose out on projects due to a lack of available sites for our targeted industries.

In order to address our targeted industry's needs of high-tech/clean-tech manufacturing, value-added manufacturing, UAV manufacturing, business park, innovation campus, and local and regional headquarters, we will need varying sizes of sites with various requirements. The minimum lot size for these sectors should be 5 acres with a span of up to 25 acres.

Rail served sites continue to be a requirement for some companies interested in a McMinnville location. An additional 5 sites of 5-25 acres would be a good use of rail-served industrial property.

Also, with over 80 manufacturers in McMinnville, we will need sites for existing companies that are growing out of 0.5 – 5-acre sites into larger sites of 10 -20 acres. An additional 5 sites would accommodate additional existing business expansions.

Potential developments associated with targeted sectors include the creation of a mixed-used Innovation Center that would require 20-40 acres, depending on density, and an Airpark allowing for local, regional headquarter space. This could require 3-5 sites of 5-25 acres, and an additional 10 sites between 2-25 acres for companies wanting access to the airport, or access to an Innovation Center.

The types of companies in the targeted sectors are meant to continually diversify the local economy and never rely heavily on a single business, or industry. The ability to have various site sizes and locations to choose from can assist with potential job growth. Available sites are like options that attract opportunity. Without multiple options of readily buildable industrial lands, you risk the loss of new business growth.

Sincerely,

Scott G. Cooper, CEcD
Executive Director
McMinnville Economic Development Partnership

231 NE 5th Street | McMinnville, Oregon 97128 | 503.474.6814 | www.McMinnvilleBusiness.com

McMinnville Industrial Promotions, Inc.

P.O. Box 328
McMinnville, Oregon 97128

To Whom It May Concern:

McMinnville Industrial Promotions, Inc. ("MIP") appreciates the opportunity to present its written comments related to the City of McMinnville's Economic Opportunities Analysis and Urbanization Report (Phase 2) as coordinated with the City's MAC-Town 2032 Economic Development Strategic Plan. MIP specifically addresses its remarks regarding future industrial land needs and sufficiency of the City's Urban Growth Boundary to ensure a reasonable estimate of industrial land inventory necessary to support good jobs and amenities in the future that create a high quality of life for McMinnville residents.

MIP advocates for a robust industrial lands inventory that accomplishes the City's Strategic Plan priorities by providing enough flexibility to foster an attractive business climate, positioning McMinnville's businesses for modern development and investment, and utilizing the City's strengths to encourage a sustainable economy for future generations.

MIP was incorporated in 1953 in response to the closure of two large manufacturers in the area, a devastating loss at the time of approximately 350 jobs. Also facing a slowdown in the timber industry, a local group of business and professional leaders pledged their own money to attract new businesses to McMinnville and diversify its economic base. In 1955, the corporation was expanded to a community corporation, and ultimately it progressed to a for-profit corporation a year later. Regardless of its structure, MIP has never lost sight of its initial mission and special corporate purpose- to foster, encourage, promote, and improve the industrial, commercial, and physical development of the City of McMinnville. MIP seeks to support the continuation of present businesses, but also attract new industries that strengthen the community as a whole, provide long term economic stability to the area, and which provide living wage opportunities to residents. Over the last 67 years, MIP has invested and assisted in growing industrial businesses. Notable accomplishments of MIP include being the first industrial development company in the Pacific Northwest to qualify for Small Business Administration funds, which was recognized when nine different industrial projects broke ground in McMinnville in 1969. In addition, MIP formed a unique partnership with the City of McMinnville to acquire and develop the major industrial park infrastructure in 1983. MIP has and continues to play a unique role in business and industrial real estate development in the City.

There is no denying that McMinnville is uniquely situated. While the City is disadvantaged due to its relatively far location from a major metropolitan area and its airport (PDX) (approximately 60 miles away), it has developed into an economic hub nonetheless. The availability of ample water and electricity at a low price continues to make the City attractive for businesses to locate to a more rural area and provides occupational opportunities to McMinnville and the surrounding communities. Encouraging vibrant and diverse businesses has created economic collaboration and resiliency, which should be prioritized and maintained if McMinnville is to continue to be an economic engine in Yamhill County. As such, MIP is a proponent of protecting currently industrially zoned properties and supports the future planning for expansion of the industrial zone.

The availability of shovel-ready industrial employment lands is critical to expanding and attracting businesses that provide high-wage jobs. The City has forecasted that employment in the industrial area will grow by approximately 27% over the next 20 years. In that analysis, it is determined that approximately 153 buildable acres are needed to account for and service this growth by 2041, and upwards of 329 buildable acres are needed by year 2067. Currently, 323 acres are part of the overall identified inventory.

The foregoing indicates that McMinnville has just barely enough gross industrial lands inventory for its needs over the next 40 years. However, simply looking at the gross numbers provides an inaccurate and incomplete picture of the location and suitability of the currently zoned industrial sites and does not account for the various development costs associated with many of those acres. 177 of those buildable acres are concentrated in two large tax lots located on the Three Mile Lane corridor, 89.6 and 87.5 acres respectively. There are significant and very costly barriers to the development of this land. First and foremost, ODOT has been fiercely protective of preserving the Hwy 18 McMinnville bypass, and costs of developing the public improvements to accommodate ODOT's requirements would be substantial (and not possible for most buyers). Other hurdles to overcome include actual acquisition of the property, time for site readiness, site planning, and additional infrastructure and improvement changes. The costs associated with the 177 acres has impeded industrial development of this property and will likely continue for the foreseeable future.

Also, due to the fact that the majority of growth and development in the industrial sector has occurred, and continues to occur, on parcels between 0.5 and 10 acres in McMinnville (and on 25 acres or less statewide), having more than half of the industrially zoned lands tied up on two parcels has made it impractical for business placement or relocation to the Three Mile Lane area. As such, growth is constrained with available parcels located in the industrial park unless a second industrial area is constructed with the needed infrastructure, which is unlikely at this time.

Finally, it is also very possible that owners or developers of either or both of these large parcels will ultimately seek rezoning to respond to the current severe deficit of lands available for residential development or commercial requirements located within the Urban Growth Boundary.

As such, only 146 acres are reasonably and realistically available for development in the core industrial area. If the type and character of available sites are taken into consideration, McMinnville actually has a large deficit of available and buildable industrial lands that will not meet its needs even in the next 20 years. With this, McMinnville risks local businesses leaving, or the encroachment of industry into other neighborhoods, resulting in safety and other nuisance concerns.

It has been the collective experience of MIP's leadership that the majority of companies looking to locate here in McMinnville need small parcels (0.5-5 acres in size) for development. In fact, MIP has partitioned many of its larger holdings for sale to businesses looking to build on smaller parcels. MIP has seen this type of development crucial to its mission. Industries in close proximity cultivate a vibrant manufacturing sector by offering differentiated as well as supportive services and products. Additionally, a mixture of locally owned businesses allow for the community to weather ups and downs throughout the business cycle, and not be dependent on a few large employers. If readily and economically developable industrial lands hit a ceiling, McMinnville is in danger of losing businesses that would otherwise integrate into and diversify the economic base. Not only would business opportunities be stifled, but would also consequentially result in lost or lower wage jobs.

Recently, MIP has negotiated transactions that proposed developing between 20-30 acres of property. While there is not a tremendous immediate need for sites between 10-30 acres, MIP sees the importance for these options to be included as part of the overall land inventory to accommodate and attract various future developments. After reviewing the State of Oregon Industrial Development Competitive Matrix, it is clear that to be competitive in all fields of manufacturing (including high tech), light industrial uses, warehousing and distribution, and other specialized uses, the most common requested site size is between 5-25 acres. As such, in order to stay competitive with the rest of the state, McMinnville will need to have a variety of industrial sites that are readily and economically developable.

McMinnville needs a sufficient industrial land inventory with a larger variety of different-sized parcels to continue to cultivate business growth and infrastructure development. This can only be done by steadfastly preserving the current zoning of industrial properties, and by the City expanding its Urban Growth Boundary to increase industrial acreage.

Further, if the City considers rezoning the Three Mile Lane parcels for a use that could justify the significant costs of infrastructure, the City must first increase the number of readily buildable industrial lands in its Urban Growth Boundary to accommodate industrial needs over the next 40 years, ensuring there is no net loss of lands available for industrial uses.

Thank you for your consideration.

Respectfully Submitted,

Doug Hurl, President

Appendix E. Public and Institutional Land Need

Public and Institutional Land Needs were developed by a special work group (Public Lands Work Group) in 2019 that then presented their recommendations to the Project Advisory Committee for approval. The Public Lands Work Group solicited data and concurrence from the City of McMinnville, McMinnville Water and Light, Chemeketa Community College, Linfield College, McMinnville School District and Yamhill County.

Below is the content of a memorandum dated November 13, 2019, that was presented to the Project Advisory Committee. Where identified, this memorandum was updated to reflect the 2023 update.

Summary

Public and institutional land needs calculated separately from the employment forecast are summarized in ***Figure 1*** below, and more detailed information follows.

Figure 1. Estimated Public and Institutional Land Needs

Organization/Sector	Add'l Land Need By 2021	Add'l Land Need 2021-2041 (ac)	Add'l Land Need 2041-2067 (ac)	SUM Through 2067 (ac)	Method/Notes
City of McMinnville (non-parks), 1	0	7	4	11	4.5 ac for fire stations plus 0.26 ac/1,000 pop
City of McMinnville (parks), 2	27	365	214	606	Parks Master Plan LOS
McMinnville Water & Light	0	21	0	21	Interview, See Narrative
Chemeketa Community College	0	0	0	0	Interview, See Narrative
Linfield College	0	0	0	0	Interview, See Narrative
McMinnville School District	0	10	30	40	Interview/Memo, See Narrative
Yamhill County	0	6	8	13	Interview, 0.5 ac/1,000 pop
State of Oregon	0	1	1	2	0.08 ac/1,000 pop
Federal Government	0	2	2	4	0.14 ac/1,000 pop
Churches	6	32	44	83	2.88 ac/1,000 pop
Other	0	0	0	0	
SUM	**33**	**444**	**303**	**780**	

Note 1: Site needs for fire stations are inlcuded in 2021-2041 calculation

Note 2: Needs for 2021-2041 include current deficit

General: Figures above don't reflect additional needs if direction of growth absorbs additional sites outside UGB needed/required for services

The City expanded its UGB in 2020, including land for public and semi-public uses. ***Figure 2*** shows the need for housing and public and semi-public land needs from City of McMinnville based on the report *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*.

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase 2 after land-use efficiencies are applied.

Source: City of McMinnville, *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222. 0
Parks	254. 0
Schools	54. 0
Private Schools	1.5
Religious	47. 6
Government	0.9
Semi-public Services	22. 5
Infrastructure	2.6
Total	**605. 1**

Figure 3 compares the land need for Public and Institutional land needs through 2041 in Figure 1 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Figure 3 shows that McMinnville's UGB expansion added about 383 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Figure 3. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	254. 0	392. 0	(138. 0)
Schools (McMinnville SD)	54. 0	10. 0	44. 0
Private Schools (colleges)	1. 5	0. 0	1. 5
Religious (churches)	47. 6	38. 4	9. 2
Government (City, County, State, Federal)	0. 9	15. 5	(14. 6)
Semi-public Services (Water & Light)	25. 1	21. 0	4. 1
Total	383. 1	476. 9	(93. 8)

Background

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. At a previous meeting, information was presented about public and institutional organizations and lands. Preliminary data was presented about calculations using a ratio of acreage per 1,000 population that can be used to forecast site needs. However, this method isn't always applicable to each of these entities.

Following the September 5, 2019 PAC Meeting #2, staff held meetings with representatives of public and institutional organizations to discuss land needs and methods. This memo summarizes the results of the meetings and summarizes some information discussed at the last PAC meeting.

<u>City of McMinnville</u>

- **General, Misc. City Departments: (Administration, Office, Police, Public Works, Fleet, Library, Recreation Buildings, etc.).**
    - Planning staff met with representatives from respective City departments to discuss land needed by the City of McMinnville. Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.
    - The City Manager indicated that a ratio of current acreage per 1,000 population would likely over-estimate the City's future land needs. Given existing facilities and site arrangements, there are opportunities to consolidate facilities, redevelop/expand onto existing city sites, use land more efficiently, grow into more recent expansions that retain capacity, etc.
    - With a forecast population of about 48,000 in 2014 and 63,000 in 2067, it is not expected that the City would grow to a size that would necessitate substantial branch facilities or satellite locations during the planning period (such as a library branch etc.).
    - The City Manager and Engineering Staff suggested that base year acres/1,000 population data from cities of approximately 48,000 population and 63,000 population corresponding to the future panning horizon year population for McMinnville might help inform ratios associated with McMinnville's future land needs.
    - Data for cities of approximately 48,000 and 63,000 population was analyzed for comparison. ***Figure 4*** shows a summary of data for comparison cities – including cities for which data was not available. As noted above, the City Manager and Engineering Staff suggested that a straight-line ratio of acres per 1,000 population might overestimate needs. Therefore, staff used only the portion of City lands with facilities exclusive of the airport, floodplain, and utility sites for estimating additional City land needs. (Parks were calculated separately). Approximately 18 acres of the 83.1 City acres is non-utility facilities. Only that portion was used for calculating future needs. That portion had a 0.51 ac/1000 population ratio. Since it was assumed a straight-line extension would overestimate needs, staff used half of that ratio (0.25 ac/1000 population), and the specific information for fire station sites noted below was added to that estimate.

Figure 4. Ratio Information Available from Other Cities

City	Ratio (acres per 1,000 pop)
Redmond 2005 (total)	110 ac/1000 (calculated) 10 ac/1000 (assumed need)
McMinnville 2019 (less parks, airport, floodplain)	2.38/1000
McMinnville, 2019 (less parks, airport, floodplain, utility sites)	0.51/1000
Corvallis	No additional land need identified, didn't list ratio
Albany	Not readily available
Springfield	Not readily available
Medford (less parks)	1.5/1000

- **Fire:**
  - The Fire Department anticipates transition from a single downtown station to three satellite stations at approximately 1.5 acres each: (1) Baker Creek/Hill Road area, (2) Airport area, (3) Northeast area. The estimated need would be about **4.5 acres for three substations.** There could be opportunities to co-locate police substations at sites. There is potential that they could be co-located on sites with other uses. The NE station may be within the current UGB or may be further to the northeast. There is potential for the current station to be re-used for other municipal or other uses.

- **Police:**
  - **No specific plans for new facilities.** Their needs can be accounted for as part of the overall City need using the same methods.

- **Airport:**
  - **No additional land needs identified.**

- **Sewer:**
  - **Treatment: No additional land needs anticipated.** The City owns 5 tax lots with approximately 70 acres east of the UGB where the sewer treatment plant is sited. No additional land need is anticipated. There is capacity to expand the treatment plan on the existing site. If there is a UGB expansion to east which includes this area, these properties won't be available for buildable land for other uses.

- **Collection System: No significant additional land demand is assumed outside of the public right-of-way, so no calculation has been added or assumed for this de minimus need.** Minimal needs for future pump stations may be needed for new development. Site needs for small pump stations are similar to or smaller than a residential lot. The land needs for these facilities are relatively small and no additional acres are proposed. Depending on direction of growth, there could be needs for larger pumping facilities.

- **Parks:**
  - The Comprehensive Plan includes the following policies:
    - **159.00.** The City of McMinnville's Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects
    - **163.05.** The City of McMinnville shall locate future community and neighborhood parks above the boundary of the 100-year floodplain
    - **170.05**. For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used
  - The Master Plan level of service (LOS) standard is 14 acres/1,000 persons.
  - The 2017 UGB population was 34,293.
  - The City has approximately 273 acres of developed park land and 76 acres of undeveloped park land, totaling about 349 acres.
  - The 2017 need was approximately 480 acres; there's a deficit of approximately 207 acres of developed park land.
  - Need for 665 total acres by 2041 (an additional need of 185 ac, or total of 392 ac with the current deficit
  - Need for 879 total acres by 2067 (an additional need of 399 ac, or total of 606 ac with the current deficit.
  - Absent joint use agreements with other entities for public use of facilities consistent with the needs identified in the Park Master Plan, park sites and recreational facilities that aren't city-owned aren't assumed to meet the LOS for developed park needs. If there are separate standards for open space, that may be evaluated.

Note: Mark Davis, a member of the Project Advisory Committee wrote a memo for the committee to consider on park land need, which is attached at the end of this appendix.

- **Other (stormwater):** While no specific need was identified, there was a sense that stormwater detention and water quality standards would likely increase the amount of land that will need to be dedicated for on-site stormwater management (detention and treatment) as best practices seek to manage stormwater close to "where the rain hits the ground" to reduce peaking of down stream flows and conveyance of sediment and/or contaminants in runoff. These sites may be privately or publicly owned and maintained, but should be accounted for.

- **Other (transit related):** There was a sense that, as the community grows and the transit system expands and matures, it expected that there will be a more robust transit system with some additional land needs.

Planning Staff met with representatives of the following organizations regarding their future land needs.

<u>McMinnville Water & Light (MWL):</u>
Estimated need of 21-24 acres for the 20- and 46-year periods, plus additional location/development specific needs

- General: It is estimated that in addition to sites already owned by MWL, they will need approximately 21 additional acres for power and water, and may have additional needs that are dependent on specific growth characteristics and developments. Some users require an on-site substation that requires a site and land. If growth occurs to the west further upslope into the west hills, that might include the 3-acre reservoir site needed to serve water pressure Zone 2, and could necessitate an additional reservoir/site if growth continues far enough upslope to result in a Zone 3 service area.

- The additional 21-acre need includes 16 acres for a treatment plant and pumping facilities which could co-locate with a power substation in the easterly portion of the UGB; an additional 2 acres in the easterly UGB area for power, and an additional 3 acres in the westerly UGB for additional storage for fire flow.

<u>Yamhill County</u>

- Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.

- The acreage per 1,000 population estimate is a reasonable method, first deducting the fairgrounds property before calculating the ratios. The Fairgrounds is approximately 36 acres of a 44-acre site.

- Current county-owned sites don't allow for much incremental on-site expansion, so additional capacity would likely require redevelopment or expansion onto additional land.

- Transit may have a need for expanded bus parking/storage area that doesn't require new structures

- Locational analysis: The County Parks Master Plan identifies potential lands for parks at key locations in proximity to McMinnville near confluence areas shown on vision map in the Master Plan)

- The County owns approximately 44 acres in the UGB, including the Fairgrounds. The 36-acre Fairgrounds site includes other uses including County Public Works, which occupies about 7 acres. Therefore, approximately 29 acres of County-owned land was deducted for the Fairgrounds before calculating the ratio of acres per 1,000 population, leaving 16 acres remaining, which is approximately 0.5 acre/1000 population.

Chemeketa Community College

No new land needs. Chemeketa Community College sold the property they previously owned, the former campus site, on Hill Road. Their McMinnville campus on Norton Lane houses their facilities as well as commercial and office tenants. For planning purposes, Chemeketa doesn't anticipate new land needs beyond their current ownership, and doesn't anticipate displacement of tenants.

Linfield College

No new land needs. Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.

McMinnville School District

In addition to existing schools, the School District owns three reserve sites for future schools. Below is a summary of needs in addition to existing schools and reserve sites. In addition to these sites, the School District estimates it will need 40 additional acres for future school sites, with 10 of those additional acres needed between 2021 and 2041, and 30 of those acres needed between 2041 and 2067. ***See Attachment 1***.

2021-2041

- The need is for one additional 10-acre early learning center site.

2041-2067

- The need includes one additional 12-acre elementary school site.

- The need includes an additional 18 acres for a new high school, in addition to the 42-acre site on Hill Road, whether that site could be added to for a total of 60 acres or whether that site would be sold and a new 60-acre site acquired.

Other Land Needs

Other public and semi-public land needs presented in ***Figure 1*** which aren't part of the employment forecast were calculated using the ratios in ***Figure 5.***

Figure 5. Other Existing Ratios for McMinnville, 2019

Public/Semi-Public Use	Tax Lots	Acres	Acres/1000 persons	Percent of Acres
State	**4**	**2.92**	**0.08**	**0%**
State	4	2.92	0.08	0%
Federal	**5**	**4.96**	**0.14**	**0%**
Federal	5	4.96	0.14	0%
Religous/Cemetary	**76**	**104.23**	**2.98**	**6%**
Church	64	100.53	2.88	6%

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed $50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over $100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, $9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

ATTACHMENT 1

McMinnville
School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: (503) 565-4000 Fax: (503) 565-4030

MEMO

DATE: November 14, 2019
TO: City of McMinnville Public Lands Work Group
From: Susan Escure, McMinnville School District Finance Director
Subject: Land Needs Assessment - Public Schools

Introduction

Currently the District does not have an adopted plan for school facility needs for the periods going out the 50 years needed by the urbanization study. The District is in the process of updating our Long-Range Facilities Plan which will not be formally adopted until next year. In 2017, The District contracted with Flo Analytics to prepare a 5 year and 10 year enrollment forecast with a more in depth study of enrollment within our elementary boundaries. This study provided information for our most recent boundary changes adopted for the 2019-20 school year. The following land needs assessment is based upon a combination of the demographer report, our internal enrollment projections and decisions made as part of our 2016 capital bond project.

Flo Analytics Enrollment Forecast

Our demographer's forecast was limited to 10 years. However, it did take into account planned developments within the District. The District is projected to capture 84.4% of the District population of all school-age children. Overall average student yield factors applied to new housing development are 0.45 students/Single Family Unit and 0.20 students per Multi-family Unit. The following is a summary of their 5-year and 10-year forecast:

October 1	2017	2022	2027
Elementary	3,047	2,969	3,103
Middle School	1,541	1,587	1,550
High School	2,176	2,347	2,159
Total	**6,764**	**6,902**	**6,813**
% increase over 2017		2.0%	.7%

Internal Projections

The District uses a 3 year or 8 year average cohort survival rate to forecast increases in enrollment for grades 1-12. The increase in these grades are due to in-migration and enrollment of students from private schools and home school as they age. This cohort survival rate across all grades = 2% increase in enrollment annually. Kindergarten enrollment is based on a historic average capture rate of 40% of the county births five years prior. For 2025 and after, the kindergarten enrollment increase is projected at 1%. Student enrollment counts are attendance-based not residence-based. Enrollment includes intra-district transfers from neighboring districts. Additionally, the enrollment projection includes attendance of all District students, not just those located within the City of McMinnville.

Land Needs Assessment - Public Schools (continued)

October 1 Enrollment Projection	2017	2019	2021	2041	2067
Elementary	3,047	2,885	2,883	3,281	4,252
Middle School	1,541	1,686	1,596	1,650	2,138
High School	2,176	2,130	2,251	2,263	2,934
Total	**6,764**	**6,701**	**6,730**	**7,194**	**9,324**
(Decrease) Increase over 2017		(63)	(34)	430	2,560
% (decrease) increase over 2017		(0.9%)	(0.5%)	6.4%	37.8%
Average Annual Growth Rate		(0.5%)	(0.1%)	0.3%	0.8%

Capacity

The following capacity estimates are based on current class size and programs. If future funding allows the District to substantially decrease class size or increase programs, these capacities would be less. Additionally, classroom modulars are used at some school sites and they are included in the calculation of our current capacity. The District foresees the need to add on to the current school sites to increase classroom space for additional programs and replacement of classroom modular before adding schools for enrollment growth, especially at the elementary level.

Property held for future school sites:

Hill Road & Cottonwood Drive	11 acres	Future Elementary Site
McDonald Lane, next to Grandhaven	26 acres	Future Middle School Site
Hill Road property	42 acres	Future High School Site

Elementary School Capacity

Elementary schools are configured for grades K through 5 with a capacity of 600 each. Currently there are six elementary schools which totals a maximum capacity of 3,600. For purposes of this land needs assessment, we are assuming a per school capacity ranging from 550 to 600 to account for pre-school and/or additional program needs.

Elementary school sites are on average 10 to 12 acres. The District currently holds property at Cottonwood and Hill Road for a future elementary site. The District would need to purchase one more 8-10 acre site by end of 2067 according to this projection.

Middle School Capacity

We currently have two middles schools with a maximum capacity of 900 each configured for grades 6-8 for a total capacity of 1,800. There is a wave of larger cohort classes in middle school currently, however, future cohorts entering middle school are expected to decrease and remain lower until 2041 – 2067.

The desired middle school is approximately 20 acres. The District currently holds 26 acres on McDonald Lane adjacent to Grandhaven Elementary for a future middle school site. No additional acreage is needed for a middle school site before 2067.

Land Needs Assessment - Public Schools (continued)

High School Capacity

Our current high school configuration after the 2019 Addition has a maximum capacity of 2,800 students. Approximately 160 students are served off site at the alternative program at Cook School and the online program at Adams Campus   Based on this projection, the high school would not reach maximum capacity until 2060-65.

In 2015, the Long Range Facilities Task Force recommended to the School Board to continue the High School Master Plan proposed in 2006 to the voters which included a plan to rebuild the high school at the current site over three phases. The first phase was completed in 2010, the second phase was just completed in 2019 with the addition of a Career Technical Center. Although many constituents desire two small high school versus one large high school, current school funding does not cover the cost of operating two high schools. (Operating costs include costs such as: utilities, maintenance, administration and support staff). The high school enrollment would need to grow to almost 3,000 in order for the District to afford the operation costs of two comprehensive high schools (1,500 each).

During this planning period, the committee also looked at building a new high school at the Hill Road location and repurposing the current high school property. The committee decided against this for several reasons: 1) the District would need to ask voters for a significant increase over the current school capital bond rate, 2) the Hill Road site is only large enough for a high school of 2,300-2,500, which could be outgrown before the District could afford a second high school, and 3) the Committee felt that the District should continue with the plan that the voters had already approved in 2006.

The District currently holds 42 acres on Hill Road as a future high school site. A larger site of closer to 60 acres may be more desirable in order to include additional space for career technical programs. In addition, satellite sites may be needed for increased professional technical classes such as home construction or HVAC certification.

Summary

Based on our enrollment projections as described, the District projects the need for the following additional school buildings during the periods 2021-41 and 2041-2067.

Number of Schools	Current	2021-2041	2041-2067
Elementary & Early Learning Center	6	+1	+ 2
Middle School	2	0	+ 1
High School	1	0	+ 1
Total	**9**	**+1**	**+ 4**

After taking into account current property held for future use, the District projects the following land needs:

- **An additional site of 10 – 12 acres for an Elementary School.**
- **A larger 60 acre high school site for a second high school.**
- **An additional 8-10 acre site for an Early Learning Center.**

Linfield College

[illegible]
[illegible]
McMinnville, OR 97128-6894
[illegible]

January 16, 2020

To: Tom Schauer

Subject: Land Needs Summary Memorandum Dated November 13, 2019

As requested per your email January 16, 2020, this memo confirms the information below which summarizes Linfield College's response per the Land Needs Summary Memorandum dated November 13, 2019.

No new land needs. *Linfield College doesn't anticipate new land needs beyond their current ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.*

MA Rodriguez

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August 30, 2023

McMinnville Planning Commission
Heather Richards, Planning Director
230 NE Second Street
McMinnville, OR 97128

Re: Housing Needs Analysis and Economic Opportunities Analysis

Dear Planning Commissioners and Staff,

1000 Friends of Oregon is a non-profit, charitable organization dedicated to working with Oregonians to support livable communities. Friends of Yamhill County (FYC) works to protect natural resources through the implementation of land use planning goals, policies, and laws that maintain and improve the present and future quality of life in Yamhill County for both urban and rural residents.

Our organizations' memberships include McMinnville residents who support the mission and values of the Oregon land use programs and we have been active participants in McMinnville's long-range planning activities for many years. We support efforts to actively plan for and shape the community's future and continue to maintain a keen interest in the outcome of these efforts. To that end, we served on the city's project advisory committees that reviewed various drafts of the draft *McMinnville Urbanization Report, Housing Needs Analysis* (HNA) and *Economic Opportunities Analysis* (EOA). The city proposes to adopt these documents in the context of sequential Urban Growth Boundary (UGB) amendment. We offer the following comments.

We appreciate the hard work and dedication of everyone involved in putting together these documents. Over the last 25 years, we have seen a vast improvement at every level in the city's approach to land-use planning, and those improvements are reflected in these documents. It is our expectation that they will also be reflected in subsequent efficiency measures the city will adopt to accommodate future land needs. The changes to the HNA and EOA that we suggest below will result in plans that better serve the needs of those who live and work in McMinnville- both now and in the future.

These comments are based on June 2023 drafts of the HNA and EOA. Post-Project Advisory Committee drafts were not available in time to review for submission of timely comments.

I. General Comments

McMinnville's residential minimum lot sizes are significantly larger than similar Willamette Valley cites. We first raised this issue over 20 years ago. These larger minimum lot sizes increase housing costs, increase costs to provide infrastructure, and increase pressure to expand on to farmland. Addressing this issue is overdue, and we will provide supporting data at the appropriate time.

Unfortunately, the flaws in the HNA and EOA will prevent it from meeting the needs of both present and future residents. These are not new issues; almost all of the issues raised in this letter have been previously raised in this planning process.

Strikingly, compared to the city's recent UGB expansion, completed in 2020, the new HNA actually calls for reduced density – 5.46 units per acre, down from 5.7. The draft EOA calls for a far greater percentage of new, vacant land to accommodate job growth – 95% vs. 83% in the 2013 EOA, and 83-87% in the 2001 EOA. The new EOA is also based on a reduction in commercial jobs per acre assumptions – 23 per acre, down from 26 in the 2013 EOA.

McMinnville's UGB has 792 acres of urbanizable land beyond the city limits that is plan-designated urban holding. The HNA assumes that 383 of these acres, roughly half, will be parks, schools and institutions. This assumption is primarily based on old parks plan that proved wildly unrealistic and covered a prior planning period that ended in 2019.

Finally, the HNA and EOA are based on an outdated population forecast from 2017 that is much higher than the most recent forecast, which was released in June 2020 – over three years ago. This adds significantly to McMinnville's land needs. By our rough calculations, the hundreds of acres added to McMinnville's UGB in 2020 would suffice through 2041, were it not for the use of the older forecast.

Goal 2 requires the plan have an adequate factual base that is grounded on up-to-date data and information. In some cases, the HNA and EOA lack this adequate factual base.

Detailed comments are provided below.

II. Housing Needs Analysis (HNA)

1. Capacity of lands designated Urban Holding and projection of future park needs

Per Exhibit 10 of the HNA (p. 17), McMinnville's UGB has 792 buildable acres of urbanizable land beyond the city limits that is plan-designated urban holding (UH). Thirty-nine of these acres are set aside for commercial uses, leaving 753 for residential uses.

The HNA assumes that 383 of these remaining 753 acres, roughly half, will be parks, schools and institutions. There is not an adequate factual basis for this assumption. It is primarily based on an old parks plan that proved wildly unrealistic and explicitly covered a prior planning period that ended in 2019. The McMinnville Urban Growth Management Plan, which covered a period ending in 2023, is also cited. They cannot be relied upon to justify land needs through either 2041 or 2067.

The city cannot merely carry old assumptions forward without justification. As part of this plan amendment process, the city should, and is obligated to, reexamine old assumptions from prior planning periods to determine whether they are still valid and justified. There is no evidentiary justification provided for this assumption.

Coupled with the HNA's right-of-way assumption of 25% for streets and roads, this leaves only 296 net buildable acres to actually accommodate housing.[1] While only 296 net acres are assumed to develop as housing, 456 acres are assumed to be streets, parks, schools, and institutions (74 acres for streets and 383 acres for parks, etc.).

As a comparison, the safe harbor provision in OAR 660-024-040(10) provides, "a local government may estimate that the 20-year land needs for streets and roads, parks and school facilities will together require an additional amount of land equal to 25 percent of the net buildable acres determined for residential land needs." The HNA instead estimates an additional 154%, not just for the land that is designated UH, but for all residential land through 2067.

A city is not obligated to use a safe harbor, but it must have an adequate factual basis to support the assumption it uses. There is no evidence the record to support the city's assumption.

The now-expired parks master plan covered the planning period from 1999 to 2019 (excerpt in Attachment A) It called for the city to acquire 14 acres of parkland per thousand population over the planning period. As noted above, this proved to be wildly unrealistic.

We believe the city added roughly 50 acres of parkland between 1999 and 2019, the time frame covered by the now-expired parks plan. (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills). The city's population grew by roughly 10,000 people over the same time frame. If this is correct, the city added roughly five acres of parkland per 1,000 people.

The city could, at minimal time and expense, use the safe harbor in OAR 660-024-040(10) to estimate the 20-year land needs for streets and roads, parks and school facilities.

Alternatively, the city could determine the actual amount of parkland that the city acquired over the last 20 years, calculate the ratio to population growth over that same time period, and determine future park needs by applying that same ratio of growth going forward.

2. Residential Density

Compared to the city's 2020 UGB expansion, the draft HNA is actually based on a lower density: 5.46 units per acre (HNA, p. 102) – down from 5.7. We question whether the record supports a reduction in planned development density since the UGB analysis was completed and we do not believe that the city's housing need will be better met through a reduction in planned density.

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[1] The calculations are as follows: 296 acres x 25% = 74 acres. 296 acres +74= 370 acres for housing and streets. 370 acres for housing and streets + 383 acres for parks, etc. = 753 acres.

Another option, which could be used at minimal expense and time to the city, would be to use the density safe harbor in OAR 660-024-0040(8)(f). This would result in an overall residential density target of eight units per acre.

3. Housing Needs for All City Residents

The HNA only looks at the housing types *new* residents will require, but there is a current deficit of affordable housing types that needs to be addressed. This deficit resulted in part due to a lack of land zoned R-4, the only residential zone that allowed apartment construction. The following table shows data from the draft HNA, demonstrating the housing mix at the end of the 20-year planning period. (There are minor rounding errors.)

Type	Existing #	Existing %†	New #‡	New %‡	2041 #	2041 %
SF detached	8,900*	68	2,561	55	11,461	64.6
SF attached	1,178*	9	559	12	1,737	9.7
Multifamily	3,010*	23	1,537	33	4,547	25.6
Total	13,089		4,657		17,746	

* Calculated by multiplying the total number of existing dwelling units (HNA p. 29) and the reported existing mix

† HNA Exhibit 16, p. 29

‡ HNA Exhibit 85, p. 95

What looks like a significant change in the housing mix for new development really makes a fairly small change to the overall mix for the city in 2041. If the city really wants to provide needed housing, it will need to be more aggressive in allowing higher-density types.

A housing needs projection is not intended to consider only *new* residents of the city. OAR 660-008-0005(6) provides:

> *"Housing Needs Projection" refers to a local determination, justified in the plan, of the mix of housing types, amounts and densities that will be:*
>
> *(a) Commensurate with the financial capabilities of* ***present and future area residents*** *of all income levels during the planning period;*
>
> * * *

(Emphasis added)

The mix of housing types, amounts, and densities in the Housing Needs Projection purports to be adequate to meet the needs of future residents, but is insufficient to meet the unmet needs of *present* residents. We believe this does not satisfy Goal 10 and its implementing rules. These require the city to meet the housing needs of *all* residents, not just new residents. Regardless, moral imperatives suggest the city should do more. The city could, at minimal expense and time, use the density safe harbor in OAR 660-024-0040(8)(f). This would result in an overall residential density target of eight units per acre and better meet the needs of all residents, both present and future.

4. Capacity of C-3 Land to Provide High-Density Housing

Apartments and upper-story residential are outright permitted uses in the C-3 zone. They are not subject to denial through a conditional use process. Nonetheless the HNA states (p. 109), "this analysis assumed no residential capacity on current C-3 areas after 2021."

This assumption has already been proven to be false. The August 17, 2003, meeting of the planning commission considered the siting of a 175-unit apartment complex called Stratus Village on 6.5 acres of land zoned C-3 (see Attachment B). Testimony during the meeting indicated that another large apartment complex is also planned just south of this site under the same commercial zoning and will be coming before the planning commission in the near future.

For the past 20 years or more, there has essentially been no land available on the open market to site large apartment complexes on land zoned R-4. Independent developers wishing to construct such projects have repeatedly been forced to use land zoned C-3. For example, the area just south of the shopping center at Highway 99W and Lafayette Avenue is commercially zoned land that has been converted over time into three apartment complexes with about 200 units.

The density achieved in the C-3 zone is indicative of the kind of density that will happen in the R-5 zone once available land is placed in that zoning category. Currently, the city has no land zoned R-5. Unfortunately, it appears it will be another five to seven years before any significant amount of the land will be zoned to R-5.[2] In the interim, land zoned C-3 will continue to be used to achieve the high-density development called for in the HNA. This document and the Economic Opportunity Analysis should be amended to reflect this development of permitted uses in the C-3 zone.

5. Group Quarters

A significant portion of McMinnville's population is housed in group quarters, principally assisted living and other care facilities, college dorms, and the jail. The draft HNA fails to adequately address needed housing for this population.

The final draft HNA (p. 85), in contrast to an earlier draft, does not quantify future growth in group quarter population and improperly assumes that future growth in group quarter population will be met through the same mix of housing types and zones as the rest of the population. The HNA states:

> *The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters… [W]e assume that group quarters will be met through the same land needs as the net new population without allocating housing*

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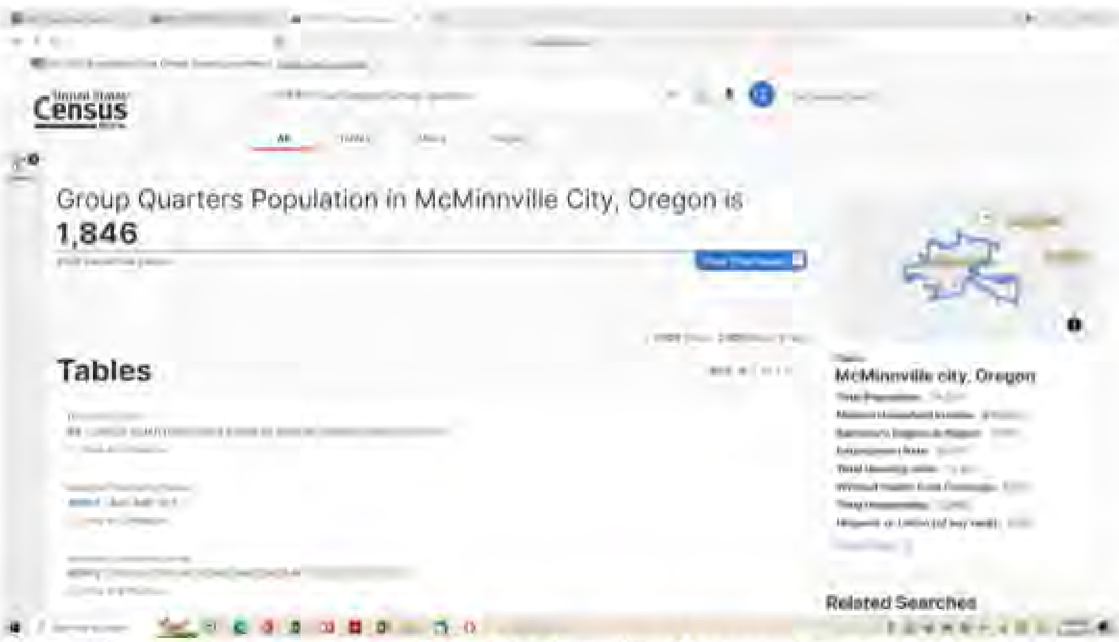
[2]At the July 26, 2023 meeting of the Affordable Housing Committee the McMinnville Community Development Director said the planning process to prepare the land in the Southwest Area for construction activity would take another five to seven years.

to group quarters separately…This assumption does not mean that we are assuming zero group quarters for the planning periods.

There is not an adequate factual base to support this assumption. As the HNA acknowledges, group quarters are typically built at multi-family densities. There is no evidence to support the conclusion that they have the same land needs as the rest of the population (i.e., 55% single-family detached, 41% high-income, overall density of 5.46 units per acre through 2067).

Moreover, the share of McMinnville's population housed in group quarters is growing – from 5% in 2017 to 5.4% in the 2020 census.[3]



Source: https://data.census.gov/all?q=McMinnville+Oregon+Group+quarters

Roughly half of McMinnville's group quarter population is housed in nursing facilities and assisted living facilities.[4]

Growth in the group quarter population is consistent with the HNA findings that:

> *Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.* (HNA, p. 91)

And:

> *Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-*

[3] The 2020 census shows that McMinnville had 1,846 persons housed in group quarters, out of a total population of 34,319. This is 5.4% (1846 ÷ 34,319 = 5.4%)

[4] https://data.census.gov/table?q=McMinnville+Oregon+group+quarters See also information on assisted living and other care facilities in McMinnville in Attachment C.

> *living facilities or age-restricted developments… or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines.* (HNA, p. 92)

The assumptions in the current draft HNA (no separate forecast of group quarter population or allocation of housing) are markedly different from the assumptions used in the March 2019 draft HNA. That prior draft assumed that 5% of future population would be housed in group quarters at approximately the same density as multi-family housing.[5]

The changed assumptions in the current draft HNA are not based on the most recent available census data, lack an adequate factual base, and will not provide needed housing for the share of McMinnville's population that will be housed in group quarters. McMinnville should instead base its group quarter assumptions on the most recent census data and on the prior assumption that persons in group quarters require land at approximately the same density as multi-family housing.

6. Right-of-Way

The HNA assumes that 25% of all residential land, regardless of housing-type will be consumed by streets and roads. This is significantly more than the safe harbor provision in in OAR 660-024-040(10). The city is not obligated to use a safe harbor, but if it does not, it must have an adequate factual basis to support the assumption it uses.

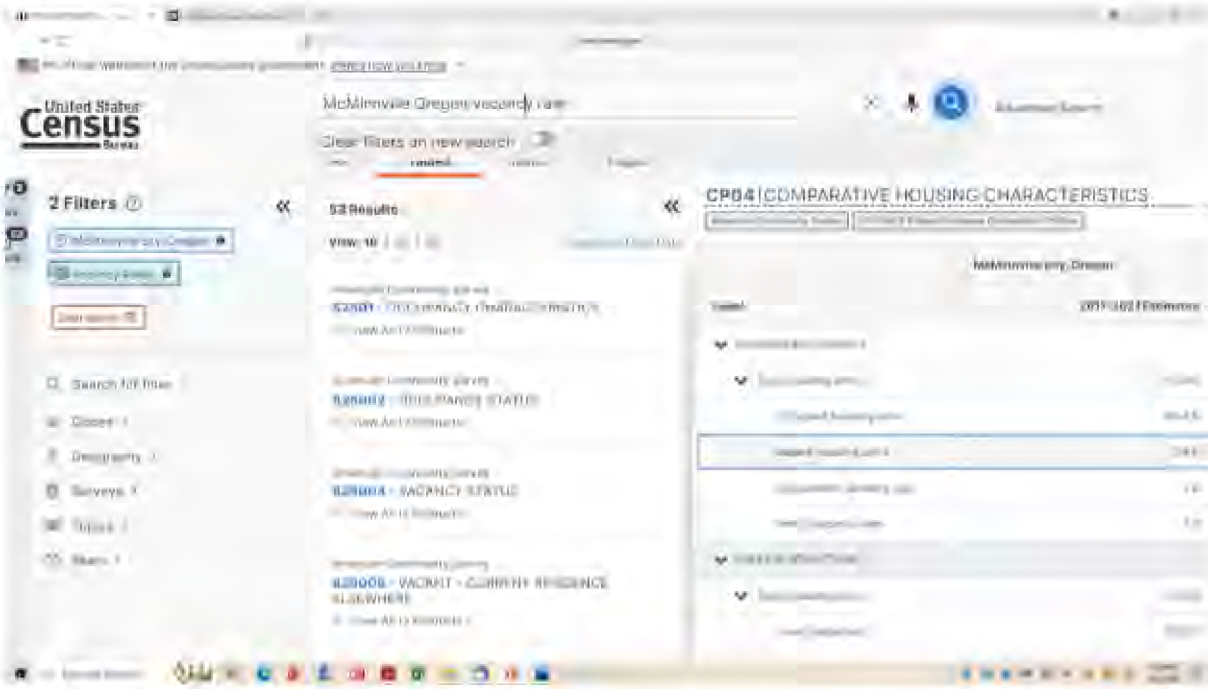
The record does not include an adequate factual base for the assumption.

We raised this issue in the Project Advisory Committee meetings several years ago. At the time we were told that it was based on empirical evidence, but that evidence is not in the record and our efforts to see that evidence have been unsuccessful as of this writing.

7. HNA Safe Harbors

The draft HNA employs safe harbors for calculating household size and vacancy rate, as the city is entitled to do. The administrative rules for these safe harbors (OAR 660-024-0040(8)(a) and (e), respectively) state that the HNA must use "the most current data ... published by the U.S. Census Bureau." The draft HNA uses the 2013-2017 American Community Survey estimates, even though the current 2017-2021 estimates are available. The differences in household size are negligible (2.55 persons per household vs. 2.57, but the difference in vacancy rate is significant – 3.6% in the most current data vs. the 5.4% vacancy rate in the outdated data. See U.S. census data below.

[5] See excerpt from March 2019 draft HNA in Attachment D.



Source: https://data.census.gov/table?q=McMinnville+Oregon+vacany+rate&tid=ACSCP5Y2021.CP04

III. Economic Opportunities Analysis (EOA)

1. Refill, Redevelopment and employment on non-employment land

The EOA fails to adequately account for employment that will occur on non-employment land (primarily residential land), and uses very low refill and redevelopment rates.

The 2001 EOA used rates of 13-17% to account for jobs that would occur on non-employment land or through refill and redevelopment on existing employment land.

The 2013 EOA used a rate of 17% to account for jobs that would occur on non-employment land or through refill and redevelopment on existing employment land.

The DLCD Goal 9 handbook (p. 2-28) suggests a 10-15% rate *just* for existing employment land, with additional reductions for employment that will occur non non-employment land.

The draft EOA uses a rate of 5% to account for jobs that would occur on non-employment land or through refill and redevelopment on existing employment land; an assumption that 95% of all new jobs will require new vacant employment land. From p. 85:

> ***Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.***

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites.
(Emphasis in original)

We note that although the PAC recommendation only included refill and redevelopment, the EOA extends that to include new employment that will be accommodated on non-employment land.

The record does not include an adequate factual basis for this very low 5% rate. The empirical data in Appendix B applies *only* to refill and redevelopment and does not account for job growth on non-employment land. At a minimum, this includes:

- Home Occupations – Nationally, the percentage of persons working exclusively at home climbed from 4.8 in 1997 & to 6.6% in 2010.[6] This grew to 9.7% in the most recent census data.[7] In Oregon, 12.5% of all workers worked from home and in McMinnville, the figure was 8.2%[8] Home occupations alone far surpass the 5% rate the EOA used for refill, redevelopment, *and* jobs on non-employment land.

- The large number of employees at assisted living and other care facilities. Every assisted living facility in McMinnville is located on residential land so are almost all the memory care and skilled nursing facilities. All of these facilities are currently posting job openings and virtually all are currently advertising for employees.[9] The demographic information on pp. 91-92 forecasts a growing demand for these facilities. Further, these facilities are staffed 24 hours per day, requiring a larger work force per acre than the typical commercial operation. The assumptions fail to account for these jobs that will locate on residential land.

- Day Care Centers

In addition, the comparison cities in Appendix B (EOA, p. 123) do not support the use of a 5% rate. With the possible exception of Newberg, they all used rates of 10% to 20%; double to quadruple the rate used in the draft EOA:

- Ashland used a rate of 20%

- Corvallis used rates of 11% to 29%

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[6] https://www.census.gov/library/publications/2012/demo/p70-132.html
[7] https://www.census.gov/acs/www/about/why-we-ask-each-question/commuting/
[8] https://www.census.gov/acs/www/about/why-we-ask-each-question/commuting/
[9] https://data.census.gov/table?q=McMinnville+Oregon+group+quarters See also information on assisted living and other care facilities in McMinnville in Attachment C.

- Redmond used a rate of 10%. Their new 2020 EOA uses rates of 9.9% to 10.4% for jobs on residential land only, exclusive of jobs that will be accommodated on existing employment sites.[10]

- Grants Pass used a rate of 10%

- Albany, listed as 0%, used a rate of 10%[11]

- Newberg is listed at 5%, but we are unable to locate that figure. Their new 2021 EOA uses a combined rate of 25.8% for commercial jobs (15.8% on residential land and an additional 10% accommodated on existing employment sites.)[12]

The evidence does not support the assumption that 95% of all new jobs will require vacant employment land. This assumption lacks an adequate factual base.

2. Other Needed Employment Sites

The section of the EOA titled "Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)" (pages 89-96) attempts to justify a need for eight uses mentioned in the MAC-Town 2032 plan that are supposed to need an additional 49 acres beyond that calculated by traditional uses for commercial and industrial land. These are all low-job-density uses.

An economic opportunities analysis examines trends and needs over a 20-year period and concludes, in a general way, what the needs of the city are going to be. An EOA is not an appropriate tool for designating land need for specific, individual uses. There is no mechanism to ensure that the "other needed sites" would ever be established, so if the 49 acres were added to the UGB it would be surplus land, in conflict with statewide Goal 14.

Additionally, the general employment land-need conclusions in the EOA were calculated using employee-per-acre assumptions (pages 86-87) derived from real-world data for the city (EOA Appendix B). There are already low-density employment sites in the city, so the land-need calculations already account for such uses. If the city proceeds with these exogenous sites, the employment density assumptions need to be adjusted to only include higher-density sites.

Moreover, several of these uses would be publicly owned and occur on public land.[13] Their inclusion is inconsistent with other language in the EOA (p. 84), stating that, "employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately."

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10 See p. 30 at https://www.redmondoregon.gov/home/showpublisheddocument/24337/638104079529430000

11 See page 11 at https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/9482/Albany_Economic_Opportunities_Analysis_2007.pdf See also McMinnville's 2013 EOA, p. 85

12 See EOA p. 34 (p. 46 of 117) at https://www.newbergoregon.gov/sites/default/files/fileattachments/community_development/page/27751/res3728.pdf

13 These include Community Center, Conference Center, Arts and Cultural Center, Public Market, and the Outdoor Stage

The first three projects in the list are all recreation-related and could be easily accommodated on the hundreds of acres of land brought into the UGB in 2020 based on a parkland justification. The new community center/pool discussion started by the MacPac process has noted that this facility would be enhanced by placing it adjacent to a public park site that it could share parking with. There would be a similar synergistic impact by siting the other two projects in conjunction with parks.

The Evergreen entries (items 4 and 5) do represent some unique features not typically included in commercial land. However, the Evergreen Master Plan does include projects like a hotel/lodge that clearly would impact the need for other such land need covered by the EOA. The entire Master Plan 27 acres should be reviewed to differentiate between the land needed for traditional commercial activities and the unique ones. Land need as site-specific as these should be added through a quasi-judicial UGB amendment rather than through a legislative, city-wide analysis because the alternative sites analysis for a legislative UGB amendment would probably not result in the site being a high enough priority to be included.

The Conference Center proposed in item 6 was presented to the City Council in 2018, and it chose not to move forward with it. Perhaps it will be revived someday, but funding seems unlikely.

The Food Hub and Public Market (item 7) seems like a potential outgrowth of our current weekly farmers' market. However, to be large enough to justify 3.5 acres, it is going to have to generate considerably more business. If it does, it is going to impact the demand for traditional grocery store purchases, reducing the land needed by that sector. The net impact on land needed for food purchases, if any, would be minimal.

Finally, the Makerspace/Innovation Hub/Fabrication Center is small enough (two acres) that there is no rational need to include it as a special use.

We recommend the city delete the these "other sites" and the 49 acre land need from the EOA.

3. Retail Leakage

The draft EOA purports to base its employment forecast and need for employment land on the population-based safe harbor under OAR 660-024-0040(9)(a).[14] See EOA pp. 81-82. However, the draft EOA does not do this. Instead, it takes the safe harbor forecast and then adds another 280 employees to it, based on the dubious notion of "retail leakage." See EOA pp. 87-89 and Exhibit 57 at p. 89.

The city cannot have it both ways. It can either use a safe harbor forecast or not. The safe harbor rule does not provide for a city to add additional employees beyond the safe harbor forecast.

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[14] (a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:
* * *
(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

The city could, at minimal time and expense, rely upon the safe harbor by eliminating the additional employees and land need from the EOA.

IV. Buildable Lands Inventories

1. Removal of vacant and partially vacant land based on ownership

The Buildable Lands Inventories (BLI) in both the HNA and EOA exclude all vacant and partially vacant land that is owned by tax-exempt institutions, even though it is not publicly owned. These are principally a 20-49 acre site owned by Linfield University that is zoned for commercial uses, and residentially zoned land owned by churches.

For the commercially zoned land (Linfield), this is inconsistent with OAR 660-009-0015(3):

> 660-009-0015(3): *Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries* ***must include*** *an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.* (Emphasis added.)

The commercially zoned Linfield land, if not sold, will presumably accommodate student housing (group quarter population) and classrooms and offices (employment growth), or both.[15] Even if a presumption of no development could be justified over a 20-year period, to assume no accommodation of housing or employment on this vacant land through 2067 is not supportable.

For the residentially zoned land (church-owned land) this is inconsistent with OAR 660-008-05(2), which allows the exclusion of publicly owned land, but does not seem to allow the exclusion of land merely because it is owned by an institution. The McMinnville Urbanization Report (p. 30) projects a need for 38 acres of religious land through 2041. Land that is owned by existing churches will accommodate some of this future need. The record lacks an adequate factual base to support its exclusion.

The city should add vacant and partially vacant land that is owned by private tax-exempt institutions back into the BLI's and adjust land deficits accordingly.

2. The Buildable Lands Inventory in the EOA fails to meet legal standards

The BLI in the EOA consists of inadequate, cursory maps and tables that do not meet the legal standards for an inventory of employment lands in Goal 9. See OAR 660-009-0015(3):

> *Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands*[16] *within the planning area designated for industrial or other employment use.*

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15 See Linfield Strategic plan (p. 10, Attachment E). Linfield is planning to launch new undergraduate and graduate programs to attract new students.

16 "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period. OAR 660-009-0005

(a) For sites inventoried under this section, plans must provide the following information:

(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;

(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and

* * *

The EOA does not include an inventory of employment land that includes a description of the site characteristics, development constraints, or infrastructure needs of both vacant and developed sites as required by OAR 660-009-0015(3)(a)(B).

3. Population Forecast

OAR 660-032-0020 (1) requires McMinnville to use of the most recent forecast from the Portland State University Population Research Center for purposes of the HNA. Because the EOA relies upon the population safe harbor for its projection of future employment growth use of the most recent forecast is required for the EOA as well. In this case, the most recent forecast for McMinnville was released over three years ago, on June 30, 2020.[17]

For McMinnville, a 2040 population of 42,457 and a 2065 population of 53,577 is forecasted, which the PRC adjusts to **42,865 in 2041 and 54,552 in 2067**.[18]

Instead of using the most current forecast, the HNA and EOA assume much higher populations of 47,498 in 2041, and 62,803 in 2067. These assumptions are based on the outdated forecast released in 2017. The impact of using the outdated forecast instead of the most recent forecast adds hundreds of additional acres to the UGB through 2041 and over a thousand additional acres to the Urban Reserve Area through 2067.

It is our understanding that McMinnville believes it has "locked in" the ability to rely on the stale forecast for both the HNA and EOA. We are skeptical. An excerpt from page 3 of the August 3 staff report is pasted below, followed by a discussion of the relevant administrative rules:

In order to preserve their efforts from 2018 and 2019, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

• HNA. Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
• Housing Strategy. (June 2019 Draft).

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17 http://ondeck.pdx.edu/population-research/sites/g/files/znldhr3261/files/2020-07/Yamhill_Report_FInal_2020.pdf

18 See the PRC's Population Forecast Interpolation Template (for forecasting single-year time intervals) (.xlsx)

• *EOA. Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DCLD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.*

In addition to the HNA, Housing Strategy and EOA, the City prepared a Memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. All of which were provided as part of the PAPA notices.

OAR 660-032-0020(1) requires use of the most recent PSU forecast. In this case, the most recent McMinnville forecast was released over three years ago, on June 30, 2020. OAR 660-032-0020(1), in conjunction with OAR 660-032-0040, does allow a city to apply an interim forecast if the plan amendment was initiated prior to the PRC's first forecasting cycle, but that is not the case here. The first forecasting cycle for McMinnville concluded in 2017,[19] well before these plan amendments were "initiated" by sending PAPA notices to DLCD.

Even if the city could use the outdated high forecast for the HNA, it may still have to use the most recent forecast for the EOA. The PAPA notice sent to DLCD to initiate the amendment is required to include, "the text the proposed change to the comprehensive plan or land use regulation," and, "must include all of the proposed wording to be added to or deleted from the acknowledged plan or land use regulations."[20]

McMinnville submitted an amended PAPA notice for the EOA in 2021 with new text for the EOA, well after the release of the most recent PSU population forecast. It therefore appears that the old 2020 PAPA notice for the EOA has been superseded by the amended notice issued by the city in 2021.

4. Record Completeness

Page 10 of the EOA lists 5 appendices. Appendices A, B, and C were included in the packet that went to the Planning Commission in August. Appendices D and E were not included in the August packet and do not seem to be publicly available.

[19] https://www.pdx.edu/population-research/sites/g/files/znldhr3261/files/2022-12/standard-577-050-opfp_v01 .pdf

[20] OAR 660-018-0020(3)

VI. Conclusion

We hope these comments are helpful. Please include them in the official record of this proceeding and provide us with notice of your decision in this matter.

Sincerely,

Mary Kyle McCurdy

Rob Hallyburton

Mary Kyle McCurdy
Deputy Director
1000 Friends of Oregon

Rob Hallyburton
Vice President
Friends of Yamhill County

Cc: Kevin Young and Melissa Ahrens, DLCD

Attachments: A. Excerpt from expired parks master plan
B. Stratus Village information from August 17, 2023 Planning Commission packet
C. Assisted Living and Memory Care Facility information
D. Excerpt from March 2019 draft HNA
E. Linfield Strategic Plan

ATTACHMENT A

CITY OF McMINNVILLE

PARKS, RECREATION AND OPEN SPACE MASTER PLAN

Prepared by:

MIG, Inc.
199 E. Fifth Ave., Suite 33
Eugene, OR 97401
(541) 683-3193

Sally McIntyre, Principal
Jane Henderson, Park Planner
Larry Wight, Landscape Architect
Barbara Bellamy, Planner
Holly Warren, Project Associate
Misty Fisher, Administrative Assistant

In Association with:
Don Ganer & Associates

May 1999

CHAPTER 1: INTRODUCTION

Located in the western portion of Oregon's Willamette Valley along the Yamhill River, the City of McMinnville is changing at a significant pace. For example, the population of the City was only just over 14,000 in 1980. Today McMinnville's population is over 24,000, and it is one of the fastest growing cities in Yamhill County.

In response to these changes, McMinnville residents have made it their goal to retain and enhance their City's livability, recreational opportunities, sense of community, and natural environment. McMinnville residents look to their City's Parks and Recreation Department to provide quality parks, open spaces, and recreation services that will meet these needs today and well into the future.

Purpose of the Master Plan

To assist in maintaining McMinnville's livability, the Parks and Recreation Department has set out to create the City's first Parks, Recreation and Open Space Master Plan. The Master Plan describes how the City will strive to provide parks and recreation opportunities to residents for the next 20 years. It includes a financing model that demonstrates how park acquisition and development could be financed if resources are available. This planning process offered the City a unique opportunity to evaluate the parks, recreation and open space system, and to author a vision for the community that recognizes anticipated changes and truly reflects the needs of residents.

The Master Plan describes a vision for parks, recreation services, trails and open space facilities.

To accomplish this task, community members of all ages and those serving on the Master Plan Advisory Committee have contributed to this Master Plan.

ATTACHMENT B

City of McMinnville

CITY OF MCMINNVILLE
Community Development Department
231 NE FIFTH STREET
MCMINNVILLE, OR 97128

503-434-7311
www.mcminnvilleoregon.gov

DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF A PLANNED DEVELOPMENT AMENDMENT, THREE MILE LANE REVIEW, AND LANDSCAPE PLAN FOR PROPERTY AT 235 SE NORTON LANE, (TAX LOTS R4427 400, 404, AND 405)

DOCKET: PDA 2-23 (Planned Development Amendment)
TML 1-23 (Three Mile Lane Review)
L 25-23 (Landscape Plan Review)

REQUEST: Applications for a Planned Development Amendment (PDA 2-23), Three Mile Lane Review (TML 1-23), and Landscape Plan Review (L 25-23)

The requests are summarized below. The applications are submitted as part of a proposal by Housing Authority of Yamhill County (HAYC) to develop a new 175-unit apartment development, "Stratus Village," on properties totaling approximately 6.5 acres.

PDA 2-23. The subject property is subject to an existing Planned Development Overlay Ordinance. The proposal includes revisions to the original Planned Development master plan, which requires approval of a Planned Development Amendment. The new Master Plan is also subject to the provisions of Ordinance 5095, which amended the terms of the previous Planned Development Overlay Ordinance.

TML 1-23. The subject property is within the Three Mile Lane Planned Development Overlay, established by Ordinance 4131 and subsequently revised by Ordinances 4572, 4666, 4988, and 5101. The proposed development is subject to policies and standards of the Three Mile Lane Planned Development Overlay Ordinance.

L 25-23. The proposal includes a landscape plan, which is required for multi-dwelling development, subject to the provisions of Chapter 17.57 of the Zoning Ordinance.

NOTE: *The applicant has also separately submitted an application for a parcel consolation to combine the three parcels into a single parcel.*

LOCATION: Address: 235 SE Norton Lane
Map & Tax Lot: R4427 400, 404, and 405

ZONING: C-3 PD

Attachments:
Attachment 1 – Application and Attachments
Attachment 2- Ordinance 4688

City of McMinnville PLANNING

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

Planning Commission
Thursday, August 17, 2023
6:30 PM Regular Meeting

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

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

ZOOM Meeting: You may join online via the following link:
https://mcminnvilleoregon.zoom.us/j/89368634307?pwd=M0REY3RVSzFHeFdmK2pZUmJNdkdSZz09
Meeting ID: 893 6863 4307 **Meeting Password:** 989853

Or you can call in and listen via zoom: 1 253 215 8782
Meeting ID: 893 6863 4307 **Meeting Password:** 989853

Public Participation:

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

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

1) ***Email in advance of the meeting*** – *Email at any time up to 12 p.m. the day before the meeting to heather.richards@mcminnvilleoregon.gov, that email will be provided to the planning commissioners, lead planning staff and entered into the record at the meeting.*

2) ***By ZOOM at the meeting*** *- Join the zoom meeting and send a chat directly to Planning Director, Heather Richards, to request to speak indicating which public hearing, and/or use the raise hand feature in zoom to request to speak once called upon by the Planning Commission chairperson. Once your turn is up, we will announce your name and unmute your mic.*

3) ***By telephone at the meeting*** *– If appearing via telephone only please sign up prior to the meeting by emailing the Planning Director, Heather.Richards@mcminnvilleoregon.gov as the chat function is not available when calling in zoom.*

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

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Commission Members	Agenda Items
Sidonie Winfield, Chair Gary Langenwalter Vice - Chair Matthew Deppe Sylla McClellan Elena Mudrak Meg Murray Brian Randall Beth Rankin Dan Tuchoisky	

6:30 PM – REGULAR MEETING

1. **Call to Order**

2. **Citizen Comments**

3. **Minutes:**

   - **April 6, 2023** *(Exhibit 1)*
   - **April 20, 2023** *(Exhibit 2)*

4. **Public Hearings:**

A. **<u>Quasi-Judicial Hearing: Stratus Village: Planned Development Amendment (PDA 2-23), Three Mile Lane Design Review (TML 1-23), and Landscape Plan Review (L 25-23)</u>** – (*Exhibit 3)*

Request: The applicant, Structure Development Advisors LLC c/o Mike Andrews, on behalf of property owner Housing Authority of Yamhill County (HAYC), is requesting concurrent review and approval of three applications for the Stratus Village 175-unit multi-dwelling development on a property of approximately 6.5 acres: a Planned Development Amendment (PDA 2-23), a Three Mile Lane Review (TML 1-23), and a Landscape Plan Review (L 25-23).

PDA 2-23. The property is subject to an existing Planned Development Overlay Ordinance which includes the subject properties and adjacent properties. The proposal includes revisions to the original Planned Development master plan for the subject properties, which requires approval of a Planned Development Amendment. The master plan for the subject properties will replace the existing plan for medical offices with the proposed plan for apartments. The new Master Plan is also subject to the provisions of Ordinance 5095, which amended the terms of the previous Planned Development Overlay Ordinance.

TML 1-23. The subject property is within the Three Mile Lane Planned Development Overlay, established by Ordinance 4131 and subsequently revised by Ordinances 4572, 4666, 4988, and 5101. The proposed development is subject to policies and standards of the Three Mile Lane Planned Development Overlay Ordinance.

L 25-23. The proposal includes a landscape plan review, which is required for multi-dwelling development, subject to the provisions of Chapter 17.57 of the Zoning Ordinance.

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Location: 235 SE Norton Lane, Tax Lots R4427 400, 404, and 405

Applicant: Structure Development Advisors LLC c/o Mike Andrews, on behalf of property owner Housing Authority of Yamhill County (HAYC),

B. **Legislative Hearing: Comprehensive Plan Amendment and Zoning Ordinance Amendment (Docket G 3-22)** – *(Exhibit 4)*

(Continued from July 20, 2023)

Proposal: **THE CITY OF MCMINNVILLE IS PROPOSING AMENDMENTS TO THE MCMINNVILLE COMPREHENSIVE PLAN AND ZONING ORDINANCE FOR A NATURAL HAZARDS INVENTORY AND MANAGEMENT PROGRAM, AS FOLLOWS:** Amendment to the McMinnville Comprehensive Plan, Volume I - Background Element, adopting the Natural Hazards Inventory and Management Program Options and Recommendations; amendment to the McMinnville Comprehensive Plan, Volume II – Goals and Policies, adding a new Chapter XI, entitled Natural Features; amendments to the McMinnville Municipal Code, Chapters 17.48, Flood Area Zone, and Chapter 17.49, Natural Hazard Overlay Subdistricts; and the adoption of the Natural Hazard Mitigation Zone (NH-M) and Natural Hazard Protection Zone (NH-P)

Applicant: City of McMinnville

5. **Action Items: Request for Land-Use Decision Extension, MP 6-20, 835 SW Hilary Street.** *(Exhibit 5)*

   Applicant: Steve and Mary Allen

6. **Commissioner Comments**

7. **Staff Comments**

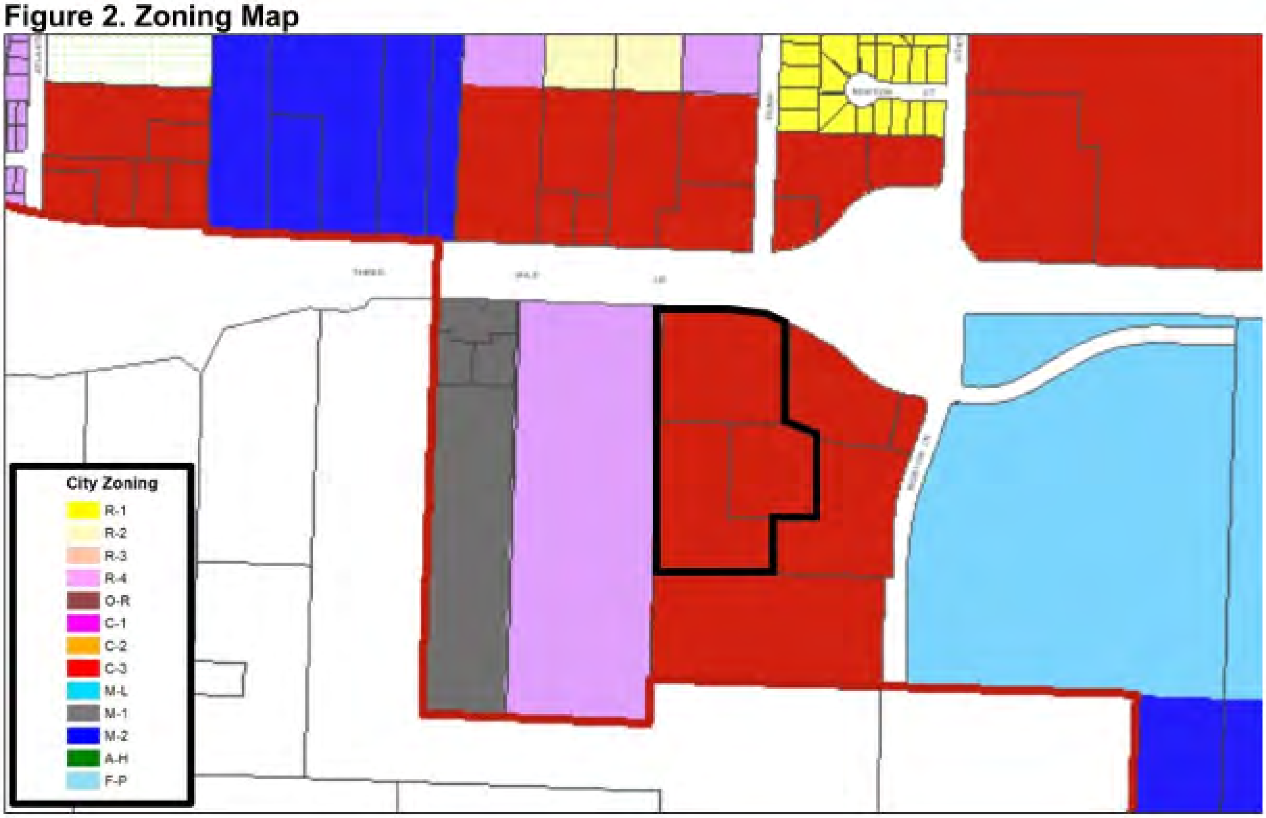
8. **Adjournment**

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Figure 1. Vicinity Map

Figure 2. Zoning Map

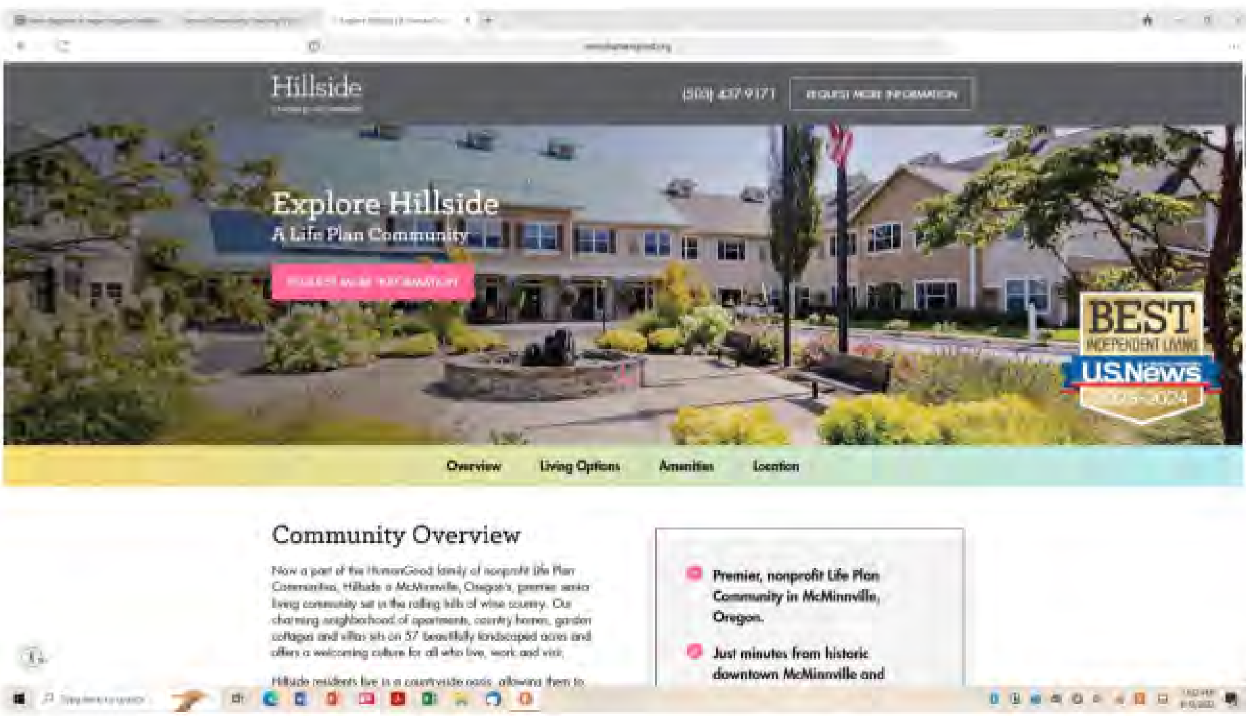


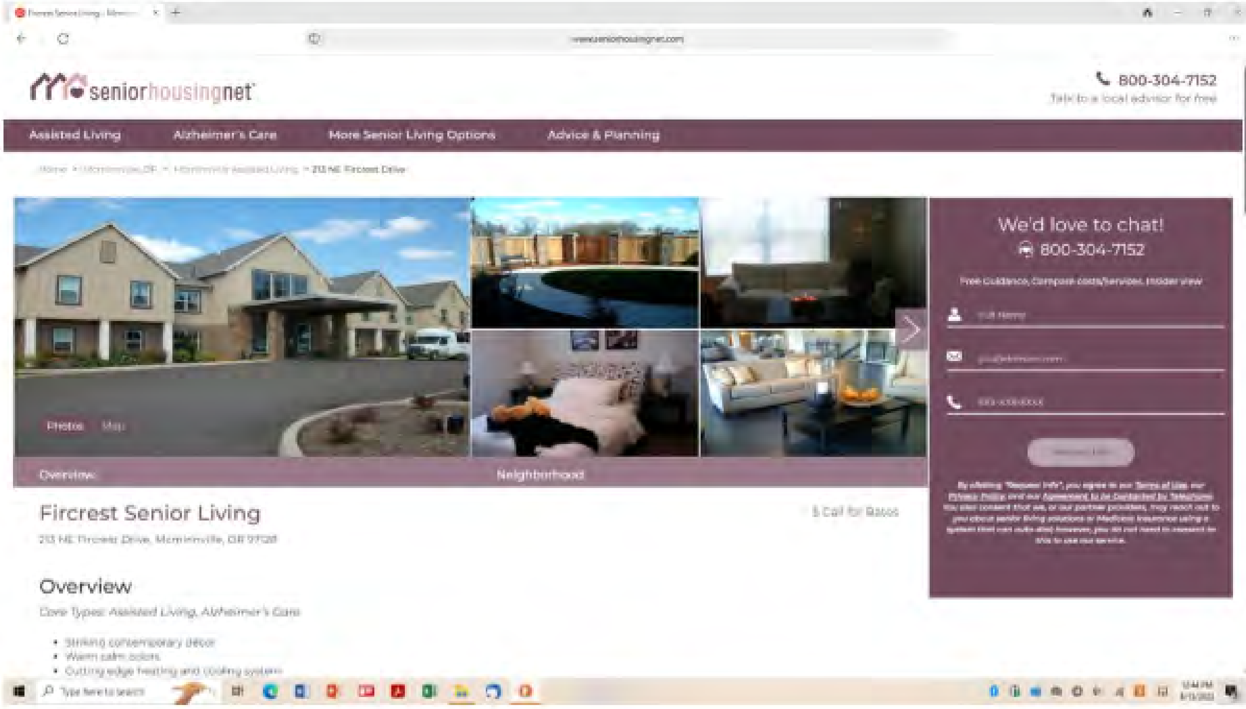
ATTACHMENT C

Assisted Living and Memory Care facilities in McMinnville

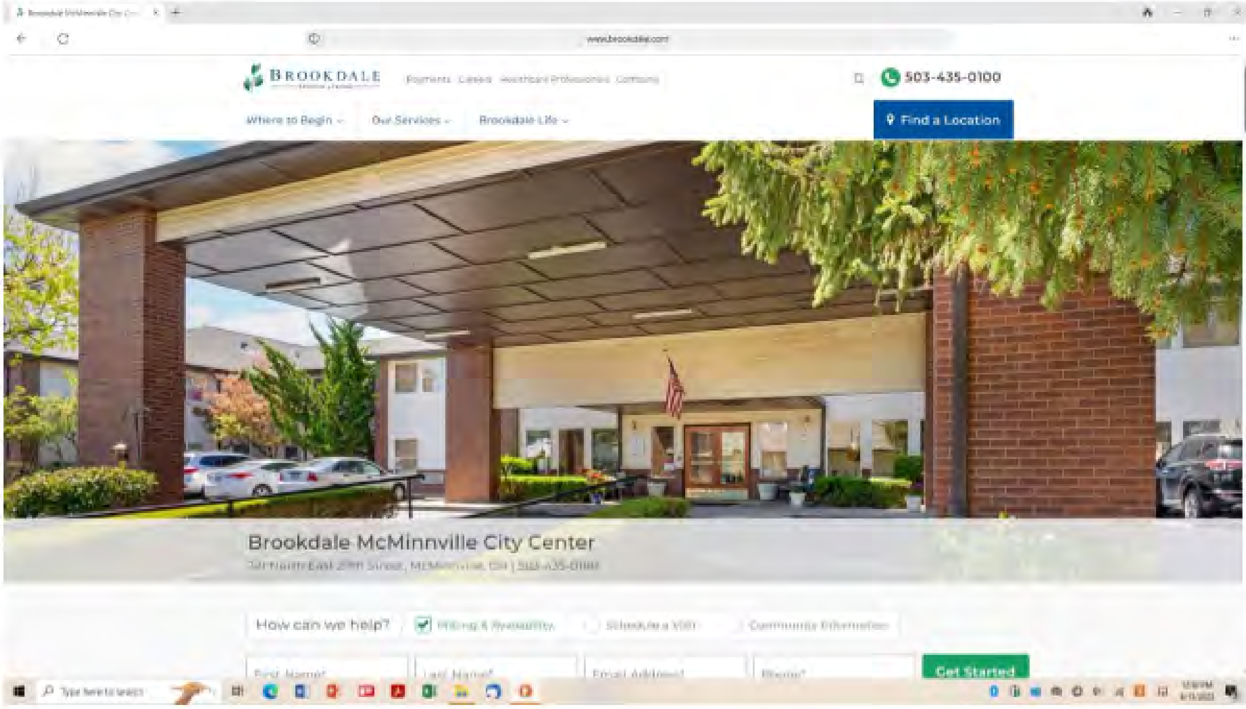
We have identified the following Assisted Living and Memory Care facilities in McMinnville. These group quarter facilities collectively house hundreds of people at multi-family densities and employ hundreds of people on residential land. A quick web search show that most are currently advertising for new employees.

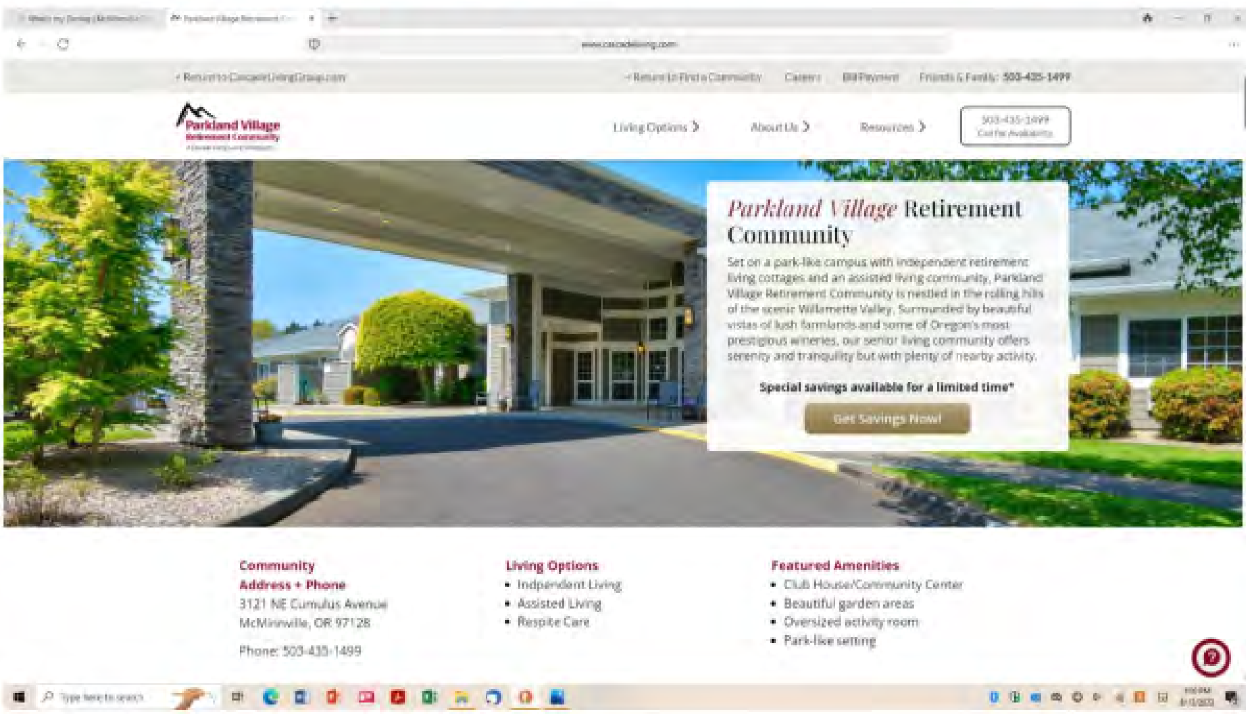
Name	Address	Zone
Hillside	300 Hillside Parkway	R-4
Fircrest	213 Fircrest Drive	R-4
Vineyard Heights	345 SW Hill Rd. S	R-1
Brookdale City Center	721 NE 27th St.	R-4
Parkland	3121 NE Cumulus Ave	R-4
McMinnville Memory Care	320 SW Hill Rd. S	R-1
Cherrywood Memory Care	2750 NE Doran Dr.	C-3
Marjorie House	2855 NE Cumulus Ave	???

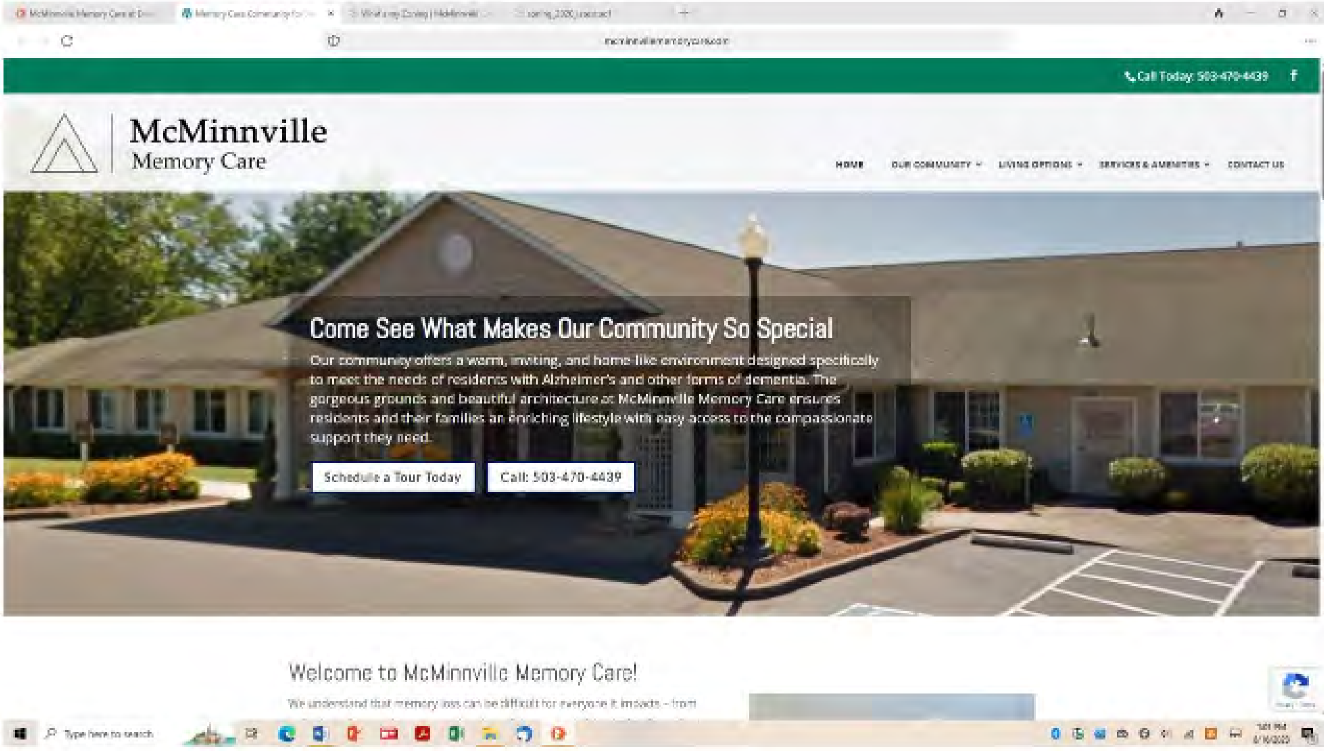


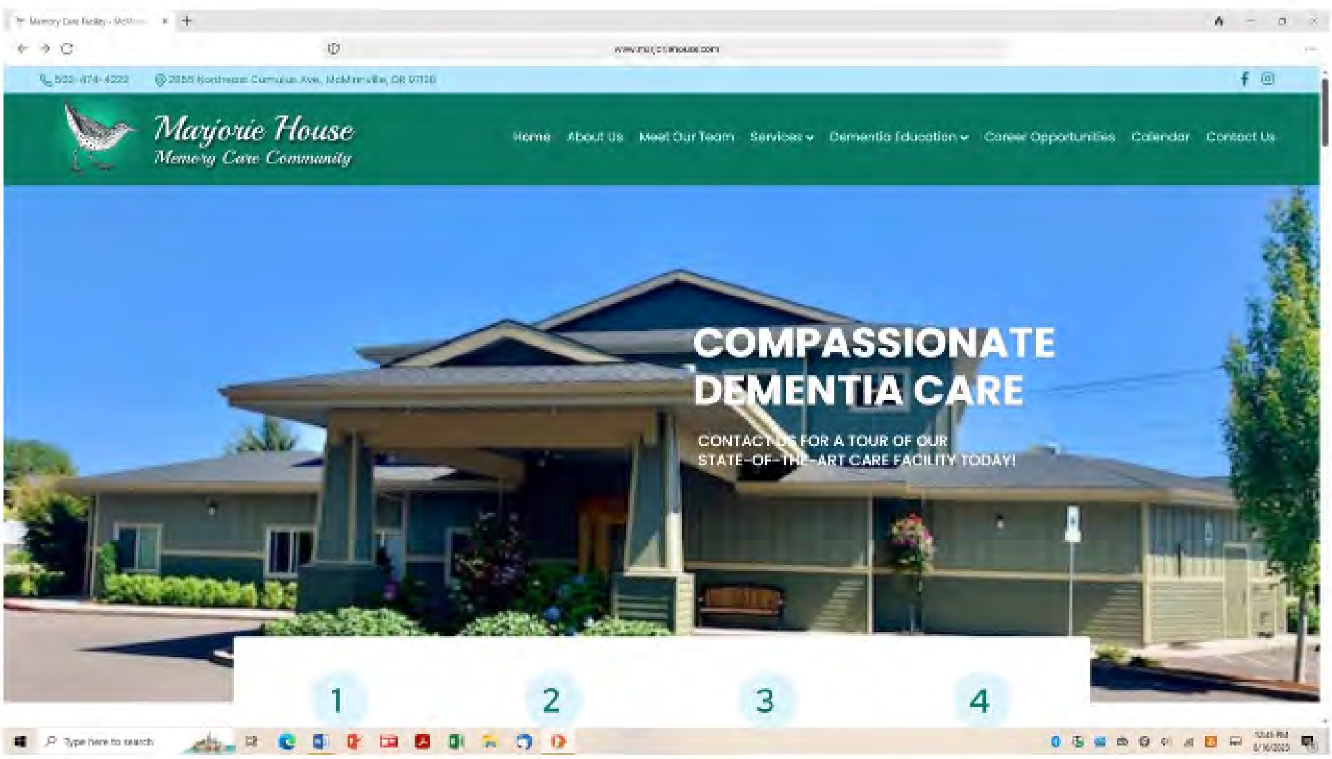

seniorhousingnet
800-304-7152
Talk to a local advisor for free
Assisted Living
Alzheimer's Care
More Senior Living Options
Advice & Planning
We'd love to chat!
800-304-7152
Photos
Map
Overview
Neighborhood
Fircrest Senior Living
$ Call for Rates
Overview
Care Types: Assisted Living, Alzheimer's Care
Striking contemporary decor
Warm calm colors
Cutting edge heating and cooling system


VINEYARD HEIGHTS
345
Welcome
Vineyard
Heights A
Living
Vineyard Heights (1/4)

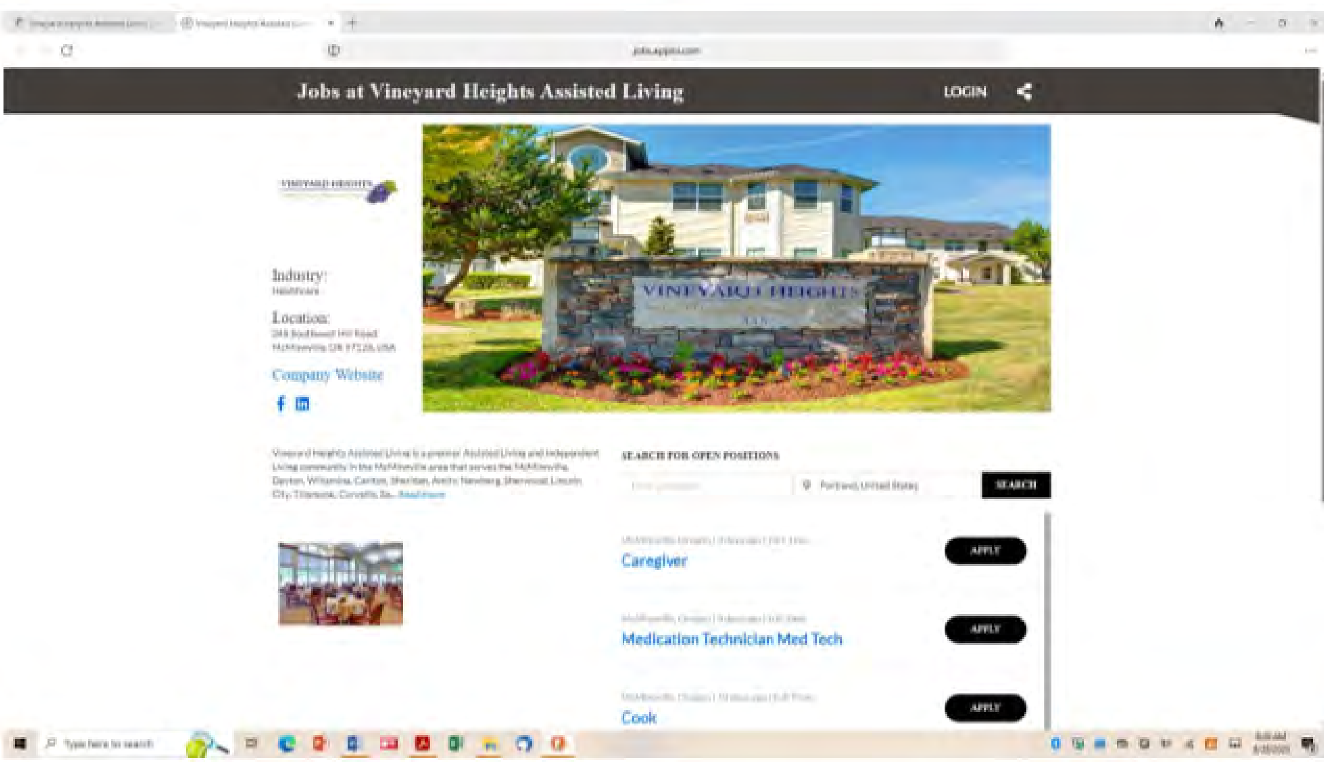

BROOKDALE
503-435-0100
Where to Begin
Our Services
Brookdale Life
Find a Location
Brookdale McMinnville City Center
How can we help?
Get Started


Friends & Family: 503-435-1499
Parkland Village
Living Options
About Us
Resources
Parkland Village Retirement Community
Set on a park-like campus with independent retirement living cottages and an assisted living community, Parkland Village Retirement Community is nestled in the rolling hills of the scenic Willamette Valley. Surrounded by beautiful vistas of lush farmlands and some of Oregon's most prestigious wineries, our senior living community offers serenity and tranquility but with plenty of nearby activity.
Special savings available for a limited time*
Get Savings Now!
Community
Address + Phone
3121 NE Cumulus Avenue
McMinnville, OR 97128
Phone: 503-435-1499
Living Options
• Independent Living
• Assisted Living
• Respite Care
Featured Amenities
• Club House/Community Center
• Beautiful garden areas
• Oversized activity room
• Park-like setting


Call Today: 503-470-4439
McMinnville
Memory Care
HOME
OUR COMMUNITY
LIVING OPTIONS
SERVICES & AMENITIES
CONTACT US
Come See What Makes Our Community So Special
Our community offers a warm, inviting, and home-like environment designed specifically to meet the needs of residents with Alzheimer's and other forms of dementia. The gorgeous grounds and beautiful architecture at McMinnville Memory Care ensures residents and their families an enriching lifestyle with easy access to the compassionate support they need.
Schedule a Tour Today
Call: 503-470-4439
Welcome to McMinnville Memory Care!


Marjorie House
Memory Care Community
Home
About Us
Meet Our Team
Services
Dementia Education
Career Opportunities
Calendar
Contact Us
COMPASSIONATE DEMENTIA CARE
CONTACT US FOR A TOUR OF OUR STATE-OF-THE-ART CARE FACILITY TODAY!
1
2
3
4


Hillside
a human good community
Now Hiring for Home Care Aides
Various hours available weekday / weeknight and weekends
Looking for someone with a passion for helping others!
Pay range is $16.50 - $17.50 per hour • No experience required
As the largest nonprofit owner/operator of senior living communities in California and one of the largest in the country, we are more than just a place to work. We are here to ensure that all we serve are provided with every opportunity to become their best selves as they define it, and this begins with YOU.
HumanGood offers competitive pay and phenomenal benefits. Eligible positions (30+ hours/week) start with 20 paid days off, plus seven holidays, a company-matching 401(k) and health plans that give you cash to use for those unexpected health issues. We provide healthcare benefits for our part-time and per diem team members! We also offer a Tuition Reimbursement to promote your career advancement.


Jobs at Vineyard Heights Assisted Living
LOGIN
Industry:
Location:
Company Website
VINEYARD HEIGHTS
SEARCH FOR OPEN POSITIONS
SEARCH
Caregiver
APPLY
Medication Technician Med Tech
APPLY
Cook
APPLY

Blog Careers Contact Us

Cascade Living Group

Living Options About Us Resources Find a Community

Jobs at Cascade Living Group

Search for Open Positions

Oregon

Parkland Village

See All Cities

See All Jobs

Server

Caregiver

Med Tech (Med Aide)

BROOKDALE

888-221-7317

32 jobs near McMinnville, OR.

Medication Technician $500 Sign-On Bonus

Brookdale McMinnville City Center

Regular Full Time

Caregiver - Full and PT Positions / Various Schedu

Brookdale McMinnville City Center

Regular Full Time

LPN / RN - Wellness Coordinator

Brookdale McMinnville City Center

Regular Full Time

Healthcare

Sous Chef

Brookdale McMinnville Town Center

Filters

Job Category

(All)

Regular Full-Time

Regular Part-Time

Temporary Full-Time

Temporary Part-Time

Filter Jobs

Clear

Home About Us Meet Our Team Services Dementia Education Career Opportunities Calendar Contact Us

Click here to download Job Description

Marjorie House Memory Care Community is a residential memory care community that takes pride in offering person centered care that nurtures the body, mind and spirit, enables free choice, provides a purposeful life and encourages independence in a safe, secure, and loving environment. We are proud to offer warm and nurturing environment for seniors with Alzheimer's and all other forms of dementia and are looking for like-minded individuals who will strive to meet our mission of "Building a foundation for a legacy of loving care".

NOW HIRING CARING AND COMPASSIONATE CAREGIVERS TO JOIN OUR TEAM!

WE HAVE IMMEDIATE OPENINGS FOR THESE EXCITING POSITIONS!

RESIDENT AIDES

The primary responsibility of this position is to assist our memory care residents with all ADL's (Activities of Daily Living). Additionally, RA's assist other team members as needed.

Full-time with benefits. Day and Swing Shifts available.

MEDICATION AIDES

The primary responsibility of this position is to administer medications to residents and assist with other aspects of daily care and routine. Additionally, Med Aides assist other team members as needed.

Full-time with benefits. Part-time Shifts Available.

If you would like to apply for any of the above positions please contact us via the request information page of this website or by phone at 503-474-4222.

Click here to download job application

ATTACHMENT D

EXHIBIT 5

City of McMinnville
Housing Needs Analysis

March 2019

Prepared for:

City of McMinnville

Draft REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060

market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multiple-family dwellings.

The 2013-2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. **For the 2021 to 2041 period, we assume that 5% of new population, 564 people, will be in group quarters.**

A final note on persons in group quarters: persons in group quarters require land. While the DLCD Workbook backs this component of the population out of total population that needs housing, it does not otherwise make accommodations for land demand for new group quarters. For the purpose of this analysis, **we assume that persons in group quarters require land at approximately the same density as multiple family housing.**

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2013-2017 American Community Survey, the average household size in McMinnville was 2.55 people. **Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.**

- **Vacancy Rate.** The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

  OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the most-recent Census. According to the 2013-2017 American Community Survey, McMinnville's vacancy rate was 5.4%. **For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.**

ATTACHMENT E

UNCOMMONLY INSPIRED

ON BECOMING A COMPREHENSIVE MASTER'S LEVEL UNIVERSITY

STRATEGIC PLAN 2027

ON BECOMING A COMPREHENSIVE MASTER'S LEVEL UNIVERSITY

A century after Frances Ross Linfield gave the gift that transformed McMinnville College into Linfield College, the now-university that bears her name continues to evolve in critically important ways. With that in mind, it is my deep honor to introduce Linfield University's 2022-27 Strategic Plan. The transformation envisaged in this document is at least as profound as the one Mrs. Linfield and President Leonard W. Riley unveiled in 1922.

Shortly after I was hired as Linfield's 20th president, I discussed with the Board a long-term vision for the college to reach 2,000 undergraduate students in McMinnville and another 2,000 students online, in Portland or in graduate programs. We need to be well down the road and on a strong growth trajectory toward that in the next five years. This strategic plan has been crafted to help us achieve that goal.

For one thing, this plan proposes that we develop and align resources around "The Linfield Promise," which would double down on some of our most distinctive elements of the student experience. We already offer the first plane ticket free for study abroad (and potentially study away) programs, but our institutional pledge could also include required experiential learning in all academic programs and a guarantee that students who follow the academic program will graduate in four years or less. You'll see those elements proposed in the pages that follow, among others.

You'll also notice an emphasis on building upon our tradition of a comprehensive education for students. The place where a Venn Diagram might overlap between the liberal arts, professional studies and experiential learning – that's where the Linfield Curriculum shines brightest. And you'll see a repeated theme that the end goal is the success of our students, which includes their well-being and sense of belonging. Who our students are and what they need from us continues to evolve, but our mandate to help them achieve their life goals will not.

This plan departs from previous Linfield strategic plans in that it fully embraces three campuses – McMinnville, Portland and eCampus – as well as undergraduate and graduate education, non-degree coursework and non-tuition sources of revenue. We are one university and committed to offering a singular Linfield experience across all of our offerings.

Bluntly, resourcing this next phase of Linfield's history will challenge us. Our current ways of operating will need to evolve in order to align resources with the initiatives we believe are paramount. I'm confident that together, we can overcome these hurdles.

This plan is the result of eight months of collaboration from Linfield employees at every level and from every functional area. It recognizes the university's proud history, its foundation as a residential undergraduate institution with an active and engaged student body and its culture of student-faculty collaboration and mentorship. It also imagines a future that grows out of those traditions into something altogether new, strong and just as life-altering for future students.

I am more convinced than I have ever been that we are positioned to realize the dream of Linfield University as a model for learning, life and community for the next 165 years.

Be well and be blessed,

Miles K. Davis
President, Linfield University

Professional Studies | Liberal Arts | Experiential Learning

FOCUS	CREATE	UNITE
Reinforce our integrated learning model to prepare students for a life of purpose	Develop distinctive new academic programs responsive to prospective student interests	Advance one Linfield experience across the university
Enhance learning, living and athletic spaces	Maximize opportunities to diversify university revenue in ways that are consistent with the mission	Invest in diverse, creative and resilient employees oriented around shared student success
Prioritize experiential learning as a central tenet of the Linfield experience	Build an adaptive campus culture focused on the changing demographics and needs of students	Tell the Linfield story

CONNECTING LEARNING, LIFE AND COMMUNITY

MISSION

Linfield University advances a vision of learning, life and community that:

- Promotes intellectual challenge and creativity
- Values both theoretical and practical knowledge
- Engages thoughtful dialogue in a climate of mutual respect
- Honors the rich texture of diverse cultures and varied ways of understanding
- Piques curiosity for a lifetime of inquiry
- And inspires the courage to live by moral and spiritual principle and to defend freedom of conscience

Connecting Learning, Life and Community

FOCUS

Elevate the work aready happening at Linfield and make it even more distinct and uncommon, allowing current programs the opportunity to become signature offerings.

TEAM MEMBERS 2021-22:

- **Jeff Mackay**, dean of students (co-chair)
- **Catherine Reinke**, associate professor of biology (co-chair)
- **Kimberly Dupree Jones**, dean of nursing and professor (co-chair)
- **Lee Bakner**, professor and chair, Department of Psychology
- **Jennifer Ballard**, director of institutional research
- **Chuck Dunn**, professor and chair, Department of Mathematics and Computer Science
- **Patty Haddeland**, director of Student Health, Wellness and Counseling Center
- **Joseph Hunter**, vice president for university advancement
- **Shaik Ismail**, director of international programs
- **Jeff Larson**, program director of Learning Support Services
- **Mike Nardoni**, budget director
- **Scott Nelson**, associate vice president for strategic communications/CMO
- **Kristie Rickerd**, associate director of admission
- **Jane Samuels,** assistant director of athletics and senior woman administrator
- **Paul Shillam**, associate vice president for financial services and controller
- **Lainie Sowell**, director of student care and support
- **Meridith Symons**, executive assistant to the dean of College of Arts and Sciences
- **Tanya Tompkins**, professor of psychology
- **Christina Untiet**, Experiential Learning Center manager, School of Nursing
- **Daniel Zajic**, assistant professor of anatomy

CONNECTING LEARNING, LIFE AND COMMUNITY

FOCUS

GOAL 1: REINFORCE OUR INTEGRATED LEARNING MODEL TO PREPARE STUDENTS FOR A LIFE OF PURPOSE

KEY INITIATIVES:

- Champion a combination of professional, liberal arts and experiential components in a comprehensive education
- Apply a faculty-student mentoring model and provide training, emphasizing pathways to student success
- Integrate career development into curricular and co-curricular programming
- Advance compelling curricular and co-curricular opportunities to prepare students for careers and global citizenship

KEY METRICS:

- Student retention
- Rates of educational attainment to completion of undergraduate or graduate programs
- Advancement by graduates to career or academic opportunities

ACCOUNTABILITY

- Vice President for Academic Affairs
- Vice President for Student Affairs
- Vice President of Enrollment Management and Student Success

FOCUS

GOAL 2: ENHANCE LEARNING, LIVING AND ATHLETIC SPACES

KEY INITIATIVES:

- Complete a campus master plan for the McMinnville and Portland campuses, and prioritize needs and resource allocation
- Renovate residence halls with academic and co-curricular collaboration in mind
- Provide innovative learning spaces, including standardized technology in every classroom

ACCOUNTABILITY

- Vice President for Finance and Administration
- Vice President for Academic Affairs
- Vice President for Student Affairs
- Director of Athletics

KEY METRICS:

- The enhancement of student, community and athletic spaces on both campuses, as informed by the master plan
- The realignment of technology funding to elevate student learning
- Number of residence halls renovated

FOCUS

GOAL 3: PRIORITIZE EXPERIENTIAL LEARNING AS A CENTRAL TENET OF THE LINFIELD EXPERIENCE

KEY INITIATIVES:

- Require a formal experiential learning component for all undergraduate and graduate academic programs
- Link career development with experiential learning opportunities
- Engage alumni, parents and donors to expand experiential learning opportunities

ACCOUNTABILITY

- Vice President for Academic Affairs
- Vice President for Student Affairs
- Vice President for University Advancement
- Dean of Students
- Academic Deans

KEY METRICS:

- Define and measure experiential learning outcomes for all academic and co-curricular programs
- Number of internships and student participation
- Participation in study-abroad and study-away programs
- Number of students participating in student-faculty collaborative research

CREATE

Bring to life new possibilities for the university, including academic programs and opportunities for non-tuition revenue sources.

TEAM MEMBERS 2021-22:

- **Jennifer Madden**, dean, School of Business (co-chair)
- **Sam Williams**, chief information officer (co-chair)
- **Susan Agre-Kippenhan**, provost and vice president for academic affairs
- **Andrew Baggett**, assistant professor of chemistry
- **Kevin Curry**, assistant professor of journalism and media studies
- **Haley Domeck**, head women's volleyball coach
- **Denise Farag**, associate professor and associate dean, School of Business
- **Nichola Farron**, adjunct professor, Online and Continuing Education
- **Craig Haisch**, director of development
- **Lindsay Kandra**, counselor, Student Health, Wellness and Counseling Center
- **Garry Killgore**, director of athletics
- **Keri Knight**, director of student activities
- **Lisa Knodle-Bragiel**, director of admission
- **Tim Matz**, Domaine Serene Chair in Wine Business and director of the Evenstad Center for Wine Education
- **Donna Montoya**, assistant director of career development
- **Gerardo Ochoa**, associate vice president for retention and student success
- **Mary Piper**, executive assistant to the vice president for finance and administration
- **Naomi Pitcock**, associate professor
- **Paul Smith**, associate dean, School of Nursing
- **Abigail Thomas**, interim director of diversity, equity and inclusion programs
- **Patrick Wilson**, senior associate director of admission

CONNECTING LEARNING, LIFE AND COMMUNITY

CREATE

GOAL 1: DEVELOP DISTINCTIVE NEW ACADEMIC PROGRAMS RESPONSIVE TO PROSPECTIVE STUDENT INTERESTS

KEY INITIATIVES:

- In consultation and collaboration with faculty members and external stakeholders, develop and launch new undergraduate and graduate programs
- Introduce professional academic advisors in each school or college, freeing up faculty time for new academic programs
- Analyze student interests and emerging career trends on an ongoing basis to ensure programming reflects the best opportunities for graduates
- Develop a robust eCampus catering to virtual-only students
- Expand programs on the Portland campus beyond the School of Nursing

KEY METRICS:

- Number of new undergraduate programs and students, by campus
- Number of new graduate programs and students, by campus
- Number of virtual-only eCampus programs and students
- Number of transfer students
- Decoupling of McMinnville-student and Portland-student online classes from the program for virtual students

ACCOUNTABILITY

- Vice President for Academic Affairs
- Vice President for Student Affairs
- Academic Deans

CREATE

GOAL 2: MAXIMIZE OPPORTUNITIES TO DIVERSIFY UNIVERSITY REVENUE IN WAYS THAT ARE CONSISTENT WITH THE MISSION

KEY INITIATIVES:

- Leverage non-tuition revenue potential of undeveloped or underutilized spaces on the McMinnville and Portland campuses
- Establish relevant strategic partnerships
- Complete a campus master plan for the McMinnville and Portland campuses, and prioritize needs and resource allocation

KEY METRICS:

- Endowment value
- Recurring non-tuition revenue as a percentage of total revenue

ACCOUNTABILITY

- Vice President for Finance and Administration
- Vice President for University Advancement

CREATE

GOAL 3: BUILD AN ADAPTIVE CAMPUS CULTURE FOCUSED ON THE CHANGING DEMOGRAPHICS AND NEEDS OF STUDENTS

KEY INITIATIVES:

- Be intentional about meeting the needs of new majority students beyond traditional approaches
- Recruit and retain faculty and staff representative of the student population
- Apply a faculty-student mentoring model and provide training, emphasizing pathways to student success
- Audit workplace policies, practices and procedures for suitability in meeting the changing needs of new majority students

KEY METRICS:

- Achieve a common understanding of "new majority"
- Campus climate survey
- Student retention rates
- Rates of educational attainment to completion of undergraduate and graduate programs
- Employee diversity measures

ACCOUNTABILITY

- Vice President for Academic Affairs
- Vice President for Student Affairs
- Vice President of Enrollment Management and Student Success

UNITE

Foster collaboration to achieve a future worthy of Linfield's mission and oriented around the success of our students.

TEAM MEMBERS 2021-22:

- **Allison Horn**, director of facilities and auxiliary services (co-chair)
- **Joe Wilferth**, dean, College of Arts and Sciences (co-chair)
- **Ginny Blackson**, library director
- **Kathryn Crabtree**, assistant professor of nursing
- **Lisa Cummins**, recruitment specialist/human resources generalist
- **Katie D'Aboy**, assistant director of academic advising
- **Chris Dahlvig**, assistant professor
- **Ingrid Flanders**, assistant professor
- **Kathy Foss**, director of strategic communications
- **Beth Garcia**, director of conference and event planning
- **Rob Gardner**, professor and chair, Department of Sociology and Anthropology
- **Debbie Harmon Ferry**, special assistant to the president
- **Susan Hopp**, vice president for student affairs and admission
- **Gennie VanBeek**, associate professor of education, associate dean, College of Arts and Sciences
- **Lynn Johnson**, director of human resources
- **Kimberly Kintz**, associate professor
- **Craig Luis**, hardware support specialist
- **Dennis Marks**, director of Linfield Public Safety
- **Mary Mirza**, administrative specialist, School of Business
- **Mary Ann Rodriguez**, vice president for finance and administration
- **Gayatree Sarma**, assistant professor
- **Erik Stenehjem**, director of environmental health and safety
- **Tim Stewart**, cleaning services manager
- **David Sumner**, professor of English
- **Jeremy Weisz**, associate professor and chair, Department of Biology
- **Natalie Welch**, assistant professor

CONNECTING LEARNING, LIFE AND COMMUNITY

UNITE

GOAL 1: ADVANCE ONE LINFIELD EXPERIENCE ACROSS THE UNIVERSITY

KEY INITIATIVES:

- Develop "The Linfield Promise"
- Advance compelling curricular and co-curricular opportunities to prepare students for careers and global citizenship
- Offer curricular and co-curricular programming designed to equip students with tools to enhance their well-being and sense of belonging
- Study the future of January Term
- Champion a combination of professional, liberal arts and experiential components in a comprehensive education

KEY METRICS:

- Institutional diversity and inclusion audit
- Resolve the future of January Term
- Campus climate survey
- American College Health Association survey
- Implementation of "The Linfield Promise"

ACCOUNTABILITY

- **Vice President for Student Affairs**
- **Vice President for Academic Affairs**
- **Vice President of Enrollment Management and Student Success**

UNITE

GOAL 2: INVEST IN DIVERSE, CREATIVE AND RESILIENT EMPLOYEES ORIENTED AROUND SHARED STUDENT SUCCESS

KEY INITIATIVES:

- Purposefully advance a culture of peer mentorship and professional development
- Provide annual employee training around who our students are and how faculty and staff can foster and celebrate their successes
- Promote workplace flexibility that allows employees to participate more fully in the life of the institution
- Create an employee onboarding program that reflects Linfield's mission

KEY METRICS:

- Vacancy rates for faculty and staff positions
- Recognition as a top workplace in regional surveys
- Campus climate survey

ACCOUNTABILITY

- Vice President for Finance and Administration
- Vice President for Academic Affairs
- Vice President of Enrollment Management and Student Success

UNITE

GOAL 3: TELL THE LINFIELD STORY

KEY INITIATIVES:

- Feature "The Linfield Promise" prominently in university communication
- Champion a combination of professional, liberal arts and experiential components in a comprehensive education
- Educate the Linfield community on our brand story, increasing internal communication
- Implement a comprehensive marketing plan with an emphasis on innovative storytelling and approaches
- Elevate unique voices of students, faculty and staff
- Create an employee onboarding program that reflects Linfield's mission

KEY METRICS:

- Alignment around "The Linfield Promise"
- Number of inquiries and conversions for admission
- Organic and ad-based metrics

ACCOUNTABILITY

- Associate Vice President for Strategic Communications

STRATEGIC PLAN 2027

ON BECOMING A COMPREHENSIVE MASTER'S LEVEL UNIVERSITY

TIMELINE

Aug. 23, 2021:	Community Day for faculty and staff
September-October 2021:	Further faculty and staff general engagements
November 2021:	Planning team meeting #1
Nov. 12, 2021:	Board of Trustees meeting
November 2021-February 2022:	Theme teams conduct business
February 2022:	Theme team check-ins with Credo; share work during pop-up sessions with faculty and staff
March 2022:	Planning team meeting #2: recommendations presented to president
April 2022:	Presidential review
April 2022:	Approval by Board of Trustees at normal meeting
May 2022:	Final plan posted on linfield.edu
Fiscal year 2023:	Implementation and building
Fiscal years 2024-2027:	Living the plan

PLANNING TEAM MEMBERS

TEAM MEMBERS 2021-22:

- **Chuck Dunn**, professor and chair, Department of Mathematics and Computer Science
- **Denise Farag**, associate professor and associate dean, School of Business
- **Debbie Harmon Ferry**, special assistant to the president
- **Ingrid Flanders**, assistant professor
- **Allison Horn**, director of facilities and auxiliary services
- **Lisa Knodle-Bragiel**, director of admission
- **Jeff Larson**, program director, Learning Support Services
- **Jeff Mackay**, dean of students
- **Catherine Reinke**, associate professor
- **Jane Samuels**, assistant director of athletics and senior woman administrator
- **Paul Smith**, associate dean, School of Nursing
- **Natalie Welch**, assistant professor
- **Sam Williams**, chief information officer

Received via Email, 09.05.23

Mark Davis
652 SE Washington Street
McMinnville, OR 97128

September 5, 2023

McMinnville Planning Commission
231 NE Fifth Street
McMinnville, OR 97128

RE: G 3-20 Park Land Need

Dear Chair Winfield and Planning Commission Members:

Appendix E (Public and Institutional Land Need) in the Economic Opportunities Analysis (EOA) overstates the need for land for public parks. It is based on a Parks, Recreation and Open Space Master Plan adopted in 1999 (attached). When the draft of this Appendix was first released for comment in 2019, as a member of the project advisory committee reviewing the draft I provided the attached memo which details the concerns I have about the accuracy and use of the Master Plan information. Please read it.

In summary, the Park Master Plan has expired and it was never seriously implemented. Even if one ignores those two facts (which I do not believe you justifiably can), the assertion that we need 14 acres per thousand population of *buildable land* for parks through 2067 is still incorrect. The Comprehensive Plan policy 163.05 states *community* and *neighborhood* parks shall be located on land outside the 100-year floodplain (i.e., on *buildable land*). Those plan policies do not apply to other park types. The EOA erroneously applies the 14 acres standard to all park types and then multiplies that by the expected population to come up with a needed park land total that is all on buildable land.

Table 2 of the Master Plan on page 11 shows how the 14 acres standard is broken out into three categories: 2 acres/1000 Neighborhood Parks, 6 acres/1000 Community Parks and 6 acres/1000 Greenspace/Greenways/Natural Areas. In the definition of the last category the Plan states on page 9: "The primary greenway in the City's inventory is Cozine Creek Greenway which is made up of 11 separate greenway areas totaling 45.45 acres." Given the Planning Commission's recent work on hazardous land areas in the City I don't think I need to tell you that this land is definitely not buildable. The formal definition of "Greenspace/Greenway" in Table 1 of the Plan reads: "A greenspace or greenway is an area of natural quality that protects valuable natural resources and provides wildlife habitat."

Thus, to follow the recommendations of the 1999 Park Master Plan recommended standards, the EOA needs to designate 8 acres per thousand population of buildable land and 6 acres per thousand of unbuildable land (e.g., flood plains, greenways, steep slopes, wetlands, and areas not buildable due to identified hazards). This in fact represents pretty closely the parks that have been historically built in the City–about half of them are on unbuildable land. You may recall that your most recent subdivision approval of Baker Creek North included a large park parcel that was located entirely on unbuildable land. Developers are eager and willing to donate such land to the City for parks because they cannot build houses on them.

The HNA and EOA land calculations only concern themselves with buildable land because that is the only land that can be used for housing, commercial and industrial construction. When this sequential UGB process actually gets to the point of identifying land to include in the UGB, it concerns itself with getting the correct amount of buildable land to meet the identified need. Unbuildable land is also included with these parcels and these lands provide amenities that include those listed in the "Greenway/Greenspace" definition. When land was brought into the UGB in 2021, it included 200 acres of unbuildable land[1] that would be ideal for the greenspace needs of the city.

Therefore, the parkland in Appendix E needs to be recalculated to reflect the parks plan standard of 8 acres of buildable land per 1000 population. The city is basing its analysis on a 2041 population of 47,498 and a 2067 population of 62,803. Thus, the 2041 need for buildable park land is 380 acres (8 x 47,498/1000) and the 2067 park requirement is 502 acres (8 X 62,803/1000).

The next step in calculating the buildable park land need is to list the current inventory of community and neighborhood parks. I have attached the City's listing of parks that ties to the Appendix E total of 349 acres.[2] While that listing does not clearly identify both the Community and Neighborhood Parks, I have attached a listing of the parks that most closely meet the definition of those types of parks. Per this list we have about 196 acres of these parks presently in the City.

The final step is including the 254 acres[3] of buildable land brought into the UGB for parks in 2021. That means the City has 450 acres of buildable land already in the UGB already used or planned for the construction of Community and Neighborhood parks (196 + 254 = 450). The city has an additional 76 acres of undeveloped parkland, at least some of which is also buildable.

Therefore, the City has a surplus of at least 70 acres of buildable land (450 acres-380 acres =70 acres) needed for parks in 2041 and a need for an additional 52 acres (502-450) of buildable land for parks through 2067 by strictly following Comprehensive Plan policy 170.05: "For

---

[1]https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/19961/ord_no_5098_signed.pdf
[2]https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/g_3-20_-_eoa_-_final_mcminnville_eoa_june_2020_with_draft_header.pdf
[3]https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/19961/appendix_g_-_framework_plan_final_12.8.2020.pdf

purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used."

Personally, I remain convinced that a plan that expired 4 years ago and was never fully implemented is invalid for projecting future park needs. We should base future park needs based on past performance in obtaining the land for parks and providing the funding to construct the park facilities. But if you are going to insist on obeying the outdated standards, then the land need must be calculated at 8 acres/thousand of population listed in the plan, not the 14 acres/ thousand standard that includes unbuildable land.

I would also point out the Facilities Inventory on page 9 of the Parks Master Plan includes school facilities. Their acreage is included in Appendix A where the Plan lists all the facilities covered by the Plan. On the Action Plan Tables 9 through 12 each one includes at least one suggestion for Joint Use Opportunities with schools in the City. The Management Plan in Table 16 declares both establishing and expanding joint use agreements are a Priority 1 in implementing the 1999 Parks Master Plan.

Clearly the Master Plan was written with the intention of sharing park facilities with the schools, not building separate facilities to duplicate what the public already has access to. Note also that the date the Plan references for its end date is 2017 (see Table 2). While it is disappointing that more wasn't done to implement this Plan, that failure is not legal justification for adding even more land to a future UGB expansion.

Thank you for carefully reviewing the information that I have provided.

Sincerely,

//S//

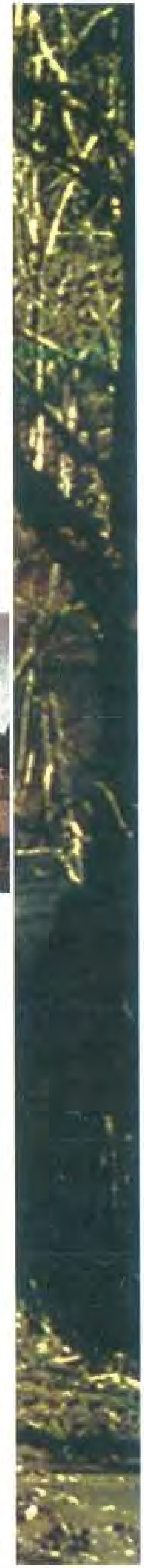
Mark Davis

Attachments:

1999 City of McMinnville Parks, Recreation, and Open Space Master Plan
Memo from Mark Davis on Park Land Needs dated 10/28/19
List of 349 acres of parks in the City
List of Community and Neighborhood Parks

City of McMinnville

Parks, Recreation, and Open Space Master Plan



Prepared By
MIG, Inc.
199 E. 5th Avenue, #33
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In Association with
Don Ganer & Associates

June 1999

CITY OF McMINNVILLE

PARKS, RECREATION AND OPEN SPACE MASTER PLAN

Prepared by:

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Sally McIntyre, Principal
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In Association with:
Don Ganer & Associates

May 1999

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Part I
Community Needs

- Sites that need redesign or development;
- General lack of access for people with disabilities as required by federal law;
- The need to establish maintenance and design standards;
- Safety issues, such as designs that may encourage vandalism or safety hazards; and
- The need to address management of natural habitats.

Recreation Programs and Services

The McMinnville Parks and Recreation Department plays a major role in meeting the recreation program needs of the community. About 90% of residents' report that they or a member of their family participated in recreation programs offered by the City of McMinnville during the last year. The Parks and Recreation Department provides 125 classes and programs for McMinnville residents, serving approximately 21,000 participants in 1998.

A major task of the Master Plan was to identify the services most valued by residents and to develop a plan to deliver these services. The benefits of parks and recreation most valued by McMinnville residents, which can be addressed through recreation programs, include:

City recreation programs served 21,000 residents in 1998.

- Providing positive activities for youth;
- Building a sense of community;
- Preserving the environment;
- Contributing to strong families; and
- Helping residents achieve an active, healthy lifestyle.

Programs that are the highest priority for expansion include: the summer concert series, special interest classes for children and adults, and youth sports. Wildlife and nature education, outdoor programs, and programs in the creative and performing arts should be developed and offered to all ages.

Youth of all ages should have the highest priority when planning recreation programs, according to McMinnville residents. Adult programs are in demand, but should be highly self-supporting. Services to disabled residents, seniors, and ethnic minority populations should continue to be improved.

McMinnville recreation programs have become more dependent on user fees. Other funding sources should be developed. Partnerships with McMinnville Public Schools and Linfield College as well as business sponsorships are highly supported by residents.

In general, the City should improve its marketing of recreation programs. Regular program evaluation to measure for customer satisfaction is also recommended.

Management and Operations

The Parks and Recreation Department currently has 10 full-time employees and 90 part-time recreation staff. The Director of Parks and Recreation oversees park acquisition and planning as well as five recreation service areas.

Overall, the Parks and Recreation Department is doing an excellent job of meeting community needs. Some areas for future improvement include:

- Adding a volunteer coordinator and professional landscape architect to the staff;
- Increasing community involvement in park planning and recreation program evaluation;

- Organizing citizen park patrols to enhance public safety ; and
- Establishing park maintenance standards and developing a maintenance management plan for each site.

Park maintenance staff are now part of Public Works Department. Maintenance staffing levels have not increased to address the continued expansion and development of park lands and increased park use. Each full time employee (FTE) is currently responsible for 60% more park land acreage than in 1980. Because of this increase in workload, some McMinnville parks are beginning to show the effects of reduced maintenance. If McMinnville's existing park facilities are to be maintained to the level of cities of comparable size in Oregon, an additional two full-time employees are needed, for a total of seven full-time park maintenance staff.

COMMUNITY INVOLVEMENT

To encourage citizen involvement in the development of the Master Plan, residents were provided with opportunities to express ideas and obtain information. These opportunities included: a community survey, community workshops, and stakeholder interviews. Residents were asked questions about:

Residents value positive youth activities.

- The benefits they receive from parks and recreation opportunities;
- Facility, operation, and recreation services improvements they feel are needed;
- Future planning priorities;
- How to fund improvements; and
- Their vision for the City of McMinnville's future parks and recreation system.

Over 500 residents participated in the Master Plan development process. Residents said that the greatest issue facing the McMinnville community is increasing urban growth and its impacts on livability. Meeting the needs of youth was considered the most pressing community need. Residents saw the most important benefits of parks and recreation services were providing positive activities for youth, building a sense of community, and preserving the natural environment for future enjoyment.

Through their participation in the development of the Master Plan, community members helped shape a vision for the future of the parks and recreation system.

PART II THE PLAN

VISION FOR THE FUTURE

To address key issues facing the Parks and Recreation Department, a guiding vision is needed. The vision for McMinnville's future parks and recreation system, which emerged from the Master Plan community involvement process, is stated below:

Parks, recreation programs and facilities, and open space are essential elements in enhancing the quality of life in McMinnville. They foster healthy, active lifestyles, strengthen a sense of community, prevent crime, protect the environment, and contribute to a healthy economy. The Parks and Recreation Department will provide an interconnected parks and recreation system that:

- **Provides diverse opportunities for active, passive, and unprogrammed recreation to all residents;**
- **Contributes to overall community livability and pride;**

- Balances the impacts of growth and increasing density with sufficient facilities;
- Fosters stewardship of natural resources, such as floodplains and waterways;
- Provides equitable distribution of parks and recreation opportunities throughout the City;
- Reduces auto-dependency and enhances recreation opportunities by connecting recreation resources, community destinations, and neighborhoods with trails and greenways;
- Provides positive activities for youth;
- Promotes strong families;
- Helps residents achieve an active, healthy lifestyle;
- Builds and maintains partnerships with area schools and others to provide programs and facilities;
- Provides safe and well-maintained parks and recreation facilities;
- Provides for effective and economically sound management of public resources; and
- Informs residents about their recreation opportunities, and involves them in decision-making.

This vision formed the basis for Master Plan recommendations.

Recreation resources should be equitably distributed.

RECOMMENDATIONS

Master Plan recommendations for implementing the vision for McMinnville's park and recreation system address park facilities, recreation services, maintenance, and management. Recommendations include the following:

Park Facilities

To maintain McMinnville's existing level of community livability and balance anticipated growth, existing parks should be renovated and new parks should be developed. These recreation resources should be equitably distributed throughout the community to provide access to all residents.

- Renovate City Park to serve as the heart of Downtown and the cornerstone of McMinnville's park and recreation system;
- Acquire and develop 103.5 acres of community parks and at least 76 acres of neighborhood parks to meet future needs and ensure geographic accessibility for all residents;
- Renovate existing community parks to increase recreational opportunities and improve safety;
- Protect natural areas by acquiring greenways along creeks and the Yamhill River.
- Provide trails through natural areas;
- Pursue joint use agreements with the School District, Linfield College and other partners to share the cost of facility development and maintenance; and
- Provide an interconnected pedestrian and bicycle system that links McMinnville's parks, open spaces, neighborhoods, work places and schools.

Recreation Services

Additional programs are needed to accommodate future community growth and meet the needs and interests of residents. Programs for youth are residents' highest priority. Recreation programs must remain affordable to all residents.

- Develop programs for preschool children;
- Expand youth programming;
- Develop wildlife and nature education programs, outdoor programs, and programs in the creative and performing arts;
- Improve outreach to seniors, disabled residents and ethnic minority populations;
- Expand special interest classes for youth and adults;
- Provide programs for families; and
- Evaluate programs and service delivery on an ongoing basis to ensure that they are achieving planned outcomes.

Maintenance

As the parks, recreation and open space system expands, maintenance responsibilities increase. Already parks are beginning to show the effect of inadequate maintenance budgets. As new park facilities are developed, funding for maintenance must also be increased.

Adequate funding is needed to implement the plan.

- Incorporate maintenance standards recommended by the National Recreation and Park Association;
- Establish a maintenance management plan for each park and recreation facility;
- Hire personnel with knowledge of park management and experience in park maintenance for future Public Works Superintendent/department leadership openings;
- Involve volunteers in park development and maintenance;
- Evaluate staffing levels and cost/benefits of contract labor; and
- Hire additional utility workers.

Management

The Parks and Recreation Department will be faced with managing more park land and additional recreation programs as the population of McMinnville increases. To effectively manage these community resources, more tools should be developed to guide the design and management of park facilities; public information, community involvement, and public safety efforts should be expanded; joint use agreements should be developed; and on-going staff training program should be implemented.

- Develop new standards, guidelines and policies for facility development and management;
- Develop community involvement policies to encourage and manage volunteerism;
- Establish guidelines for developing joint use agreements and partnerships;
- Develop staff training programs to increase staff effectiveness; and
- Improve dissemination of information about park facilities and recreation programs.

Additional recommendations are presented in Chapter 6.

TEN-YEAR FUNDING PLAN

To successfully implement the Master Plan recommendations and expand parks and recreation facilities and services, an adequate budget is needed. The Park Facility Funding Plan addresses acquisition, development, and renovation of parks, greenways and naturals areas. The funding plan addresses fiscal years 1999-2000 through 2008-2009.

Projects not completed within the first ten years are budgeted for completion by the year 2019.

Capital facilities included in the Master Plan total $50.4M. A variety of financing methods and multiple funding sources are needed to purchase park and open space and construct new ballfields, playgrounds and other recreation facilities. The two most likely funding sources are General Obligations (G.O.) bonds and System Development Charges (SDC's).

The City Parks Department has estimated that approximately $13M in park improvements may be funded with G.O. bonds during the next 20 years. This is approximately 24% of the projects identified in the Master Plan. G.O. bonds must be approved by voters.

The City collects parks and recreation SDC's for all new residential development. The City Council has adopted a schedule to increase the parks and recreation SDC rates. With these increases, $2.76 million in SDC revenues may be available for parks by 2005. SDC's are expected to fund about 20% improvements identified in the Master Plan.

About $10 million for park improvements is expected to come from grants, donations and business partnerships. The remaining $18.25 million could be funded from other sources such as special assessments and user fees.

Master Plan recommendations for parks and recreation facilities are based upon standards recommended by the National Recreation and Park Association and Oregon communities of similar size and customized the McMinnville's needs. As the Master Plan is implemented, projects, priorities and timing may change based on evolving community needs, funding and program demand.

CHAPTER 1: INTRODUCTION

Located in the western portion of Oregon's Willamette Valley along the Yamhill River, the City of McMinnville is changing at a significant pace. For example, the population of the City was only just over 14,000 in 1980. Today McMinnville's population is over 24,000, and it is one of the fastest growing cities in Yamhill County.

In response to these changes, McMinnville residents have made it their goal to retain and enhance their City's livability, recreational opportunities, sense of community, and natural environment. McMinnville residents look to their City's Parks and Recreation Department to provide quality parks, open spaces, and recreation services that will meet these needs today and well into the future.

PURPOSE OF THE MASTER PLAN

The Master Plan describes a vision for parks, recreation services, trails and open space facilities.

To assist in maintaining McMinnville's livability, the Parks and Recreation Department has set out to create the City's first Parks, Recreation and Open Space Master Plan. The Master Plan describes how the City will strive to provide parks and recreation opportunities to residents for the next 20 years. It includes a financing model that demonstrates how park acquisition and development could be financed if resources are available. This planning process offered the City a unique opportunity to evaluate the parks, recreation and open space system, and to author a vision for the community that recognizes anticipated changes and truly reflects the needs of residents.

To accomplish this task, community members of all ages and those serving on the Master Plan Advisory Committee have contributed to this Master Plan.

MASTER PLAN OBJECTIVES

During a series of initial meetings, Parks and Recreation Department staff, Advisory Committee Members, community members, and staff from other City departments were asked to identify key issues that should be addressed in the Parks, Recreation and Open Space Master Plan. The objectives that helped guide the Master Plan development process include the following:

The Master Plan was developed with significant input from the community.

- Maintain and enhance community livability;
- Contribute to stronger families;
- Build community pride by showcasing parks and facilities;
- Maintain accessible, diverse facilities and programs that serve all ages and abilities;
- Promote opportunities for unprogrammed recreation;
- Increase social opportunities;
- Ensure access to recreation through efficient and affordable programs;
- Provide adequate open space;
- Balance the effects of increasing growth with the need to maintain community livability;
- Ensure positive activities for children and youth; and
- Encourage community-building opportunities, such as volunteer efforts and local partnerships with schools and businesses.

The Master Plan describes residents' vision for the future of the City's parks, recreation services, trails and open space facilities.

CHAPTER 2: TRENDS AND FACTS

McMinnville is a special place that is well loved by its residents and defined by a commitment to maintain a livable environment. This chapter provides an overview of the community and the changes that are expected in McMinnville's population. This information is important when forecasting future park and recreation needs.

COMMUNITY PROFILE

McMinnville has a current population of approximately 24,000 people. It is the largest city in Yamhill County and the fifteenth largest city in Oregon. Adjacent to the Oregon Coast Range foothills and surrounded by rolling farmlands, it is less than an hour drive south from Metropolitan Portland, Oregon's largest urban area. McMinnville is noted as a gateway to the Oregon Coast via Highway 99W that bisects the town.

The City covers about 11 square miles within its Urban Growth Boundary (UGB). Within this area, McMinnville owns approximately 270 acres of park land. Inside the UGB, McMinnville's topography is generally flat. The dominant natural features are three waterways: Baker Creek, Cozine Creek and the South Fork of the Yamhill River. Baker and Cozine Creeks flow west to east out of the adjacent Coast Range foothills and eventually join the Yamhill River just east of downtown McMinnville. The South Fork of the Yamhill River flows northward as it meanders through the City before it meets the main channel of the Yamhill and, ultimately, the Willamette River to the northeast.

Parks and recreation contribute to McMinnville's charm and character.

Culturally, McMinnville is a diverse community that blends the interests of its ever-changing population with its historic, small town charm. Residents and visitors to McMinnville celebrate their diversity through gatherings such as: the annual Turkey Rama Celebration, the Yamhill County Fair, the annual Mayor's Charity Ball, and the International Pinot Noir Festival.

Downtown McMinnville is noted for its large historic district, which is comprised of 52 buildings of architectural and historic significance. The brick and stucco buildings date from the 1880's to the 1930's. Within minutes, residents can stroll through the downtown core from their favorite shop or restaurant to a nearby park or enjoy the sights and sounds of nature at a park along the Yamhill River just east of downtown.

Today, McMinnville's economic base is primarily services, manufacturing, retail, and education, but still clearly reflects its agrarian heritage. Linfield College continues to be a major employer and focal point of the community. Increasingly, the community is incorporating high technology and tourism into its economic base.

Tourism will continue to play a growing role in the City of McMinnville and Yamhill County. In 1995, 77% of tourists to Yamhill County came during the summer and fall. Of all visitors, 49% engaged in an outdoor activity, such as hiking, viewing wildlife, or picnicking, and 42% visited parks or other natural attractions (*Davidson and Peterson Associates, Inc.*, 1995). Tourists had an estimated economic impact of $37,510,000 in Yamhill County in 1994 (*Davidson and Peterson Associates*, Inc., 1991-1995). Tourism increases the use of park facilities and provides opportunities for marketing of recreation programs.

McMinnville is also the hub of Oregon's largest concentration of wineries, the Yamhill County wine growing area. The annual International Pinot Noir festival attracts wine enthusiasts from around the world, and has spotlighted this region as one of the up and coming wine-growing areas of the United States. Nearly 25% of all Oregon vineyards are located in Yamhill County. From 1985 to 1997, the number of wineries in the county increased from 43 to 113 with a gross income of $88 million.

By 2017, McMinnville's population is expected to grow to 38,000, an increase of almost 50%.

The Parks and Recreation Department has a central role to play in shaping the changing character of the City. The high level of community support for the Parks and Recreation Department demonstrates that the Department reflects community values. With continued support, resources will be protected and enhanced for the enjoyment of future generations. Recreation opportunities will continue to build community and help residents achieve an active, healthy lifestyle as McMinnville grows and changes.

DEMOGRAPHIC PROFILE

Urban growth in McMinnville is a relatively recent phenomenon. As recently as 1960, McMinnville's population was just over 7,600 people. Each decade since the 1940's has seen steady, double-digit growth. In the period from 1970 to 1996, the City grew from 10,125 to 22,880, an increase of 44%. By the year 2017, McMinnville's population is expected to grow to 38,000, an increase of almost 50%.

To determine future community needs, anticipated changes in the City population were studied. This study, based on 1997 data when McMinnville's population was 22,880, revealed the following important facts and trends:

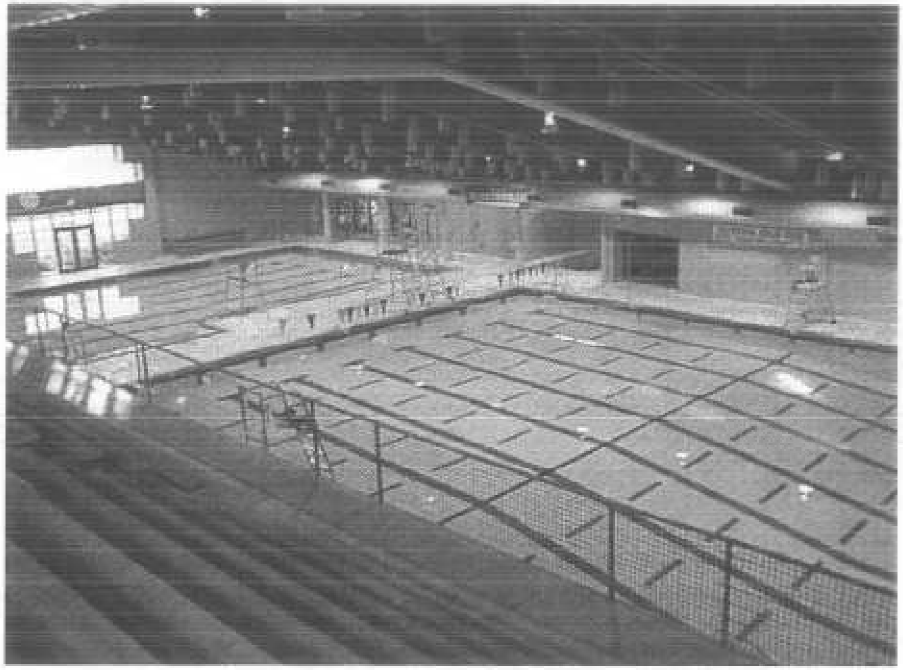
- McMinnville residents are more likely to own their homes than rent. Total housing units have grown from 2,989 in 1970 to 6,778 in 1990, and this trend is likely to continue. Due to constraints placed on the availability of land by the Urban Growth Boundary (UGB), population and housing densities will likely grow, increasing the need for parks and recreation opportunities (US Census of Population and Housing, 1990).
- In addition to traditional nuclear families, the Parks and Recreation Department will need to address the needs of diverse residents, such as:
    - People living in nursing and foster care homes;
    - Single parents;
    - Persons living alone; and
    - Persons with disabilities.

- Both per capita and median incomes in McMinnville are lower than the state average. In fact, 45.35% of McMinnville residents are of low to moderate income (US Census of Population and Housing, 1990). This increases the need for accessible, affordable recreation.
- The labor market and industry employment has shifted away from natural resource based employment and toward white collar jobs, such as those in trade, government and services (including high technology). From 1979 to 1996, these three sectors have increased 48.5%, 43.7%, and 107.0% respectively in the Mid-Willamette Valley (Regional Economic Profile, Region 3, Oregon Employment Department, 1998).
- The median age of McMinnville residents continues to increase. With the aging of the baby boomers, the 65 and older age group is one of the fastest growing age groups in McMinnville and throughout the U.S.
- The cultural and ethnic make-up of McMinnville will become more diverse within the next 30 years, with continued growth among the Asian, Hispanic and Native American populations.

As the City's population becomes more diverse, parks and recreation services will need to grow and change.

SUMMARY

As the City's population grows and becomes more diverse, parks and recreation services will need to grow and change to meet the needs of the community. A unique and extraordinary diversity of natural features is here for all McMinnville residents to enjoy. These natural and cultural features, combined with the City's small town appeal, form the important foundation of community character, a key factor in attracting and retaining residents and businesses.



CHAPTER 3: RESOURCE ASSESSMENT

To determine future needs, it is important to understand the current parks and recreation system. An evaluation of the current system was completed, including:

- Parks and Recreation Facilities;
- Recreation Programs and Services; and
- Management and Maintenance.

PARKS AND RECREATION FACILITIES

As of December 1997, the City of McMinnville had 162 acres of parklands and 112 acres of greenspace. This includes 7 mini-parks/playlots, 4 community parks, 2 linear parks, 1 special use park, 3 public buildings, 1 greenway, and 6 greenspaces. Local schools provide the community with 195 acres of public open space; residents have access to facilities at 5 elementary schools with a sixth soon to open, 2 middle schools, 1 high school, 4 other school district sites, and at Linfield College. Table 1 describes park facilities that are addressed in the Master Plan.

To determine future needs, a resource inventory was conducted.

To determine future needs for park and recreation facilities, a resource inventory and analysis was conducted. The study includes the following:

- *Facilities Inventory:* An inventory of existing and proposed parks and recreation facilities;
- *Facility Standards and Needs Assessment:* An evaluation of current parks and recreation facilities standards and of future facility needs; and
- *Evaluation of Existing Facilities:* An evaluation of the condition of existing City parks.

For complete results of this study, see the *City of McMinnville Park System Resource and Analysis Report* (MIG, Inc., 1998).

Table 1

PARK SYSTEM DEFINITIONS

Types of Facility	Definition	Benefits	Size Criteria	Includes	Does Not Include	Site Selection Criteria	Maintenance Level and Standard
Mini-Park/Playlot	Mini-parks, urban plazas, or playlots provide recreation opportunities for residents in areas not adequately served by neighborhood parks, such as town centers or areas of high density development.	Provides for the day-to-day recreational needs of residents; provides space for community events; balances high density development and communicates neighborhood character.	2500 square feet to 1 acre	Mini-parks or playlots may include passive or low intensity activities, such as children's play areas, pathways, multi-purpose paved areas, public art, small scale sports facilities, seating, picnic areas, community gardens, multipurpose performance space, and landscaping.	Mini-parks should generally not include high intensity sports facilities, restrooms, or off-street parking.	Mini park sites are generally level, and the site should have physical characteristics that are appropriate for its intended use, such as well-drained soils and desirable topography. The parks should be accessible by sidewalks and/or interconnecting trails, and bike lanes or low traffic streets.	Maintenance standards will vary depending on design features. Urban plazas in high density areas should utilize NRPA Maintenance Mode I - frequent to very frequent maintenance. In low density residential areas, mini-parks should utilize NRPA Maintenance Mode III - moderate level maintenance.
Neighborhood Park	Neighborhood parks are the foundation of the parks and recreation system, providing accessible recreation and social opportunities to nearby residents. When developed to meet neighborhood recreation needs, school sites may serve as neighborhood parks.	Provides access to basic recreation activities for nearby residents of all ages; contributes to neighborhood identity.	5 to 13 acres	Neighborhood parks should include both passive and active recreation opportunities, such as children's play areas, informal sports areas, picnic facilities, public art, open turf areas, landscaping, community gardens, and pathways. Security lighting may be provided if needed.	Neighborhood parks generally do not include facilities for large groups, such as sports tournaments, off street parking, or permanent restrooms. Activities that result in overuse, noise, parking problems and congestion should not be provided.	Neighborhood parks should be located within a 1/2 mile radius of residences without crossing a major street for easy pedestrian and bicycle access. Neighborhood parks sites are generally level, and sites with natural aesthetic appeal are most desirable. Locating neighborhood parks next to other park system components, such as greenways, increases use and desirability. Neighborhood parks should be located adjacent to schools and fire stations whenever possible.	Neighborhood parks should utilize NRPA Maintenance Mode II - moderate maintenance to maintain the appearance and functional use of facilities and to support public safety.
Community Park	Community parks provide a variety of active and passive recreational opportunities for all age groups. These parks are generally larger in size and serve a wider base of residents than neighborhood parks. Community parks often include developed facilities for organized group activity as well as facilities for individual and family activities.	Provides a variety of accessible recreation opportunities for all age groups; provides environmental education opportunities; serves recreation needs of families and provides opportunities for community social activities.	Greater than 13 [illegible] acres	In addition to those amenities provided at neighborhood parks, community parks may include sports facilities for team play, group picnic areas, skateboard and rollerblade facilities, natural areas, botanical gardens, amphitheaters, festival space, swimming pools, interpretive facilities and community centers. Higher quality children's play areas may be provided to create a family play destination.	Facilities that do not meet recreation needs.	The site should have physical characteristics appropriate for both active and passive recreation, such as suitable soils, positive drainage, varying topography, and a variety of vegetation. A naturally attractive site character is highly desirable. Land within the flood plain should generally be considered only if facilities are to be located above the 100-year flood elevation.	Community parks should utilize NRPA Maintenance Mode II - high level maintenance - in developed portions to maintain the appearance and functional use of facilities, and to support public safety. In natural areas, NRPA Maintenance Mode IV - moderately low maintenance - should be utilized.
Linear Park	Linear parks may be developed along built or natural corridors to provide opportunities for trail-oriented activities and nature-oriented outdoor recreation. Linear parks may also provide some active and passive recreation facilities to meet neighborhood needs, especially in areas not adequately served by traditional neighborhood parks. Linear parks connect residences to major community destinations.	Protects natural resources; provides environmental education opportunities; provides opportunities for trail-oriented activities and provides access to basic recreation opportunities for nearby residents of all ages to encourage an active, healthy lifestyle, reduces automobile dependency.	Of adequate size to protect natural resources and accommodate intended uses.	Linear parks can include paved or soft-surfaced trails to accommodate jogging, biking, walking, skateboarding, dogwalking, horseback riding, canoeing or rollerblading. Active and passive recreation facilities may include small-scale sports facilities, such as basketball hoops, children's play equipment, off-leash dog areas, seating, public art, picnic tables, lighting, community gardens, and landscaping.	Recreation facilities intended for large groups, permanent restrooms, and off-street parking are generally not provided.	Although natural corridors, such as creeks and rivers are preferred, opportunities to create built corridors should be strongly encouraged. Built corridors are constructed during development or redevelopment, such as corridors created in residential subdivisions, revitalized waterfronts, abandoned railroad beds, roadway right-of-ways, boulevards, utility right-of-ways and drainage-ways. The minimum corridor width should accommodate a multi-use trail plus buffer planting (approx. 24 feet).	Linear parks should utilize NRPA Maintenance Mode II - high level maintenance - in developed portions to maintain the appearance and functional use of facilities, and to support public safety. In natural areas, NRPA Maintenance Mode IV - moderately low maintenance - should be utilized to support the natural character of the area, to maintain functional use of facilities, to provide fire and hazard mitigation, and to support public safety.
Special Use Park	A special use park is a facility for a specialized or single recreational activity, including historic and cultural sites, and recreation facilities.	Meets the recreational needs of the community; preserves historic, natural, and cultural resources; provides life-long educational opportunities and provides opportunities for community wide social events.	Size should be suitable for its use.	**Historic and Cultural Sites:** these may include local historical resources, arts facilities, public gardens, nature centers and amphitheaters. **Recreation Facilities:** many of these facilities may be located in park facilities, especially in community parks; some single purpose facilities may be freestanding, such as community centers, senior centers, theaters, golf courses, sports facilities, and aquatic parks. In addition, compatible support facilities such as seating, interpretive signage, public art and picnic tables should be provided to increase function, use and attractiveness.	Facilities that do not meet recreation needs.	The physical size should be appropriate for the intended use. The site should be accessible by arterial and collector streets, and by public transportation and the Citywide trail system. A central location is preferred. Depending on the facility type and adjacent uses, locating special use facilities in parks or adjacent to other public facilities may be preferable for increased safety and security.	Maintenance will vary according to facility type. In general, high use may require NRPA Maintenance Mode I or II - high level maintenance to maintain functional use of facilities and support public safety.
Greenspace / Greenway	A greenspace or greenway is an area of natural quality that protects valuable natural resources and provides wildlife habitat. It also provides opportunities for nature-related outdoor recreation, such as viewing and studying nature and participating in trail activities.	Protects valuable natural resources; protects wildlife; contributes to the environmental health of the community and provides opportunities for outdoor recreation, environmental education, and trail-oriented activities.	Size should be adequate to protect the resource.	Developed features that support outdoor recreation and trail-oriented recreation may be provided, such as trails, picnic areas, benches, interpretive signs, and native landscaping. Trail-head amenities, such as small scale parking, portable restrooms, bike racks and trash enclosures, may be included.	Facilities that do not directly support outdoor recreation and trail-oriented recreation should not be included, such as ornamental plants, lawns, and active recreation facilities.	The quality of the resource is the most important determinant for site selection. In addition, sites that provide medium to high potential for environmental education, corridors or buffering qualities, and outdoor or trail-oriented recreation are preferred. The minimum corridor width is approximately 100 feet.	NRPA Maintenance Mode IV - moderately low maintenance - should be utilized to support the natural character of the area, to maintain functional use of facilities, to provide fire and hazard mitigation, and to support public safety.
Trails and Connectors	A public access route for commuting and trail oriented recreational activities, includes sidewalks, bikeways, multi-use trails and paths.	Provides opportunities for trail-oriented activities; reduces auto-dependency; and connects community facilities and neighborhoods.	Width of the trail and right-of-way depends on its intended use and location.	A variety of pathways types are needed to accommodate activities such as walking, running, biking, dogwalking, rollerblading, skateboarding, and horseback riding. Trails can be located within parks, within linear parks and greenways, or be designed as a part of the Citywide transportation system. Waterways can provide trail-like facilities for boating and canoeing. Each type of trail should be designed to safely accommodate users, and meet recognized design standards.	Active recreation facilities and facilities that do not directly support outdoor recreation and trail-oriented recreation should not be included, such as ornamental plants, lawns, and active recreation facilities.	McMinnville's trail system should be coordinated with the City's *Transportation Master Plan* to create a pedestrian and bicycle system that connects all components of the park system and major community destinations. The trail system should provide access for people with disabilities and accommodate diverse recreational needs. Trail development is guided by site opportunities and constraints, such as pedestrian access, slope, natural resources, views and drainage.	**Hardsurfaced trails** should utilize NRPA Maintenance Mode II - moderate level maintenance - in developed portions to maintain the appearance and functional use of facilities, and to support public safety. For **soft surfaced trails**, NRPA Maintenance Mode IV - moderately low maintenance - should be utilized to support the natural character of the area, to maintain functional use of facilities, to provide fire and hazard mitigation, and to support public safety.

Reference: Park Maintenance Standards, National Recreation and Park Association (NRPA), 1986.

FACILITIES INVENTORY

The facilities inventory includes the following:

- *Parks System Resources:* These are developed or partially developed mini-parks/playlots, community parks, linear parks, special use parks and recreation centers provided by the Parks and Recreation Department.
- *Greenspace/Greenways/Natural Areas:* The primary greenway in the City's inventory is Cozine Creek Greenway which is made up of 11 separate greenway areas totaling 45.45 acres. The Parks and Recreation Department also provide 6 designated greenspace areas totaling 66.59 acres.
- *School Facilities:* The McMinnville School District and Linfield College provide a significant number of recreation facilities. These facilities are included in the inventory.

The inventory of parks and recreation facilities is provided in Appendix A.

FACILITY STANDARDS AND NEEDS ASSESSMENT

The availability of park and recreation facilities and their ability to meet the recreational needs of the community is usually measured by facility standards. These standards are expressed quantitatively by the number of facilities needed to serve a certain number of residents (e.g., 5-8 acres of community parks per 1000 population, 1 baseball field for every 5000 population, etc.).

Community needs are based on a projected population of 38,000 in 2017.

In 1990, the City of McMinnville provided 14 acres of park land for every 1000 residents. To determine future facility needs, the amount of park acreage and number of recreation facilities provided in McMinnville was compared to standards recommended by the National Recreation and Park Association (NRPA). These standards were further refined to address regional recreation needs by comparing them with standards for comparable communities in Oregon, and by evaluating the geographic distribution of parks throughout the community. Based on this evaluation and the results of the community involvement process, recommendations for Master Plan park and recreation facility standards were proposed. These standards were used to calculate anticipated community needs for the year 2017.

Tables 2 and 3 summarize recommended facility standards for each type of park and recreation facility for the years 1997-2017. Based on these recommended standards and the existing level of service, the anticipated community need is presented. It should be noted that the existing level of service for recreation facilities includes school facilities, many of which are in substandard condition and may not adequately meet community needs (Table 3). Projected community needs are based on an estimated population of 38,000 by the year 2017.

For park lands, no standards are proposed for mini-parks, linear parks, special use parks, or specific miles of trails. The following is recommended:

Mini Parks

- The small size of mini-parks limits their recreational value. These park types are not highly used by McMinnville residents and are more costly to maintain than larger sites.

- It is recommended that additional mini-parks be added to the system only in locations where residents do not have access to larger parks within a ½ mile radius of residences, such as in Central McMinnville or in older neighborhoods.
- Mini-parks can also be provided to enhance the character of high density areas, such as in downtown McMinnville.

Linear Parks

- Linear parks should be provided along built or natural corridors to connect neighborhoods and to provide opportunities for trail-oriented and nature-oriented recreation.

More trails are desired by residents.

Special Use Parks

- Special use parks are facilities intended for specialized or single recreational activities, including historic and cultural recreation. These should be developed only when additional special use facilities are needed.

Trails

- Since a large percentage of McMinnville residents would like additional trail facilities, it is recommended that trail opportunities in McMinnville be maximized while preserving natural resources.

Table 2

PARK STANDARDS AND ANTICIPATED NEED

Facility	Existing Standards	Recommended Standards	Anticipated Need 2017 pop 38,000
Mini-Parks/Playlots	0.10 - 0.30 acres/1000	ns	
Neighborhood Parks	2.00 acres/1000	2.0 acres/1000	76
Community Parks	5.00 - 8.00 acres/1000	6.0 acres/1000	104
Linear Parks	ns	ns	
Special Use Parks	ns	ns	
Greenspace/Greenways/ Natural Areas	ns	6.0 acres/1000	116
Trails and Connectors	ns	1 system	
Total	7.1-10.3 acres/1000	14.0 acres/1000	295.54 acres

Existing standards are unofficial standards contained in the City's Urban Growth Boundary Study and have not been approved by City Council or Planning Commission.

Recommended Standards are based upon a combination of existing, local, and NRPA standards provided for comparison, and expressed community need.

Anticipated Need - 2017 indicates additional facilities needed by 2017 in addition to existing facilities. These needs will be impacted by community trends over time.

Table 3

RECREATION FACILITY STANDARDS AND ANTICIPATED NEED

Facility	Existing Standards	Recommended Standards	Anticipated Need 2017 pop 38,000
Baseball Fields	ns	1/1500	16
Basketball Courts	ns	1/2000	5
Botanical/Community Gardens	ns	ns	1
Community Centers	ns	1/25000	0
Dog Parks	ns	ns	2
Fishing Area		ns	1
Football Fields	ns	1/20,000	0
Group Picnic Areas	ns	1/1500	21
Outdoor Concert Area	ns	ns	1
Outdoor Volleyball Court	ns	ns	2
Play Equipment	ns	1/1200	13
Rollerblade Facility		ns	1
Running Tracks	ns	1/20,000	0
Senior Center	ns	1/25000	0
Skateboard Facility		ns	1
Soccer Fields	ns	1/2000	5
Softball Fields	ns	1/3000	6
Swimming Facilities	ns	1/25000	0
Tennis Courts	ns	1/2000	0

Existing standards: ns (no standard) no current standard is being applied locally.

Recommended Standards: A combination of existing local (other municipal jurisdictions in Oregon) and National Recreation and Parks Association standards provided for comparison. Described on a "facility per thousand population" basis.

Anticipated Need - 2017: Indicates additional facilities needed in McMinnville by 2017 (in addition to existing facilities) based on Recommended Standards. These needs and how they are addressed will be impacted by community trends, citizen priorities, and other influences (program demand, funding, facility distribution, timing of park acquisitions, etc.) throughout the twenty year planning period. McMinnville should strive to achieve the highest levels of service which accommodate community interest and support. In doing so, these levels may or may not meet or exceed recommended standards as indicated.

EVALUATION OF EXISTING FACILITIES

Parks and Recreation Department staff and the MIG consultants conducted a site and facility evaluation in December 1996. The purpose of this task was to evaluate the current condition of park facilities. McMinnville's parks include a variety of facilities that support recreational use. Thirteen types of facilities were rated. These included:

- Buildings/Restrooms/Structures
- Sports Fields and Facilities
- Play Equipment
- Safety Surfacing (for play equipment)
- Site Furnishings
- Exterior Lighting
- Paths/Paving/Trails
- Signage
- Irrigation Systems
- Drainage Systems
- Vegetation
- Turf
- Parking

Facilities were rated on two aspects: physical condition and functional capacity.

Facilities were rated on two aspects: physical condition, and functional capacity. Physical condition was rated in terms of the need for maintenance or repair. The functional capacity of a facility was rated for ability to meet user demand and support recreational use. The following scoring system was used:

1 - Adequate	Good condition, needing only routine maintenance Fully usable and functional
2 - Substandard	Needs significant maintenance or repair Usable but doesn't meet standards
3 - Inadequate	Major renovation or replacement required; hazardous Facility doesn't exist or is far below standards

Following is a general description of the findings. *Some substandard conditions have been corrected since the site evaluation.*

Overall Condition

Maintenance of McMinnville parks is good. The public perception of park maintenance as noted in the *Recreation Needs Assessment Survey* is that maintenance is good to excellent. In general, the newer parks appear to be better maintained, and efforts appear to be directed more toward the larger community parks than to smaller mini-parks. Many of the maintenance problems observed were related to design factors, such as ponding and poor turf growth on a flat site, or insufficient site size. Vegetation and turf appear well cared for except where irrigation is not provided, or where impacted by overhead tree canopy and leaf cover. Where vandalism occurs, it is promptly repaired. Few signs of vandalism or litter were evident.

Overall, maintenance of McMinnville parks is good.

Major problems found during the site evaluation included:

- Aging facilities that require replacement, such as restrooms, children's play areas, and site furnishings;
- Sites that need redesign or development, such as City Park and nearly all mini-parks;
- General lack of access for people with disabilities as required by ADA;
- The need for expanded design guidelines and standard construction details to guide future planning and design of recreation facilities and site amenities;
- The need to establish Department maintenance standards based on NRPA standards;
- Safety issues, such as designs that may encourage vandalism and crime, and safety hazards in children's play areas; and
- The need to address the enhancement and management of natural habitats, including creek beds.

Most residents want to keep mini-parks as open space.

Addressing these issues should be a high priority for the Parks and Recreation Department.

Mini Parks/Playlots

Mini-parks and playlots were in fair to good overall condition. However, key elements, such as play equipment, were often substandard. Most, because of their size and design, presented maintenance problems or raised other concerns. Most of the sites could benefit from additional trees and low maintenance landscaping.

Many of the sites are too small to adequately serve the neighborhood. Some of the mini-parks, such as Greenbriar, serve only as a landscaped open space or entry to a neighborhood. Others, such as Taylor or Kingwood, attempt to provide limited activities for small children or families. Because of these issues, the value of these sites to the community was raised during the *Recreation Needs Assessment Survey* and during the community workshops. The results indicate that most residents want to retain these sites as neighborhood open space, and feel that the neighborhood should take an active role in site maintenance. The city should work with each neighborhood to reach consensus about the benefit of these small parcels to the immediate community, and develop renewal and management plans based on neighborhood input.

Neighborhood Parks

Although sites such as Westvale or Kingwood are perhaps seen as neighborhood parks, no park in McMinnville fits the traditional definition of this facility type. None of the mini-parks or linear parks are adequately sized, or contain the range of facilities that would qualify it as a neighborhood park, such as picnic areas, children's play areas, and active play fields.

Community Parks

The four developed community parks illustrate the range of conditions that can be found in city parks:

- *Dancer Park:* Dancer Park is in good condition overall and provides McMinnville with a concentrated active sports complex. Recent flood damage has been repaired, and all sports fields are well maintained. Dancer Park hosts the most intense activity of the system. It also has abundant potential for further development, which could include permanent restrooms, trails, river access and interpretive stations, active sports such as roller hockey, dirt bike trails, basketball and volleyball, group picnic, etc. However, special consideration must be given to Dancer's vulnerability to flood damage. Parking and vehicular access improvements are needed to accommodate park users. A second vehicular access point is needed immediately and can be created by extending Marsh Lane.

City Park is the symbolic heart of the City

- *Kiwanis Park:* Immediately adjacent to Dancer is Kiwanis Park. Although its size is more in keeping with a neighborhood park, its location limits its ability to adequately serve a neighborhood. It is included in the community park category because its special feature, a boat launch, serves the entire city. Paths, restrooms, and play equipment require upgrading, and the turf is impacted by tree cover. Although it has a separate identity, consideration should be given to managing the site as part of the much larger Dancer Park. Acquisition of parcels just to the west would help implement future greenway access to the center of town, increasing the value of both Kiwanis and Dancer Park. Parking should be improved.

- *Wortman Park:* Mature oak trees and a small creek makes Wortman one of the most pleasant parks in the system. However, the park, including permanent restrooms, needs renovation to meet ADA requirements; group picnic areas and disc (Frisbee) golf course need improvements; the play equipment and safety surfacing is inadequate; and the single softball field is substandard and much too small, impacting neighbors and other park users. In addition, lighting could be improved along pathways as well as in parking areas, and the irrigation and drainage needs attention. The Wortman Park master plan should be updated to include these and other improvements.

- *City Park:* This symbolic heart of the city is in fair condition, but the time has come to consider major renewal. While some facilities at City Park are in good condition and valuable natural resources exist within the park, redesign and/or renovation is needed for many elements, such as the group picnic area, tennis courts, irrigation and drainage systems, and vegetated hillsides. The creek and natural areas also need restoration. Because of its location at the heart of town, City Park has the potential for hosting community events. However, the park was not specifically designed for this purpose. Improvements could greatly enhance the site's ability to serve this need, and unify the disparate elements of the park. . A recent study indicates that redesigning City park pedestrian entries, particularly from the south into upper City park would relieve congestion and enhance the function and beauty of these areas. Innovative design could provide new spaces which support a variety of park uses and discourage small congested pockets which block pedestrian flow and movement. Historical significance should be incorporated into new designs. Any improvements should consider annual flooding. Renovation of City Park should be a high priority for the Parks and Recreation Department

Linear Parks

The series of parcels that make up Westvale Linear Park are newly developed and in good condition. Portions have mature native vegetation that has been trimmed and cleaned up; other areas are recently planted. Jandina Path is in need of repair or replacement. Adding facilities, such as picnic areas, additional play equipment, and lighting, and providing for safe cycling may improve usability of the park. Flood management and habitat protection should be addressed.

McMinnville's Westvale Linear Park is a popular facility.

The west side bike and pedestrian corridor that lies within an existing BPA easement is linear in design and is undeveloped. Its usefulness lies primarily in its value as a multi-purpose path corridor. A master plan (*McMinnville Westside Bicycle and Pedestrian Plan*, David Evans and Associates, Inc., 1995) has been developed for this site.

Greenways/Greenspace/Natural Areas

McMinnville has several greenways and open space areas, the condition of which must be evaluated on a slightly different basis than developed parcels. Some, such as the Tice parcel, are essentially unmanaged and undeveloped. These should be studied more carefully to determine whether their natural systems can be self-sustaining if left as is. Others, such as Cozine Creek and Airport Park, are managed in limited ways, such as mowing, removal of hazardous trees, minimum trail maintenance, and some stream control. These areas appear to meet the needs of the public, but management practices should be evaluated to determine whether they are appropriate. Maintenance standards should be developed to communicate appropriate practices to staff and the public.

Some smaller open space parcels, such as Angella Court, are remnant parcels donated to the Department in lieu of SDCs. Some of these may not be appropriate for inclusion in the greenspace system. All open space areas should be evaluated to determine an appropriate level of development and management, the value of potential development such as trails or interpretive stations, and overall benefit to the community.

Special Use Parks

Quarry Park is designated as a special use park. It requires cleanup and a plan to reevaluate appropriate development and management. Determining the best and most practical potential use of the park should occur through a community process in the near future. As Quarry Park has been surrounded by new neighborhood development in recent years, the current master plan, which designates the site for an amphitheater, may no longer be practical. The abandoned nature of the quarry gives it a de facto character of neglect, possibly encouraging vandalism, and park use by the public presents safety issues that should be addressed soon. Corrective measures should be given a high priority.

RECREATION PROGRAMS AND SERVICES

The City of McMinnville *Recreation Programs and Services Inventory and Assessment* (MIG, Inc., 1998) was conducted as part of the *Parks, Recreation and Open Space Master Plan* development process. Its conclusions are based on the results of:

- An inventory of available recreation programs;
- A survey of comparable cities in Oregon;
- Interviews with Parks and Recreation Division staff;
- The Master Plan public involvement process;

- Demographic trends; and
- Results of the *Recreation Needs Assessment Survey.*

The McMinnville Parks and Recreation Department plays a major role in meeting the recreation program needs of the community. According to the *Recreation Needs Assessment Survey*, about 90% of residents report that they or a member of their family participated in recreation programs offered by the City of McMinnville during the last year. The Parks and Recreation Department provides 125 classes and programs for McMinnville residents, serving approximately 21,000 participants each year. Table 4 illustrates the most popular recreation programs in McMinnville based on results of the *Recreation Needs Assessment Survey.* The Department increases recreation opportunities available to residents as a *direct program provider, through partnerships with other organizations*, by *providing facilities* used by others for recreation, and by *providing information and referral services* to residents about non-city sponsored activities available in McMinnville. The parks, Aquatic Center, Community Center and Senior Center are heavily used for community activities sponsored by civic, religious, business, educational and special interest groups, and offer facility rentals for special events hosted by residents and organizations.

The city's recreation programs are used by a high percentage of residents.

Benefits of Recreation Programs and Services

A major task of the Master Plan was to identify the services most valued by residents and to develop a plan to deliver these services. The benefits of parks and recreation most valued by McMinnville residents, which can be addressed through recreation programs, include:

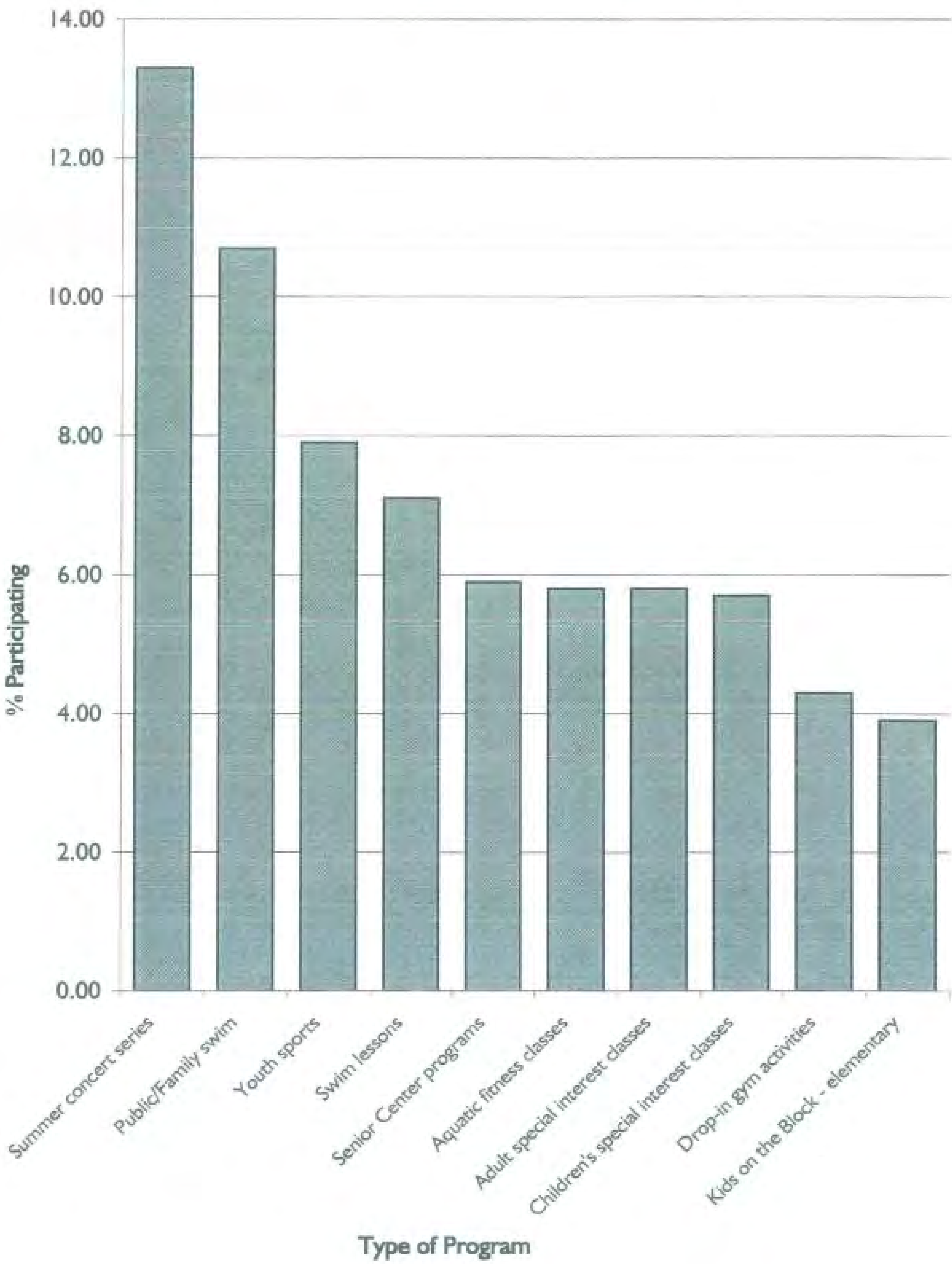
- Providing positive activities for youth;
- Building a sense of community;
- Preserving the environment;
- Contributing to strong families; and
- Helping residents achieve an active, healthy lifestyle.

Many recreation programs provided by the City can produce these benefits.

Residents think the needs of youth should be high priority.

Table 4

MOST POPULAR RECREATION PROGRAMS



NEW RECREATION PROGRAMS RECOMMENDED

Tables 5 and 6 illustrate programs that should be expanded and new programs that should be offered to McMinnville residents. Based on the results of the *Recreation Needs Assessment Survey* and the master plan public involvement process, programs that are the highest priority for expansion include: the summer concert series, special interest classes for children and adults, and youth sports. Wildlife and nature education, outdoor programs, and programs in the creative and performing arts should be developed and offered to all ages.

Considering the number of program staff in the Department, the City should increase its program offerings. McMinnville residents depend on City sponsored programs because few private and non-profit program providers offer services to residents. While current staff is doing an excellent job within their areas of responsibility, the City should evaluate how improvements can be made through expanding skills, cross training and hiring practices. Currently, staff have program specific skills, but lack general recreation and therapeutic recreation skills. Staff productivity is somewhat limited by restrictive funding sources.

Youth of all ages should have the highest priority when planning recreation programs, according to McMinnville residents. Adult programs are in demand, but should be highly self-supporting. Services to disabled residents, seniors, and ethnic minority populations should continue to be improved.

Since Measures 47 and 50, McMinnville recreation programs have become more dependent on user fees. Other funding sources should be developed. Partnerships with McMinnville Public Schools and Linfield College, and business partnerships/sponsorships are highly supported by residents. Enterprise programs should also be considered. Pricing policies for user fees should be aligned with residents' program and age group priorities. For example, programs for youth should be more highly subsidized than programs for adults. Since 45% of residents have a low to moderate income, staff should evaluate pricing policies for affordability, and, when necessary, develop non-tax revenue sources to subsidize program fees.

In general, the City should improve its marketing of recreation programs. Improving the program guide, publicizing ongoing drop-in programs more widely, and making the program guide available via the Internet are recommended. An on-going system of program evaluation to measure for customer satisfaction and the achievement of measurable outcomes is recommended.

Table 5

RECREATION PROGRAMS FAVORED FOR EXPANSION

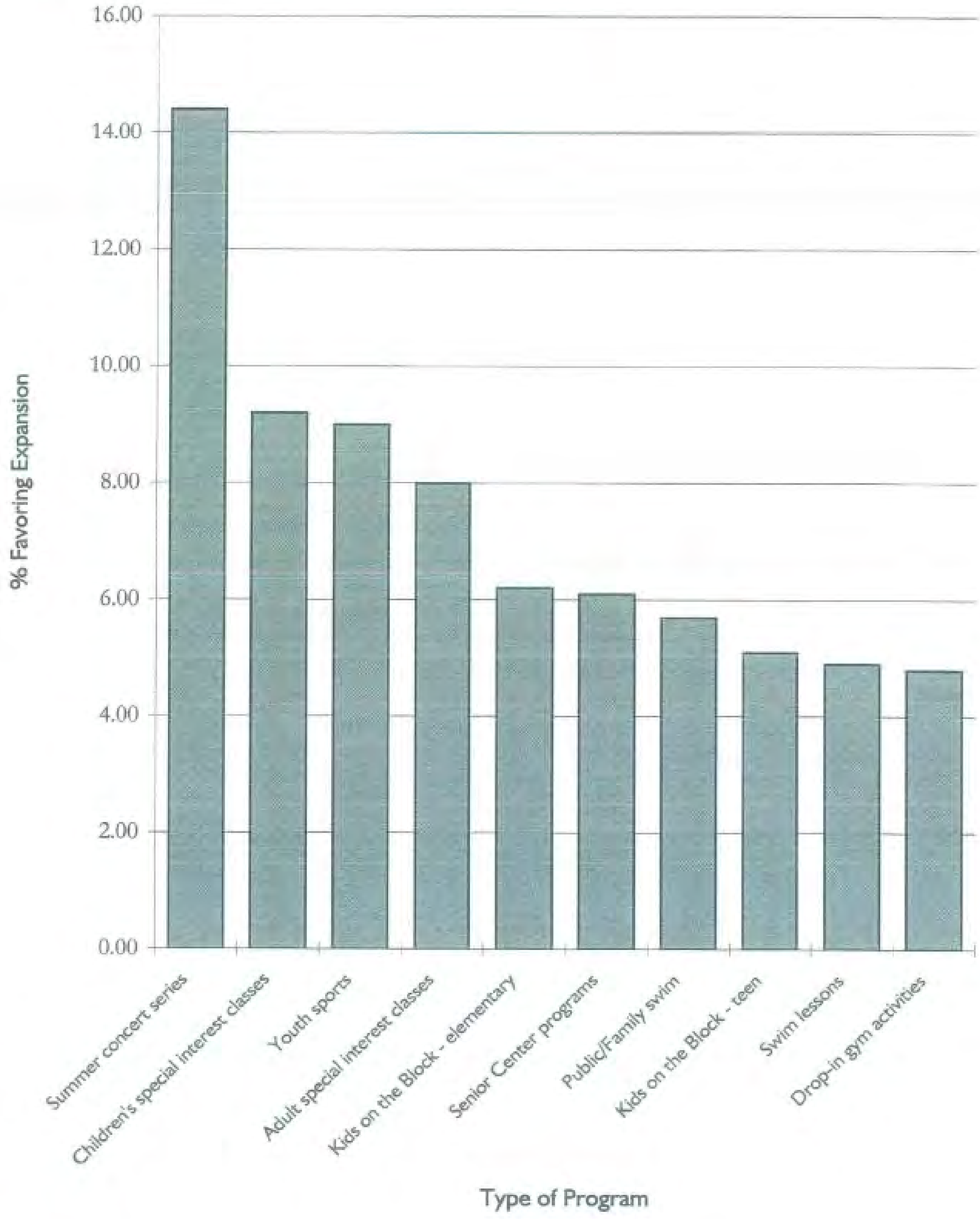
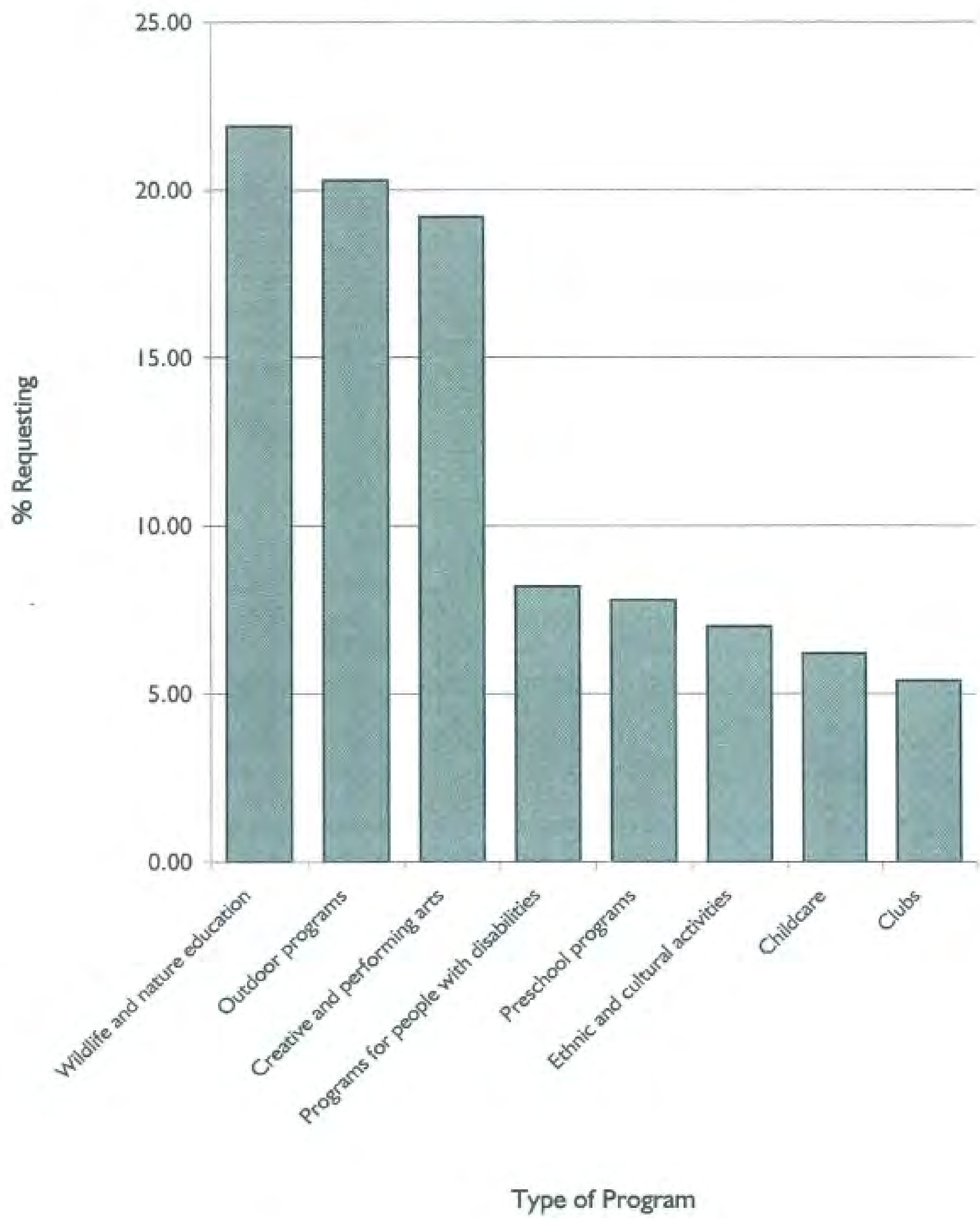


Table 6
NEW RECREATION PROGRAMS REQUESTED



MANAGEMENT AND OPERATIONS

CITY OF MCMINNVILLE

McMinnville has a Council/City Manager form of government. The six member City Council is the policy making body of the city. They appoint a City Manager to perform the administrative duties of the City. The Mayor presides over the City Council meetings, and represents the city at meetings and special events.

The Director of Parks and Recreation oversees park acquisition, planning, and recreation services.

PARKS AND RECREATION DEPARTMENT

Table 7 illustrates the organization of the Parks and Recreation Department. Ten staff are currently employed as full-time employees. The City also has 90 part-time recreation staff. As a result of Measure 47/50, the park maintenance staff were moved from the Parks and Recreation Department to Public Works.

The Director of Parks and Recreation oversees park acquisition and planning as well as the work of five recreation service areas, these include:

- Aquatics;
- Senior Center;
- Kids on the Block;
- Youth/Adult Sports; and
- Community Center.

EVALUATION OF CURRENT OPERATIONS

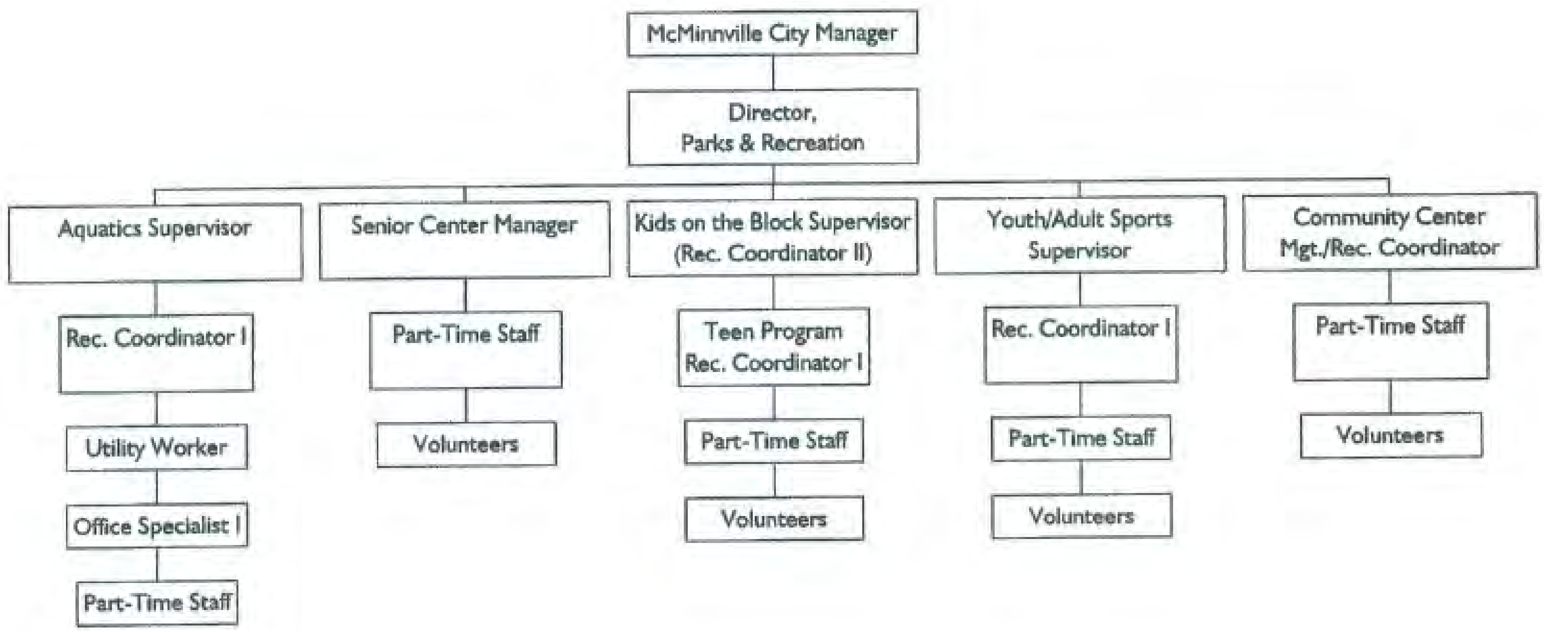
Overall, the Parks and Recreation Department is doing an excellent job of meeting community needs. Some factors that limit the effectiveness of the Parks and Recreation Department include:

Increased coordination is needed to make best use of volunteers.

- *Volunteer Coordination:* McMinnville has an ample supply of community residents who are willing to volunteer their time to improve the community. Many have volunteered to construct the Recreation Station and to assist in recreation programs, such as youth sports and senior programs. Opportunities exist to expand community volunteerism through adopt-a-park programs, special maintenance tasks, etc. However, there is no one staff person in charge of developing a volunteer program.
- *Community Involvement:* Some community involvement has occurred in the past to involve residents in the planning and design of park facilities, such as the design of Recreation Station. However, there is often a large time lag between initial planning and construction. For example, the Wortman Park Master Plan, developed in 1993, has not yet been implemented. In some cases, community needs may change before construction occurs. An effort should be made to tie involvement more closely to development or to provide additional opportunities for involvement to reconfirm master plans prior to the development of construction documents. The Recreation Staff have also involved residents in evaluating recreation programs, but there is no formal, consistent procedure for program evaluation. These procedures should be formalized.
- *Landscape Enhancement:* There are a number of programs within the City that are related to parks and recreation, but have no assigned oversight. These include Tree City USA, the street tree program, and Arbor Day and other tree celebrations. Oversight has been shared among departments and is loosely

Table 7

MCMINNVILLE PARKS AND RECREATION DEPARTMENT ORGANIZATIONAL CHART



defined. Formal oversight should be established. Because of their expertise, Park and Recreation should have a major role in these functions.

- *Staffing Restrictions:* As previously mentioned, Kids on the Block staff functions are restricted by contract agreement.
- *Park Design Function:* At present, some minimal park improvements are designed by the Director and planning staff. The professional assistance of a landscape architect would greatly enhance staff capabilities. This position could be located either in the Planning Department or Parks and Recreation Department. The park designer could assist the Parks and Recreation Director in implementing the Master Plan, could advocate for the role of parks and recreation in community livability, and potentially could manage the volunteer program and community involvement. As an alternative, the park design function could be contracted out.
- *Location of Maintenance Department:* The relocation of park maintenance to public works may cause some communication lags. If this organizational structure is to succeed, it is imperative that maintenance standards be clearly defined. This will be accomplished as part of this Master Plan. In addition, maintenance management plans should be developed for each site, and costs should be tracked through a maintenance management system. Communication between departments should be enhanced.
- *Public Safety:* Police cadets perform some park patrols. To compliment and expand these efforts, it is recommended that citizen patrols be developed as part of McMinnville's community policing efforts. Citizen patrols have been used effectively in many communities, increasing resident's sense of park ownership and public safety.

MAINTENANCE STAFFING LEVELS

Maintenance staffing has not increased to address park expansion and increased use.

Maintenance staffing levels in the McMinnville Parks and Recreation Department have not increased to address the continued expansion and improvement of park lands and increased park use. Each full time employee (FTE) is currently responsible for 60% more park land acreage than in 1980. Because of this increase in workload, some McMinnville parks are beginning to show the effects of reduced maintenance. This is particularly true of the smaller mini-parks and playlots.

If McMinnville's existing park facilities were to be maintained to the level of cities of comparable size in Oregon, an additional 2 FTE's would be needed, for a total of 7 FTE's (Table 8). New staff should fill voids in maintenance skills and expertise to maintain and enhance the level of service provided.

Costs and additional employee demand are based on an evaluation of current facilities, budget allocations and a comparison of parks maintenance practices in cities of comparable size in Oregon. The methodology for determining current maintenance costs and staffing levels is included on Table 8.

Table 8
CURRENT MAINTENANCE STAFFING NEEDS

Facility	Current Acres	Cost per Acre[A]	Maintenance Costs	FTE Staff or Outsource Equivalent
Mini-Parks/Playlots	2.71	$2,500	$6,775	
Neighborhood Parks	0	$2,800	$0	
Community Parks	124.46	$3,100	$385,826	
Linear Parks	22.95	$1,000	$22,950	
Special Use Parks	11.5	$1,000	$11,500	
Greenways/Greenspaces/Natural Areas	112.04	$1,000	$112,040	
TOTAL NEED			$539,091	7.03
Staffing, Materials, and Capital Outlay Budget	Fiscal Year 96-97		**$532,169**	**5.00**
Additional Staff Needed				2.03

[A] Estimated costs based on an average of maintenance costs of cities of comparable size in Oregon as applied to McMinnville facilities.

Overall Maintenance Costs Estimation

1) Average maintenance cost estimators per acre/mile for various facility types in Oregon cities of comparable size was determined;

2) Maintenance cost estimators were then multiplied by the amount of current park land for each facility type in the City of McMinnville;

3) Individual facility type estimates were summed to obtain a total maintenance cost for all park land facilities in McMinnville.

Current Maintenance Staffing Needs

1) The average cost per maintenance employee ($46,000), including salary and benefits, was determined from the 1996-1997 City of McMinnville budget;

2) The ratio of cost for full time park personnel was estimated against that allocated for materials and capital outlays. This ratio is approximately 60:40;

3) Multiplying the current full-time staffing ratio (0.60) by the estimated current total maintenance cost ($539,091) reveals the current gross staffing cost;

4) Dividing gross current staffing costs by the average cost per full-time maintenance employee reveals the current employee staffing need (7) based on current McMinnville facilities and budgetary allocations.

CURRENT FUNDING

The following is a summary of current funding for parks and recreation administration, operations, maintenance, and capital facilities based on a review of existing practices and conditions in the City of McMinnville.

FUNDING FOR PARKS AND RECREATION ADMINISTRATION

Operations and Maintenance Activities

The Park Betterment Fund provides for operation and maintenance of the City's Aquatics Center, Senior Center, Community Center, recreation programs, parks and facilities maintenance, and administration. The Park Betterment Fund is a special revenue fund that receives revenues from the City's permanent rate levy and from fees for department activities and services (fund transfers, user fees, grants, and donations).

Recreation services have become more self-supporting.

For FY 97-98 the total budget increased by 2.26% over FY 96-97 levels, to a total of $2,423,198; but revenues from property taxes were only 79.77% of the amounts budgeted for FY 96-97 ($813,169 versus $1,019,427) reflecting reductions required by the passage of ballot measures 47 and 50. To partially offset this revenue loss, user fees and charges for services were budgeted at $797,775 for FY 97-98, up 29.5% from FY 96-97 levels. These fees and charges represent 32.9% of total fund revenues for FY 97-98, up from 25.9% for FY 96-97.

Currently, fees and charges include participant fees for recreation programs and services and rentals. By increasing fees and charges, McMinnville's recreation programs have increased their level of self-support to:

- Community Center 67% self-supporting;
- Senior Center 68% self supporting; and
- Aquatic Center 52% self-supporting.

These percentages do not include the salary of the Parks and Recreation Director.

Program affordability influences both program participation levels and revenue. The Department continually reviews the affordability of fees and charges. Since fee increases took place, several programs have experienced a drop in participation. Financial accessibility of services remains a significant challenge when combined with resident's desire to reduce tax dollar dependency.

FUNDING FOR PARKS AND RECREATION CAPITAL IMPROVEMENTS

General Obligation Bonds (G.O. Bonds)

G.O. Bonds are debt instruments sold by the City to fund new capital facilities or make improvements to existing facilities. These bonds are repaid with property tax revenue generated by a special levy that is outside the property tax limits imposed by Ballot Measure 5 (1990) and Ballot Measure 50 (1997). Voters must approve G.O. Bond sales and, per Ballot Measure 50, this approval must occur in a general election in an even numbered year, or in another election in which at least 50% of registered voters participate.

Primary funding sources for park improvements are general obligation bonds and system development charges.

Since 1979, the City has issued G.O. bonds to fund construction of parks and recreation facilities, including a community center and a swimming pool. Library improvements, a new fire station, and transportation improvement projects have also been funded with general obligation bonds.

The City maintains an "A" rating with Moody's Investors Service on general obligation bond issues. Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on three percent (3%) of total assessed valuation of real and personal property. At the close of FY 97-98, the City's net general obligation bonded debt totaled $9,390,000, well below the legal debt limit of $39,600,000.

The City's relatively small amount of outstanding general obligation debt and significant debt capacity make voter-approved general obligation bonds a viable source of funding for parks and recreation capital improvements.

System Development Charges

System Development Charges (SDC's) are fees paid by new development to cover a portion of the costs of capital facilities needed to serve new development. The City collects parks and recreation SDC's for all new residential development and places these revenues in the Subdivision Park Reserve Fund.

The current SDC rate of $300 per residential dwelling unit, established in 1991, generated $423,738 in revenues during the six-year period between July 1, 1991 and June 30, 1997. For FY 1997-98, an additional $50,000 in fee revenues is budgeted. Revenues from parks and recreation SDC's have been used to fund capital improvements, including a skateboard park, play equipment, and irrigation and lighting projects.

Because parks and recreation SDC rates were very low, and not sufficient to meet the needs of growth, the City Council recently increased SDC rates for park development for an 18-month period beginning in July 1999. These revenues could complement a G.O. bond measure for park development that may be presented to voters at the November 2000 election.

SUMMARY OF CURRENT FUNDING SOURCES

Capital Improvements

The City has a relatively small amount of outstanding general obligation debt and significant debt capacity that may be used to fund new voter-approved bonds for parks and recreation capital improvements. Existing park SDC rates are very low and are not sufficient to generate significant revenues to meet the needs of this growth. These rates should be revised based on the costs of the projects included in the Master Plan. A level of capital improvement support that can be maintained over time and has citizen support should be established. (Note: As part of the Master Plan development process, McMinnville's SDC methodology was revised in 19998 to improve the City's capability of funding park acquisition and development.)

Administration, Operations, and Maintenance

Increases in fees, charges and rents, and transfers from other funds may help offset a portion of property tax losses in the Park Betterment Fund, but new revenue sources will be needed. The Department is increasing its collaboration with both Public Works and Planning. Additional strategies for funding parks and recreation needs will be proposed in the Master Plan recommendations.

CHAPTER 4: COMMUNITY INVOLVEMENT

To encourage citizen involvement in the development of the Master Plan, residents were provided with opportunities to express ideas and obtain information. These opportunities included: a community survey, community workshops, and stakeholder interviews. Residents were asked questions about:

- The benefits they receive from parks and recreation opportunities;
- Facility, operation, and recreation services improvements they feel are needed;
- Future planning priorities;
- How to fund improvements; and
- Their vision for the City of McMinnville's future parks and recreation system.

Residents were encouraged to contribute their ideas to the Master Plan.

SUMMARY OF COMMUNITY INVOLVEMENT EFFORTS

The following is a summary of community involvement and outreach efforts:

- *Interviews with Community Leaders:* Eight interviews were conducted with community leaders in McMinnville, including representatives from the city government, youth organizations, and the local newspaper.
- *Community Workshop:* In April 1997, a workshop was held to present an overview of the master planning process for the parks and recreation system in McMinnville. Participants were given the opportunity to provide their input on creating a vision for the future of McMinnville parks, and to suggest needed improvements and potential funding strategies.
- *Recreation Needs Assessment Survey:* This survey was implemented to involve residents who may not otherwise participate in the Master Plan process and to validate key findings among a statistically representative sample of residents. A summary of the survey results follows in the next section.
- *Public Information Display:* Information on parks and recreation in McMinnville and the master plan were set up at the Community Center and at various community events during the master planning process.

Meeting the needs of youth is considered to be the most pressing community need.

- *News Register Articles:* Articles were published in The News Register to publicize public involvement and provide information on significant findings of the master planning process.
- *Other Public Involvement Opportunities:* A second Community Workshop, Advisory Committee Meetings, and presentations to the Planning Commission and City Council provided additional opportunities for community involvement.

FINDINGS

The following is a summary of the findings from the community involvement efforts. Findings are broken down into five categories of operation:

Management

- Residents feel that the greatest issue facing the McMinnville community is increasing urban growth and its impacts on livability;
- Meeting the needs of youth is considered the most pressing community need in the City of McMinnville;
- The main role of the Parks and Recreation Department should be to provide recreation programs and a variety of activities and facilities;
- Determining future needs, addressing funding issues, and balancing future growth with additional park lands are considered to be other key issues for the City of McMinnville; and
- Residents value the availability of parks for family activities, the enhanced community aesthetics provided by parks, and the role of parks and recreation in providing positive activities for youth.

Distributing parks and facilities throughout McMinnville is highly important.

Facility Improvements

The highest priority facility improvements include:

- Distribute facilities throughout McMinnville to meet the future demand of the growing population and the needs of new neighborhoods;
- Develop a community park on McMinnville's west side;
- Develop undeveloped park sites, such as Quarry Park, the Tice Property, and complete Dancer Park;
- Develop joint school/park facilities;
- Create a comprehensive trail system that connects parks, community destinations and neighborhoods, including trails along Cozine Creek;
- Expand recreation facilities, such as ball fields, basketball courts, an outdoor amphitheater, dog parks, and skateboard parks; and
- Acquire additional parks and open space.

Recreation Programs

- Residents generally feel that the Parks and Recreation Department is doing a good job with its current recreation program offerings. Some improvements could include:
  - Expanding services to youth;
  - Utilizing recreation programs to integrate the Hispanic population with the larger community;
  - Targeting services at low income residents;
  - Increasing non-sport oriented programs; and
  - Providing opportunities for volunteerism.

Maintenance

- Many residents feel that the Parks and Recreation Department is doing an adequate job in its overall maintenance, especially given the limited resources available.
- Maintenance practices should be reevaluated to develop a plan for future maintenance and identify opportunities to reduce costs.

Funding

- Currently the Parks and Recreation Department is funded by property taxes, user fees, donations, facility rentals, grants, concessions, intergovernmental revenues, and systems development charges.
- Additional suggestions included: formation of a park district; public/private partnerships; volunteerism; partnerships with public schools and Linfield College; increasing System Development Charges; a bond issue; increased fines for vandalism; tourism-based revenue; and ISTEA.

RECREATION NEEDS ASSESSMENT SURVEY

The *Recreation Needs Assessment Survey* was mailed to all households in McMinnville. A total of 582 completed surveys were returned. The findings below represent a summary of the answers received in the survey. The survey instrument, the detailed survey results and the open ended survey responses can be found in the *Recreation Needs Assessment Survey Report*, MIG, Inc., 1997.

FINDINGS

Major findings of the *Recreation Needs Assessment Survey* follow. Survey findings regarding recreation programs are reported in Chapter 3.

McMinnville Community Center and community parks are highly used by residents.

Current Use of Parks, Recreation and Trail Facilities

- Over 64% of respondents said that they used the McMinnville Community Center either frequently or infrequently;
- Most of all the community parks were highly used. City Park was used by 65% of respondents, 57% used Wortman Park, and 45% used Dancer Park;
- Many respondents were unsure of the location of many of McMinnville's smaller or undeveloped parks. Over half were unsure of the location of Quarry Park. More than half of the respondents did not know the location of many of the City's greenspaces and mini-parks/playlots; and
- Trail-related activities enjoy the highest rate of participation, receiving 29% of the total responses. This relatively high level of interest corresponds to similar findings among Oregonians as a whole.

Facility Improvements

Pedestrian and bike trails and natural areas are highly desired additions.

- Respondents indicated the top two priorities for additional facility improvements are:
  - Providing more pedestrian and bicycle trails (29%), and
  - Acquiring and protecting more natural areas and greenways (23%);
- Picnic facilities (28%) and children's play areas (27%) were sited as the current facilities needing the most improvements;
- Respondents indicated that the most desired new facility was an outdoor concert area (74%) and a botanical/community garden (72%);
- Thirty-nine percent (39%) of respondents felt that the City should maintain mini-parks as neighborhood open space;
- Thirty-six (36%) percent felt that Quarry Park should be developed as an outdoor amphitheater and 74% said they would favor a facility of this type somewhere in the city. However, respondents also indicated that local residents of Quarry Park may not favor an amphitheater at that site. Additional public discussion on this issue is necessary.

Potential Planning Policies

Many potential planning policies were highly rated by residents, including:

- Improving park and facility maintenance;
- Expanding the bike and pedestrian trail system;
- Developing hiking trails in natural areas;
- Acquiring more land to protect natural areas and stream corridors; and
- Acquiring and developing a multi-purpose community park on the west side of the city.

Funding

- The most desirable additional sources of funding would come via business partnerships/sponsorships (91%), and partnerships with McMinnville Public Schools and Linfield College for joint use of facilities (90%).
- Over 84% of respondents felt that they would be very willing or somewhat willing to pay an additional $5.00 more per month on the average home;
- Over 65% were very willing or somewhat willing to pay an additional $8.00 per month; and
- Over 65% said they were not willing to pay an additional $12.00 per month.

BENEFITS OF PARKS AND RECREATION

McMinnville residents recognize that parks and recreation are essential to continued community livability. When asked what they value most about parks and recreation in McMinnville, respondents to the *Recreation Needs Assessment Survey* most often mentioned:

- Providing positive activities for youth (45%);
- Building a sense of community (18%); and
- Preserving the environment (16%).

Through other public involvement opportunities, residents also identified these values:

- Providing diverse experience for active, passive and unprogrammed recreation;
- Contributing to overall community livability;

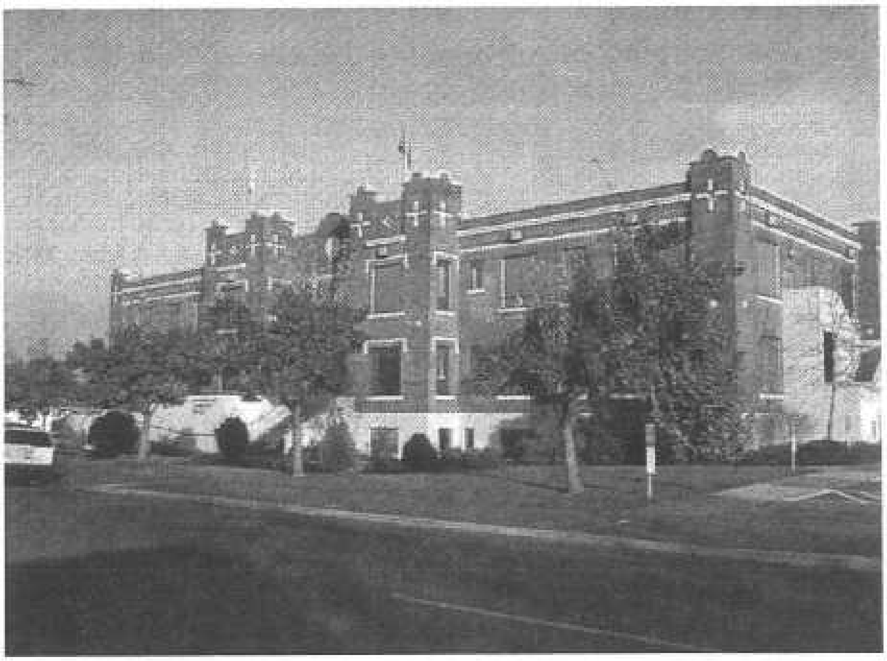
- Building stronger families;
- Balancing the impacts of growth and increasing density;
- Protecting natural resources, such as floodplains, waterways, and wildlife habitat;
- Ensuring parks and recreation opportunities are distributed throughout McMinnville's neighborhoods;
- Providing affordable recreation opportunities;
- Using existing resources efficiently;
- Maximizing public access through an interconnected parks and recreation system;
- Providing public access to nature;
- Providing safe places for kids to play;
- Continuing partnerships with area schools to provide programs and facilities;
- Enjoying safe and well-maintained parks and recreation facilities;

Residents confirmed the benefits that parks and recreation provides.

SUMMARY

Over 500 residents participated in the Master Plan development process. These residents provided valuable insight into the community needs, and confirmed the benefits that parks and recreation provide to the community. These benefits include providing positive activities for youth, building a sense of community, and preserving the natural environment for future enjoyment. Through their participation in the development of the Master Plan, community members helped shape a vision for the future of the parks and recreation system. The recommendations of this Master Plan will grow out of this vision.

Part II
The Plan



CHAPTER 5: A VISION

To address key issues facing the Parks and Recreation Department, a guiding vision was needed. The vision for McMinnville's future parks and recreation system emerged from the Master Plan community involvement process, and formed the basis for Master Plan recommendations in the areas of *facilities*, *recreation services*, *maintenance*, and *management*.

Recommendations are steps to achieve the vision.

VISION FOR A FUTURE PARKS AND RECREATION SYSTEM

Parks, recreation programs and facilities, and open space are essential elements in enhancing the quality of life in McMinnville. They foster healthy, active lifestyles, strengthen a sense of community, prevent crime, protect the environment, and contribute to a healthy economy. The Parks and Recreation Department will provide an interconnected parks and recreation system that:

- Provides diverse opportunities for active, passive, and unprogrammed recreation to all residents;
- Contributes to overall community livability and pride;
- Balances the impacts of growth and increasing density with sufficient facilities;
- Fosters stewardship of natural resources, such as floodplains and waterways;
- Provides equitable distribution of parks and recreation opportunities throughout the City;
- Reduces auto-dependency and enhances recreation opportunities by connecting recreation resources, community destinations, and neighborhoods with trails and greenways;
- Provides positive activities for youth;
- Promotes strong families;
- Helps residents achieve an active, healthy lifestyle;

- Builds and maintains partnerships with area schools and others to provide programs and facilities;
- Provides safe and well-maintained parks and recreation facilities;
- Provides for effective and economically sound management of public resources; and
- Informs residents about their recreation opportunities, and involves them in decision-making.

CHAPTER 6: RECOMMENDATIONS

This portion of the Master Plan presents recommendations for implementing the vision for a future parks, recreation and open space system. Recommendations address the following areas:

- Park Facilities;
- Recreation Programs;
- Maintenance; and
- Management.

For each of these areas the following information is provided:

- An issue statement;
- Primary benefits associated with providing the facility or service;
- A brief description of the proposed recommendations; and
- Suggested benchmarks by which to measure progress.

Recreation resources should be equitably distributed.

Detailed recommendations for park facilities, recreation programs, maintenance, and management are included as tables in each section of this chapter.

PARK FACILITIES

Park facilities include:

- Mini-parks/Playlots;
- Neighborhood Parks;
- Community Parks;
- Linear Parks;
- Special Use Parks;
- Greenspace/Greenways/Natural Areas;
- Trails and Connectors.

Definitions for each facility type are provided in Table 1. General recommendations are provided for each type of facility. Specific recommendations for priority facility improvements are presented in Tables 9 through 13.

ISSUE STATEMENT

To maintain McMinnville's existing level of community livability and balance anticipated growth, existing parks should be renovated and new parks should be developed. These recreation resources should be equitably distributed throughout the community to provide access to all residents. City Park should be renovated to serve as the heart of Downtown and the cornerstone of McMinnville's park and recreation system.

BENEFITS

Parks, recreation facilities and open spaces provide many important benefits to a community. The benefits include:

Parks and open space enhance community livability.

- Enhancing community livability;
- Fostering a sense of community by providing space for community social events;
- Building community pride;
- Protecting natural resources and open space for future generations;
- Providing access to recreation opportunities for residents of all ages;
- Providing opportunities for environmental education;
- Providing trail connections which link park facilities, neighborhoods, work places, schools, and other community facilities.

RECOMMENDATIONS

- Redesign mini-parks/playlots with neighborhood involvement to reduce maintenance and meet current needs; involve neighbors in on-going mini-park stewardship;
- Renovate existing community parks to improve park condition, increase recreational opportunities, meet current safety requirements, and provide access for people with disabilities;
- Acquire and develop additional 103.5 acres of community parks to meet future population needs and ensure geographical accessibility to all residents;
- Improve access to basic recreation opportunities for all McMinnville residents by acquiring and developing at least an additional 76 acres of neighborhood parks in underserved neighborhoods (areas that do not have a neighborhood or community park within ½-mile of residences or must cross heavily traveled streets to reach a park);
- Encourage the development of linear parks in future neighborhoods;
- Develop special use parks to protect and highlight unique natural areas and to respond to the particular recreation needs of McMinnville residents;
- Protect natural areas and stream corridors by acquiring greenways along creeks and the Yamhill River;
- Provide public access to natural areas and trail-related recreation by developing trails through greenways and in natural areas.
- Pursue joint use agreements with the School District, Linfield College and other partners to share the cost of facility development and maintenance;

- Provide an interconnected pedestrian and bicycle system that links McMinnville's parks and open spaces and connects them to neighborhoods, work places, and schools.

BENCHMARKS

- Percent of residents who live within ½-mile radius of a neighborhood or community park;
- Number of mini-parks redesigned and renovated with neighborhood involvement;
- Number of total acres of park land per 1000 population;
- Number of miles of multi-purpose trail;
- Percent of residents who live within ½ mile of a multi-purpose trail;
- Number of multi-purpose trail users, including pedestrians, bicyclists, and wheelchair users.

Partnerships should be pursued to reduce costs.

PARK FACILITY ACTION PLAN

The findings of the *Parks System Resource Inventory & Analysis* combined with the results of the community involvement process indicate that new neighborhood and community parks, additional open space and trails, and new recreation facilities will be necessary to meet McMinnville residents' needs as the population grows.

To evaluate areas of greatest need, the city was divided into planning quadrants: Northeast (NE), Northwest (NW), Southeast (SE) and Southwest (SW). Planning area boundaries are illustrated on Map 1.

Underserved neighborhoods were identified.

Underserved neighborhoods have been identified in each of these districts. An underserved neighborhood is defined as:

- A neighborhood in which residents are not within ½ mile of either a neighborhood or a community park; or
- A neighborhood where a major street separates residents from park facilities.

Twenty underserved neighborhoods throughout the four planning quadrants are identified. These areas are shown on Map 1. Through a series of meetings with the Master Plan Advisory Committee, community members, Parks and Recreation Department staff, and staff from other City departments, facility improvements were recommended to address all underserved neighborhoods.

In addition to developing new facilities, recommendations also include:

- Renovating existing facilities; and
- Pursuing joint use opportunities.

Once suggested improvements were identified for all planning areas, priorities were established for suggested improvements. Using these priorities, a Recreation Facility Action Plan was developed for each planning area to address community needs to the year 2017 (Tables 9 through 13). The Action Plan includes a list of recommended improvements for the following:

- Mini-parks/Playlots;
- Neighborhood Parks;
- Community Parks;
- Linear Parks;
- Special Use Parks;
- Greenspace/Greenways/Natural Areas;
- Trails and Connectors;
- Recreation Centers and Facilities;
- Joint Use Opportunities.

The priority level (1 through 3, with 1 being the highest priority) of each recommended improvement is identified. City-wide improvements, such as an ADA transition plan and renovating children's play areas, are listed as General Improvements, and are identified in Table 13.

Actions, priorities and timing may change based on evolving community needs, funding and program demand.

Table 9

RECREATION FACILITY ACTION PLAN - NORTHEAST

Underserved Areas	Action	Priority 1	2	3
	Mini-Parks/Playlots			
	Redesign North Evans park			x
	Redesign Bennet Addition			x
8	Develop a mini-park jointly with school district	x		
	Encourage the development of urban plazas in Downtown (Task Force 2000)		x	
	Neighborhood Parks			
6	Acquire neighborhood park site adjacent to proposed school site	x		
7	Acquire neighborhood park		x	
10	Acquire neighborhood park w/connections to Yamhill Greenway			x
11	Acquire neighborhood park with connections to Yamhill River			
	Community Parks			
	Renovate Wortman Park	x		
	Greenspace/Greenways			
	Acquire Yamhill River greenways			x
6	Develop a greenway connector between new neighborhood park/proposed school and Tice property			x
	Trails and Connectors			
9, 11	Develop Yamhill River Greenway trail			x
10	Develop trail connections to Dancer Park/Yamhill River		x	
	Recreation Centers			
	Provide additional parking at Senior Center	x		
	Joint Use Opportunities			
8	Pursue joint use agreements with Cook School, Adams School, Patton Middle School and McMinnville High School	x		
6	Pursue joint use agreement with School District for undeveloped land	x		

Table 10

RECREATION FACILITY ACTION PLAN - NORTHWEST

Underserved Areas	Action	Priority 1	Priority 2	Priority 3
	Mini-Parks/Playlots			
4	Redesign Greenbriar park with neighborhood involvement		x	
	Neighborhood Parks			
2	Acquire a neighborhood park	x		
4	Acquire a neighborhood park	x		
5	Jointly develop Memorial School as a neighborhood park	x		
	Develop joint use agreements with Newby/Duniway Schools	x		
	Community Parks			
1	Acquire a Westside Community Park	x		
	Renovate City Park	x		
	Special Use Parks			
3	Acquire a special use park adjacent to the BPA Easement/ acquire Elks Park	x		
	Update the Master Plan for Quarry Park with community involvement	x		
	Greenspace/Greenways			
3	Acquire a greenway along Baker Creek connecting Tice/BPA Easement	x		
	Develop a trail in the Cozine Creek Greenway			x
	Develop trails and interpretive signage at the Tice Property	x		
	Trails and Connectors			
4	Develop the Westside Trail (BPA Easement)	x		
	Develop a trail in the Baker Creek greenway	x		
	Recreation Centers			
	Renovate Aquatic Center		x	
	Joint Use Opportunities			
5	Pursue joint use agreement with Memorial Elementary	x		
2	Pursue joint use agreement with School District for undeveloped land	x		

Table 11

RECREATION FACILITY ACTION PLAN - SOUTHEAST

Underserved Area	Action	Priority 1	Priority 2	Priority 3
	Mini-Parks			
	Redesign Village Mill park			x
	Redesign Bend-O-River park	x		
	Redesign Kingwood park			x
	Neighborhood Parks			
17	Acquire neighborhood park site	x		
18	Acquire neighborhood park site	x		
	Community Parks			
	Renovate facilities at Kiwanis Park			x
	Acquire land to the west of Kiwanis Park	x		
	Improve access and parking at Dancer Park	x		
	Develop Marsh Lane Extension at Dancer Park	x		
	Complete Dancer Park	x		
	Greenspace/Greenways			
	Acquire Yamhill River greenway		x	
	Improve trails and provide interpretive signage at Airport Park		x	
	Trails and Connectors			
18	Develop a pedestrian bridge from Bend-O-River Neighborhood to Dancer Park	x		
	Develop Yamhill River Greenway trail			x
18	Develop a trail from Dancer Park to Cozine Creek		x	
	Joint Use Opportunities			
17	Develop joint use agreement with Linfield College (could eliminate the need for a separate neighborhood park site)	x		

Table 12

RECREATION FACILITY ACTION PLAN - SOUTHWEST

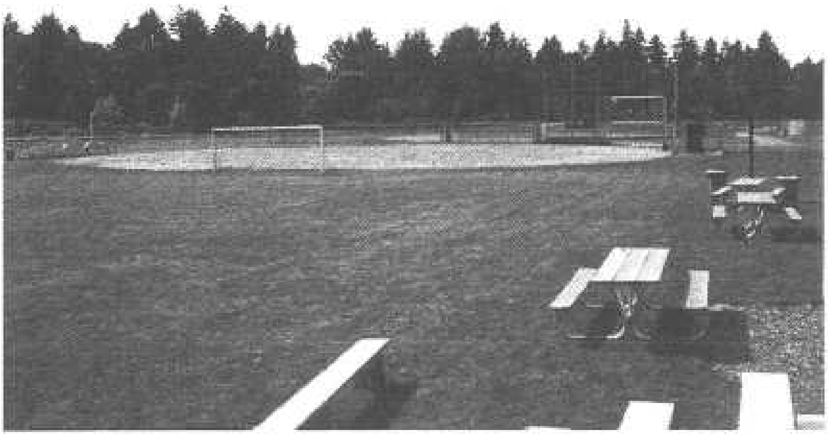
Underserved Area	Action	Priority 1	Priority 2	Priority 3
	Mini-Parks			
	Redevelop Taylor Park			x
	Community Parks			
15	Acquire a community park	x		
	Neighborhood Parks			
12	Acquire a neighborhood park			x
	Linear Parks			
12	Acquire a linear park	x		
13	Establish a linear park along creek	x		
	Greenspace/Greenways			
	Acquire additional property in the Cozine greenway	x		
	Develop trails in the Barber Property		x	
	Trails and Connectors			
	Develop trails in the Cozine Greenway	x		
	Redevelop Ash Meadows portion of Westvale Park	x		
	Extend Westvale Linear Park to Hill Rd			x
	Joint Use Opportunities			
16	Develop joint use agreement with Linfield College	x		

Table 13

RECREATION FACILITY ACTION PLAN - GENERAL

Action	Priority 1	Priority 2	Priority 3
Develop a community or botanical garden site		x	
Add baseball/softball fields to meet "anticipated need" and/or adequately serve local demand		x	
Add outdoor basketball courts to meet "anticipated need" and/or adequately serve local demand		x	
Develop 2 dog park facilities		x	
Develop a fishing area			x
Develop a new group of picnic areas to meet "anticipated need" and/or serve local demand		x	
Develop a number of outdoor volleyball courts to meet "anticipated need" and/or serve local demand			x
Develop an outdoor performance area	x		
Develop a skateboard and rollerblade facility	x		
Add soccer fields to meet "anticipated need" and/or adequately serve local demand for age groups facilities		x	
Renovate current site furnishings			x
Renovate and standardize signage		x	
Add 13 additional playground areas		x	
Renovate existing children's playground areas	x		
Add tennis courts as needed to provide close-to-home neighborhood access		x	

"Anticipated need": State and national standards which reflect generally recognized "adequate practice" levels of service on a per thousand population basis (see Table 3). Local decision makers may consider these as benchmarks against which to measure or compare McMinnville's capacity to serve it's citizens. Ultimately, however, local decisions should be customized to reflect McMinnville's community trends and influences, citizen input, and available resources.



Master Plan Map

Map 2 illustrates McMinnville's existing parks and open space, and Master Plan recommendations for facility improvements. The map includes much of the same information shown on Map 1 but also includes proposed parks:

- *Mini-parks/Playlots:* Proposed mini-parks or playlots are shown in dark green; no new mini-parks or playlots are proposed.
- *Neighborhood Parks:* There are no existing neighborhood parks. Proposed parks are shown with a green striped circle, and labeled N. Exact sites for these parks have not yet been determined.
- *Community Parks:* Existing community parks are shown in dark green and labeled C. Proposed parks are shown with a green striped circle and are labeled C. As in the case of neighborhood parks, exact sites for proposed community parks have not yet been determined.
- *Linear Parks:* Existing developed parks are shown as a dark green circle and labeled L; existing undeveloped parks are shown as a light green circle and labeled L; proposed parks are shown with a green striped circle and are labeled L. Exact sites for these proposed parks have not yet been determined.
- *Special Use Parks:* Special Use Parks are shown in yellow. Proposed special use parks are shown as a yellow striped circle, and are labeled S. Exact sites for these parks have not yet been determined.
- *Greenspace/Greenways/Natural Areas:* Existing greenspace, greenways, or natural areas are indicated in light green; proposed areas will follow creeks and waterways and are shown as multi-purpose trails with a green dashed line.
- *Trails and Connectors:* Existing City bikeways are should as a solid blue line; proposed bikeways are shown as a thin red line broken by circles; multi-purpose trails proposed by the master plan are shown as a dashed green line.
- *Other Facilities:* Community/Recreation centers, schools, other city property; waterways, and floodplains are also shown on the map. The City boundary and study areas are also displayed.

RECREATION PROGRAMS

ISSUE STATEMENT

The Parks and Recreation Department is the primary provider of recreation programs in McMinnville. Additional programs are needed to accommodate future community growth and meet the needs and interests of residents. Programs for youth are residents' highest priority. Recreation programs must remain affordable to all residents. The City must be able to demonstrate the value provided to residents by their investment in recreation programs.

BENEFITS

Recreation programs provide accessible, diverse activities – both programmed and unprogrammed --for people of all ages and abilities. Benefits accrue to the both the individual and the entire community:

- Provides positive activities for youth;
- Builds a sense of community;
- Enhances appreciation for the environment;
- Contributes to strong families; and
- Encourages tolerance and respect for people with different abilities and backgrounds.

RECOMMENDATIONS

- Develop programs for preschool children;
- Expand youth programming;
- Develop wildlife and nature education programs, outdoor programs, and programs in the creative and performing arts;
- Improve outreach to seniors, disabled residents and ethnic minority populations;
- Expand special interest classes for youth and adults;
- Provide programs for families; and
- Evaluate programs and service delivery on an ongoing basis to ensure that they are achieving planned outcomes.

BENCHMARKS

- Number of preschool children served;
- Number of youth served;
- Number of programs that achieve planned outcomes when measure with an appropriate program evaluation instrument;
- Percent increase in participation by seniors, disabled residents and members of ethnic minorities.

Table 14

RECREATION SERVICES ACTION PLAN

User Group	Action	Priority 1	Priority 2	Priority 3
Preschool Children	Develop specific preschool programs	x		
Elementary School Age	Develop additional special interest classes	x		
	Expand KOB Elementary Summer Program	x		
	Expand non-sports programming	x		
	Develop programs for non-school days	x		
	Expand KOB staff at Memorial School	x		
	Expand youth sports program	x		
Middle School Age	Expand middle school programs with teen involvement	x		
	Expand drop-in gym activities	x		
Teens	Develop an intramural sports program		x	
Adults	Develop additional special interest classes		x	
	Increase program variety		x	
Aquatics	Increase program variety	x		
	Increase hours for lap swims	x		
Seniors	Improve outreach	x		
	Develop neighborhood-based programs		x	
All ages	Develop wildlife and nature education programs		x	
	Develop programs in the creative and performing arts			x
	Develop outdoor programs		x	
Families	Expand summer concert series	x		
	Develop additional family programs	x		
	Increase hours for family swim	x		
Disabled residents	Improve outreach	x		
Ethnic minority populations	Improve outreach	x		
General	Continue to expand partnerships/sponsorships	x		
	Increase building utilization	x		
	Ensure that future staff reflect community diversity	x		
	Provide staff training to expand skills	x		
	Increase the number of recreation programs provided	x		
	Adopt the NRPA Inclusion Statement	x		
	Develop enterprise programs, especially tourism related		x	
	Update marketing materials, such as the program guide		x	

MAINTENANCE

ISSUE STATEMENT

As the parks, recreation and open space system expands, maintenance responsibilities increase. Already parks are beginning to show the effect of inadequate maintenance budgets. As new park facilities are developed, funding for maintenance must also be increased.

BENEFITS

- Protects the community's investment in parks and recreation facilities;
- Contributes to community pride;
- Provides opportunities for volunteerism and stewardship of community resources.

RECOMMENDATIONS

- Incorporate maintenance standards recommended by the National Recreation and Park Association to guide the provision of maintenance services for all park types;
- Establish a maintenance management plan for each park and recreation facility;
- Inform the public about maintenance goals for each park and facility type so that community members will have appropriate expectations regarding facility maintenance;
- Recruit and hire personnel with knowledge of park management philosophies and practices and experience in park maintenance for future Public Works Superintendent or department leadership openings;
- Involve volunteers in park development and maintenance;
- Evaluate staffing levels and cost/benefits of contract labor; and
- Hire additional utility workers.

BENCHMARKS

- Number of maintenance management plans developed;
- Number of hours of volunteer participation in park maintenance activities;
- Number of maintenance staff/park land acre.

Table 15

MAINTENANCE ACTION PLAN

Action	Priority		
	1	2	3
Establish maintenance standards for all park and recreation facilities	x		
Develop maintenance management plans for each facility	x		
Reevaluate the cost/benefits of contracting vs. use of in-house staff	x		
Develop a computerized maintenance management system		x	
Improve maintenance of Aquatic Center	x		
Involve neighborhood residents in park maintenance, especially mini-parks	x		
Identify and prioritize volunteer projects	x		
Hire 2 additional utility workers to meet current needs	x		
Hire additional utility workers to maintain additional facilities acquired by 2017			x

MANAGEMENT

ISSUE STATEMENT

The Parks and Recreation Department will be faced with managing more park land and additional recreation programs as the population of McMinnville increases. To effectively manage these community resources, more tools should be developed to guide the design and management of park facilities; public information, community involvement, and public safety efforts should be expanded; joint use agreements should be developed; and on-going staff training program should be implemented.

BENEFITS

- Contributes to efficient use of resources (staff, land, and dollars);
- Builds support for park facilities and recreation programs;
- Increases community ownership and participation in the Department;
- Enhances public safety.

RECOMMENDATIONS

- Develop new standards, guidelines and policies for facility development and management;
- Develop community involvement policies to encourage and manage volunteerism;
- Establish guidelines for developing joint use agreements and partnerships;
- Develop staff training programs to increase staff effectiveness; and
- Improve dissemination of information about park facilities and recreation programs.

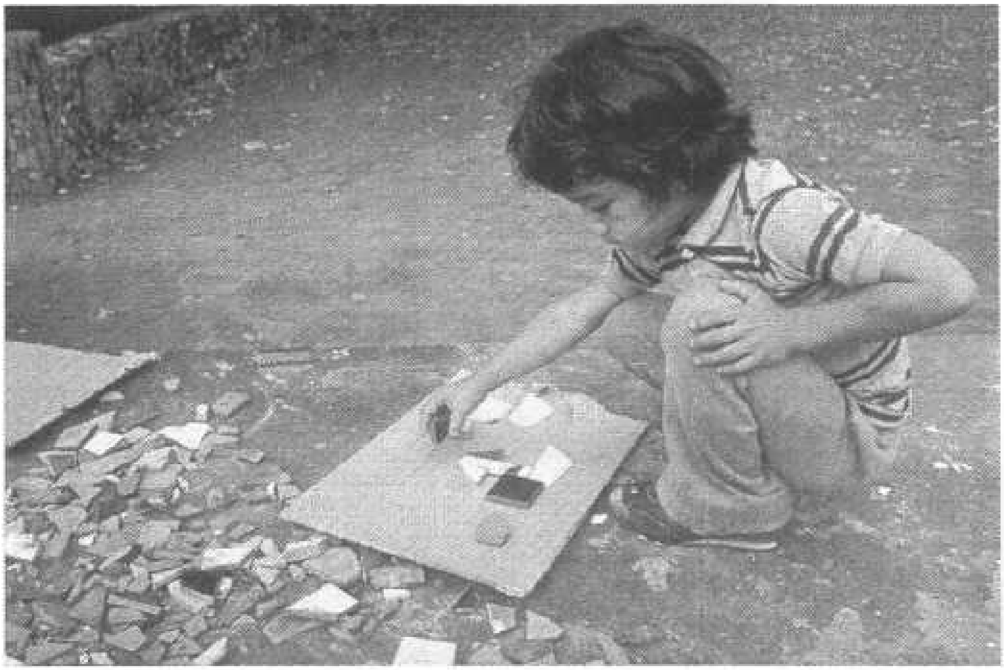
BENCHMARKS

- Number of facility users annually;
- Number of parks that meet Americans with Disabilities Act Guidelines (ADAAG);
- Number of volunteers annually; and
- Hours of staff training and cross-training annually.

Table 16

MANAGEMENT ACTION PLAN

Action	Priority 1	Priority 2	Priority 3
Facility Design and Management			
Establish design standards for restrooms	x		
Establish design standards for portable restroom pads and enclosures	x		
Establish design standards for trail construction	x		
Establish lighting design standards for each park type	x		
Establish planting design guidelines	x		
Establish design guidelines for play areas	x		
Establish design guidelines for play area safety surfacing	x		
Establish design guidelines for parking	x		
Develop tree management policies	x		
Develop dog management policies	x		
Develop construction inspection procedures	x		
Define the role of the Parks and Recreation Department in planning and design of the urban landscape	x		
Hire a landscape architect or contract services		x	
Develop ADA transition plan	x		
Develop neighborhood patrols		x	
Implement a safety inspection & record keeping program	x		
Public Information			
Develop a web page		x	
Develop a park system brochure	x		
Expand information dissemination	x		
Community Involvement			
Hire a volunteer coordinator		x	
Develop community involvement policies	x		
Develop an adopt-a-park program	x		
Joint Use Agreements			
Establish guidelines for developing joint use agreements	x		
Expand joint use agreements	x		
Staffing/Staff Development			
Supplement the City personnel manual with Department information	x		
Develop a staff development plan	x		



CHAPTER 7: TEN-YEAR FUNDING PLAN

To successfully implement the Master Plan recommendations, and expand parks and recreation facilities and services, an adequate budget is needed. This chapter identifies capital improvement and maintenance funds needed to realize McMinnville's vision for the future.

PARK FACILITY FUNDING PLAN

To accommodate future growth, a Park Facility Funding Plan has been developed that addresses acquisition, development, and renovation of the following:

- Mini-parks/Playlots;
- Neighborhood Parks;
- Community Parks;
- Linear Parks;
- Special Use Parks;
- Greenspace/Greenways/Natural Areas;
- Trails and Connectors.

An adequate budget is needed to implement the plan.

The funding plan addresses fiscal years 1999-2000 through 2008-2009.

The funding plan for priority land acquisition and facility improvements is provided in Tables 17. These tables correspond to the Recreation Facility Action Plan presented in Tables 9 through 13.

Table 17 includes:

- *Planning Area:* This column indicates the planning area where each facility improvement is located. Improvements have been listed in the following order: Northeast, Northwest, Southeast, and Southwest. Planning area boundaries are indicated on Map 1.

- *Facility:* This column lists Master Plan recommendations for facility improvements.
- *Total Estimated Cost:* This column represents the total estimated cost for acquisition, development and/or renovation of each facility.
    - $50,000 per acre land acquisition cost;
    - $80,000 per acre for park development or redevelopment cost
    - $350,000 per mile for development of paved trail with landscaped corridor;
    - $100,000 per mile for development of open space soft surface trail;
    - $150,000 per playground renovation at neighborhood parks;
    - $300,000 per playground renovation at community parks.
- *Proposed Ten-Year Funding Plan:* Proposed budgets to implement the priority improvements are shown in the next ten columns. Project costs not budgeted in the ten-year funding plan are shown on Table 21 for 2010-2019.

Table 17

PARK FACILITY 10-YEAR FUNDING PLAN

Planning Area	Facility	Total Estimated Cost	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003	2003 - 2004	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
NEIGHBORHOOD PARKS												
NE 6	Acquire a neighborhood park adjacent to proposed school site	$ 1,300,000						$ 400,000	$ 900,000			
NE 8	Develop a mini-park jointly with the school district	$ 100,000			$ 100,000							
NW 4	Acquire a neighborhood park	$ 1,300,000				$ 400,000	$ 900,000					
SE 17	Acquire a neighborhood park	$ 520,000			$ 200,000							
SW 12	Acquire a neighborhood park	$ 1,300,000							$ 350,000	$ 250,000		
COMMUNITY PARKS												
NW	Update the Master Plan for Quarry Park with community involvement / develop Quarry Park	$ 920,000					$ 920,000					
NW 3	Acquire "special use" community park adjacent to BPA Easement	$ 3,900,000								$ 500,000	$ 500,000	
SE	Complete Dancer Park	$ 5,050,000						$ 560,000				
SW 15	Acquire and develop community park	$ 2,600,000		$ 540,000	$ 500,000	$ 1,560,000						
RENOVATIONS												
NW	Renovate City Park	$ 1,040,000			$ 250,000							
SE	Renovate Kiwanis Park	$ 372,000						$ 372,000				
NE	Renovate Wortman Park	$ 1,700,000					$ 250,000					
SPECIAL PROJECTS												
SE	Develop Marsh Lane Extension into Dancer Park	$ 1,750,000					$ 1,050,000	$ 700,000				
	Develop a skateboard and rollerblade facility	$ 120,000					$ 120,000					
	Professional Services	$ 61,000	$ 31,500	$ 500	$ 500	$ 20,500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500
TRAILS/GREENWAYS/LINEAR PARKS												
NW	Develop trails, interpretative signage, support facilities at Tice property	$ 240,000	$ 20,000	$ 20,000								
NW 3 & 6	Acquire Greenway along Baker creek and develop trail connecting Tice property /BPA easement	$ 1,575,636								$ 192,000	$ 192,000	$ 192,000
NW 4	Develop a west side trail (BPA Easement)	$ 350,000				$ 350,000						
NW, SW, SE	Develop Cozine Creek/Yamhill River Greenway Trail	$ 7,418,227		$ 20,000	$ 20,000	$ 20,000			$ 33,500		$ 20,000	$ 336,500
SE	Improve trails and provide interpretive signage at Airport Park	$ 575,000									$ 230,000	
SW	Redevelop Ash Meadows portion of Westvale Trail	$ 175,000	$ 30,000									
SW 12, SW 13	Acquire a linear park	$ 942,364									$ 20,000	
FACILITY TOTALS		**$ 33,309,227**	**$ 81,500**	**$ 580,500**	**$ 1,070,500**	**$ 2,350,500**	**$ 3,240,500**	**$ 2,032,500**	**$ 1,184,000**	**$ 942,500**	**$ 962,500**	**$ 529,000**

MAINTENANCE FUNDING PLAN

The Funding Plan for maintenance services is illustrated in Table 18. Maintenance staff and material costs were calculated for the following areas:

- Mini-Parks/Playlots;
- Neighborhood Parks;
- Community Parks;
- Linear Parks;
- Special Use Parks;
- Greenways/Greenspaces/Natural Areas.

Total staffing costs were calculated using an average of $46,000 per maintenance staff (including benefits and payroll taxes), based upon the 1996-97 City of McMinnville budget.

The following costs per acre were used to develop estimated maintenance costs per year:

- $1000 per acre for greenways/greenspaces/open space and undeveloped park sites;
- $2800 per acre for neighborhood parks;
- $3100 per acre for community parks;
- $1000 per acre for linear parks;
- $3100 per acre for special use parks.

Table 18

PARK MAINTENANCE FUNDING PLAN

			Estimated Maintenance Costs							
Facility	Current Acres	*Cost per Acre	Current Cost	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003	2003 - 2004	2004 - 2005	2017
Mini-Parks / Playlots	2.71	$2,500	$6,775	$6,775	$8,075	$8,075	$8,075	$8,075	$8,075	$8,075
Neighborhood Parks	0.00	$2,800	$0	$0	$0	$0	$0	$28,000	$28,000	$266,000
Community Parks	124.46	$3,100	$385,826	$385,826	$416,826	$416,826	$478,826	$478,826	$478,826	$540,826
Linear Parks	22.95	$1,000	$22,950	$22,950	$22,950	$22,950	$22,950	$22,950	$22,950	$44,040
Special Use Parks	0.00	$3,100	$0	$0	$0	$0	$0	$0	$0	$74,400
Greenways/Greenspaces/Natural Areas	123.54	$1,000	$123,540	$143,540	$170,040	$186,540	$197,040	$184,810	$211,310	$228,400
Total Projected Maintenance Cost			$539,091	$559,091	$617,891	$634,391	$706,891	$722,661	$749,161	$1,161,741
Total Staffing (FTE) or Outsource Equivalent			7.03	7.29	8.06	8.27	9.22	9.43	9.77	15.15

* Maintenance costs per acre are based on maintenance costs reported by cities of comparable size in Oregon.

FINANCING SOURCES

Capital facilities included in the Master Plan total $50.4M, of which growth-required needs constitute $24.3M, and non-growth needs total $26.1M. Achievement of this plan will require use of a variety of financing methods and multiple funding sources. Following are descriptions of some potential revenue sources and their expected contributions to achievement of the Master Plan. Appendix B outlines financing sources for the Capital Improvement Plan in detail.

System Development Charges

System Development Charges (SDC's) are fees paid by new development to cover a portion of the costs of capital facilities needed to serve new development. The City collects parks and recreation SDC's for all new residential development and places these revenues in the Subdivision Park Reserve Fund.

Multiple funding sources will be needed to achieve this plan.

The current SDC rate of $300 per residential dwelling unit, established in 1991, has generated approximately $0.6M between July 1991 and June 1998. The City Council has adopted a schedule to increase the parks and recreation SDC rates to $ 1,000 on July 1, 1999; $1,500 on January 1, 2000; and $ 2,000 on July 1, 2000. These increases are expected to generate a total of $2.76M in SDC revenues between July 1, 1999 and June 30, 2005 (six year period). Total SDCs collected through June 30, 2017 will be approximately $10.15M, sufficient to fund about 42% of the $24.3M in growth-related needs, or 20% of the $50.4M in improvements identified in the Master Plan. The remaining $40.25M required for projects must come for other sources.

General Obligation Bonds (G.O. Bonds)

G.O. Bonds are debt instruments sold by the City to fund new capital facilities or make improvements to existing facilities. These bonds are repaid with property tax revenue generated by a special levy that is outside the property tax limits imposed by Measure #5 (1990) and Measure #50 (1997). Voters must approve G.O. Bond sales and, per Measure #50, this approval must occur in a general election in an even numbered year, or in another election in which at least 50% of registered voters participate.

Since 1979, the City has issued G.O. bonds to fund construction of parks and recreation facilities including a community center and a swimming pool. Library improvements, a new fire station, and transportation improvement projects have also been funded with general obligation bonds. The City maintains an "A" rating with Moody's Investors Service on general obligation bond issues.

Under current State statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on three percent (3%) of total estimated real market value of real and personal property. At the close of FY 97-98, the City's net general obligation bonded debt (less amount available for repayment of bonds) totaled $9.39M, well below the legal debt limit of $39.6M. This means the City currently has roughly $30M in debt capacity available.

The City's relatively small amount of outstanding general obligation debt and significant debt capacity make voter-approved general obligation bonds a good option as a potential source of funding a portion of the $40.25M in parks and recreation capital improvements for which SDC funding is not available. The City Parks Department has estimated that approximately $13M in improvements may be funded with G.O. bonds during the next twenty years. At this level, these revenues will fund approximately $23.8% of the $50.4M projects identified in the Master Plan.

Special Assessment/Local Improvement Districts

Residents may choose to form a local improvement district (LID) to pay for capital improvements or maintenance of facilities through special assessments on their property. This method requires the approval of at least 60% of the owners of land within the proposed district, and must represent at least 60% of the land abutting the proposed improvement. The use of LID's may be appropriate for new or upgraded mini-parks or neighborhood parks that serve specific service areas within the City, but cannot be expected to provide a significant level of funding.

General Fund Revenues

General fund revenues consist chiefly of property taxes derived from the permanent tax rate, and are subject to the $10 combined limit on local government taxing agencies imposed by Measure #5 (1990), and the 3% annual increase in property valuation imposed by Measure #50 (1997). General fund revenues are severely limited and are an inconsistent and unlikely source for funding large-scale parks and recreation capital improvements and should be considered primary as a funding source for operations and maintenance.

Local Option Levies for Capital Improvements

A local option levy for capital improvements provides for a separate property tax levy outside the City's permanent rate limit, but subject to the $10 combined rate limit imposed under Measure #5. This levy may be used to fund a capital project or group of projects over a specified period of time, up to 10 years. Revenues from these levies may be used to secure bonds for projects, or to complete one or more projects on a "pay as you go" basis. Local option levies require voter approval and are subject to the double majority requirement of Measure #50 and are not considered to be a good alternative to the use of G.O. bonds for large projects or groups of projects.

Federal/State/Other Grants

Federal, state, and other government agencies and foundations sometimes make funds available to serve specific purposes related to parks and recreation; such as land and water conservation, open space preservation, bicycle path construction, or blighted area improvements. Grants often have conditions and limitations, such as providing for project planning but not construction, and they may require a local match, either in dollars, in-kind services, or both. The availability of grants has decreased in recent years due to federal and state cutbacks in funding but may be available for specific project needs such as trails, bicycle paths, or open space. The Parks Department has identified this method as a potential source for approximately $5M in identified parks needs.

Sponsorships/Partnerships/Donations

Public, private, and/or not-for-profit organizations may be willing to fund outright or join together with the City to provide additional parks and recreation facilities and/or services. This method has been identified by the Parks Department as a potential source for approximately $5M in identified parks needs.

Local Option Levies for Operations

Local option levies for operations provide for a separate property tax levy outside the City's permanent rate limit, subject to the $10 combined rate limit imposed under Measure #5. These levies may be useful to fund operations and maintenance activities over a specified period of time, up to 5 years. They require voter approval and are subject to the double majority requirement of Measure #50.

User Fees and Rents

User fees and rents are direct charges to individuals and groups who use specific programs, facilities and services. These fees and rents usually help pay only a portion of the operations and maintenance costs of providing programs and services, and are rarely used to fund capital projects. The City has recently increase parks and recreation fees to partially offset revenue losses resulting from the passage of Measure #50. User fees and rents should be periodically reviewed and adjusted to reflect economic and market conditions.

SUMMARY

Capital facilities included the Master Plan total $50.4M, of which growth-required needs constitute $24.3M, and non-growth needs total $26.1M. Achievement of this Master Plan will require use of a variety of financing methods and multiple funding sources. Approximately 20% ($10.15M) is expected to come for System Development Charges, which may only be used for growth-required needs. Voter-approved General Obligations Bonds, and grants and donations are expected to total about 19.8% ($10M). The remaining 36.2% ($18.25M) is expected to be funded from other sources. Tables 19 through 21 show possible funding sources for park capital facilities, including expected revenue from System Development Charges.

Table 19

CAPITAL IMPROVEMENT PLAN
PARK PROJECTS BY CATEGORY 1999-2019

PARK PROJECT	SDC FUNDS	G.O. BONDS	GENERAL FUND	GRANTS / DONATIONS	OTHER FUNDS	TOTAL ALL SOURCES
YEARS 1999-2019						
Neighborhood Parks	5,300,000	2,820,000	300,000	500,000	2,100,000	11,020,000
Community Parks	2,754,000	7,620,000	334,600	500,000	3,861,400	15,470,000
Trails/Greenways/Linear Parks	1,090,000	510,000	576,000	3,495,000	12,523,227	18,174,227
Special Projects	961,000	1,050,000	295,000	5,000	0	2,311,000
Renovations	0	1,000,000	762,400	500,000	848,600	3,111,000
20 YEAR TOTALS	**10,105,000**	**13,000,000**	**2,268,000**	**5,000,000**	**19,333,227**	**50,086,227**
YEARS 1999-2009						
Neighborhood Parks	1,400,000	1,700,000	300,000	250,000		3,650,000
Community Parks	1,640,000	3,040,000	0	250,000		4,930,000
Trails/Greenways/Linear Parks	1,090,000	210,000	576,000	1,495,000		3,371,000
Special Projects	856,000	1,050,000	20,000	5,000		1,931,000
Renovations	0	500,000	372,000	250,000		1,122,000
TOTALS 1999-2009	**4,986,000**	**6,500,000**	**1,268,000**	**2,250,000**		**15,004,000**
YEARS 2010-2019						
Neighborhood Parks	3,900,000	1,120,000	0	250,000		5,270,000
Community Parks	1,114,000	4,580,000	334,600	250,000		6,278,600
Trails/Greenways/Linear Parks	0	300,000	0	2,000,000		2,300,000
Special Projects	105,000	0	275,000	0		380,000
Renovations	0	500,000	390,400	250,000		1,140,400
TOTALS 2010-2019	**5,119,000**	**6,500,000**	**1,000,000**	**2,750,000**		**15,369,000**

Table 20

CAPITAL IMPROVEMENT PLAN
SDC EXPENDITURES 1999-2009

PARK PROJECTS	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	TOTALS
Neighborhood Parks											
NW 4				400,000							400,000
NE 6						400,000	100,000				500,000
SW 12							250,000	250,000			500,000
Community Parks											
SW 15		540,000	500,000								1,040,000
NW 3								500,000	100,000		600,000
Trails/Greenways/Linear Parks											
NW,SW,SE Cozine/Yam River		20,000	20,000	20,000			33,500		20,000	336,500	450,000
SW, Ash Meadows	30,000										30,000
SW 12, SW 13 Linear Parks									200,000		200,000
NW, Tice Park	20,000	20,000									40,000
SE, Airport Park									230,000		230,000
NW 4, BPA Easement				140,000							140,000
Special Projects											
SE, Marsh Lane Extension					500,000	200,000					700,000
Skateboard Park					120,000						120,000
Prof. Services (Site Plans, ADA, other)	31,500	500	500	500	500	500	500	500	500	500	36,000
Projected SDC Expenditures	$ 81,500	$ 580,500	$ 520,500	$ 560,500	$ 620,500	$ 600,500	$ 384,000	$ 750,500	$ 550,500	$ 337,000	$ 4,986,000

Table 21
CAPITAL IMPROVEMENT PLAN
1999-2019

PARK PROJECTS 1999-2009	TOTAL EST. COST	GROWTH SHARE	GROWTH COST	SDC FUNDS	BOND FUNDS	GEN. FUNDS	OTHER FUNDS
Neighborhood Parks:							
NW 4	1,300,000	80%	1,040,000	400,000	900,000	0	
NE [illegible]	1,300,000	100%	1,300,000	500,000	800,000	0	
NE 8	100,000	0%	0			100,000	
SW 12	1,300,000	100%	1,300,000	500,000	0	0	
SE 17	520,000	0%	0	0	0	200,000	
Community Parks:							
SW [illegible]	2,600,000	40%	1,040,000	1,040,000	1,560,000	0	
NW 3	3,900,000	40%	1,560,000	600,000	0	0	340,000
NW Quarry Park	920,000	40%	368,000	0	920,000	0	
SE Dancer Park	5,050,000	40%	2,020,000	0	560,000	0	2,575,400
Trails/Greenways/Linear Parks:							
NW,SW,SE Cozine/Yam. River	7,418,227	40%	2,967,290	450,000	0	0	6,968,227
SW [illegible] Meadows	175,000	40%	70,000	30,000	0	0	145,000
SW 12, SW 13 Linear Parks	942,364	40%	376,945	200,000	0	0	
NW Tice Park	240,000	40%	96,000	40,000	0	0	
SE, Airport Park	575,000	40%	230,000	230,000	0	0	345,000
NW4, BPA Easement	350,000	40%	140,000	140,000	210,000	0	
NW 3 Tice to BPA (Baker Cr.)	1,575,636	40%	630,255	0	0	576,000	999,636
Special Projects:							
SE March Lane Extension	1,750,000	40%	700,000	700,000	1,050,000	0	
[illegible] Park	120,000	100%	120,000	120,000	0	0	
Prof. Services (Site Plans, ADA, other)	61,000	67%	40,870	36,000	0	20,000	
Renovations:							
NE Wortman Park	1,700,000	0%	0	0	250,000	0	
NW City Park	1,040,000	0%	0	0	250,000	0	
SE Kiwanis Park	372,000	0%	0	0	0	372,000	
FUND TOTALS 1999-2009	**33,309,227**		**13,999,360**	**4,986,000**	**6,500,000**	**1,268,000**	
PARK PROJECTS 2010-2019							
Neighborhood Parks:							
NW 2	1,300,000	100%	1,300,000	1,300,000	0	0	
NE 11	1,300,000	100%	1,300,000	1,300,000	0	0	
SW 12	800,000	100%	800,000	800,000	0	0	
SE 17	320,000	0%	0	0	320,000	0	
SE 18	1,300,000	50%	650,000	500,000	800,000	0	
Community Parks:							
NW 1	2,600,000	40%	1,040,000	0	1,000,000	0	1,600,000
NW 3	3,300,000	29%	960,000	960,000	2,000,000	0	340,000
SE Dancer Park	4,000,000	51%	2,020,000	154,000	1,580,000	334,600	1,931,400
Trails/Greenways/Linear Parks:							
SW 12, SW 13 Linear Park	742,364	24%	176,945	0	300,000	0	442,364
Special Projects:							
Outdoor Performance Area	250,000	40%	100,000	100,000	0	150,000	
Botanical/Community Garden Site	25,000	40%	10,000	0	0	25,000	
Fishing Area @ Kiwanis Park	50,000	40%	20,000	0	0	50,000	
Parking Expansion @ Sr. Center	50,000	40%	20,000	0	0	50,000	
Prof. Services	5,000	100%	5,000	5,000	0	0	
Renovations:							
NE Wortman Park	1,200,000	0%	0	0	250,000	0	950,000
NW City Park	790,000	0%	0	0	250,000		540,000
General Park Furnishings	100,000	0%	0	0	0	100,000	
Mini-Parks	190,400	0%	0	0	0	190,400	
Standardize Park Signage	100,000	0%	0	0	0	100,000	
FUND TOTALS 2010-2019	**18,422,764**		**8,401,945**	**5,119,000**	**6,500,000**	**1,000,000**	

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McMinnville

Appendix A
Facility Inventory

Table A-1
FACILITY INVENTORY: PARK SYSTEM RESOURCES

Facility	Total Facility Acreage	Softball Diamond	Baseball Diamond	Soccer Field	Football Field	Running Track	Basket-ball Court	Basket-ball Hoop	Tennis Court	Tennis Practice Wall	Open Turf Areas	Multi-Purpose Paved Area	Play Equip-ment	Paved Path/Trail (Miles)	Soft Surface Path/Trail (Miles)	Picnic Area	Group Picnic Area	Other
Mini-Parks/Playlots																		
Bend-o-River	0.33										1							
Bennett Addition	0.34																	
Greenbriar	0.23										1							
Kingwood	0.58							1			1		1			1		
North Evans	0.43																	
Taylor	0.30												1			1		
Village Mill	0.50										1		1					
Subtotal	2.71	0	0	0	0	0	0	1	0	0	4	0	3	0	0	3	0	
Neighborhood Parks																		
None																		
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Community Parks																		
City Park	13.00								4	1			2	0.50	0	1	0	covered picnic, creek
Dancer Park	85.38	2	5	8				1			1		1		1.30			skateboard ramp, 1.3mi. trail (starts in Kiwanis Pk.)
Kiwanis Park	4.65												1	0.25	0	1		boat ramp
Wortman Park	21.43	1						1			1		2	1		1	4	covered picnic, disk golf, creek, 0.2mi. paved trail
Subtotal	124.46	3	5	8	0	0	0	2	4	1	2	0	6	1.75	1.30	3	4	
Linear Parks																		
Westvale Park	13.77							1					1	1.50				
BPA Easement (undev.)	9.18																	
Subtotal	22.95	0	0	0	0	0	0	1	0	0	0	0	1	1.50	0	0	0	
Special Use Parks																		
Quarry Park	11.50																	
Subtotal	11.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Recreation Centers																		
Community Center						1	1											Track and B'ball indoors, racquetball, locker rm., showers
Aquatic Center																		swimming pools (2), weightroom
Senior Center																		
Subtotal	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	
Total	161.62	3	5	8	0	1	1	4	4	1	6	0	10	3.25	1.3	5	4	

Table A-2

FACILITY INVENTORY: GREENSPACE / GREENWAYS

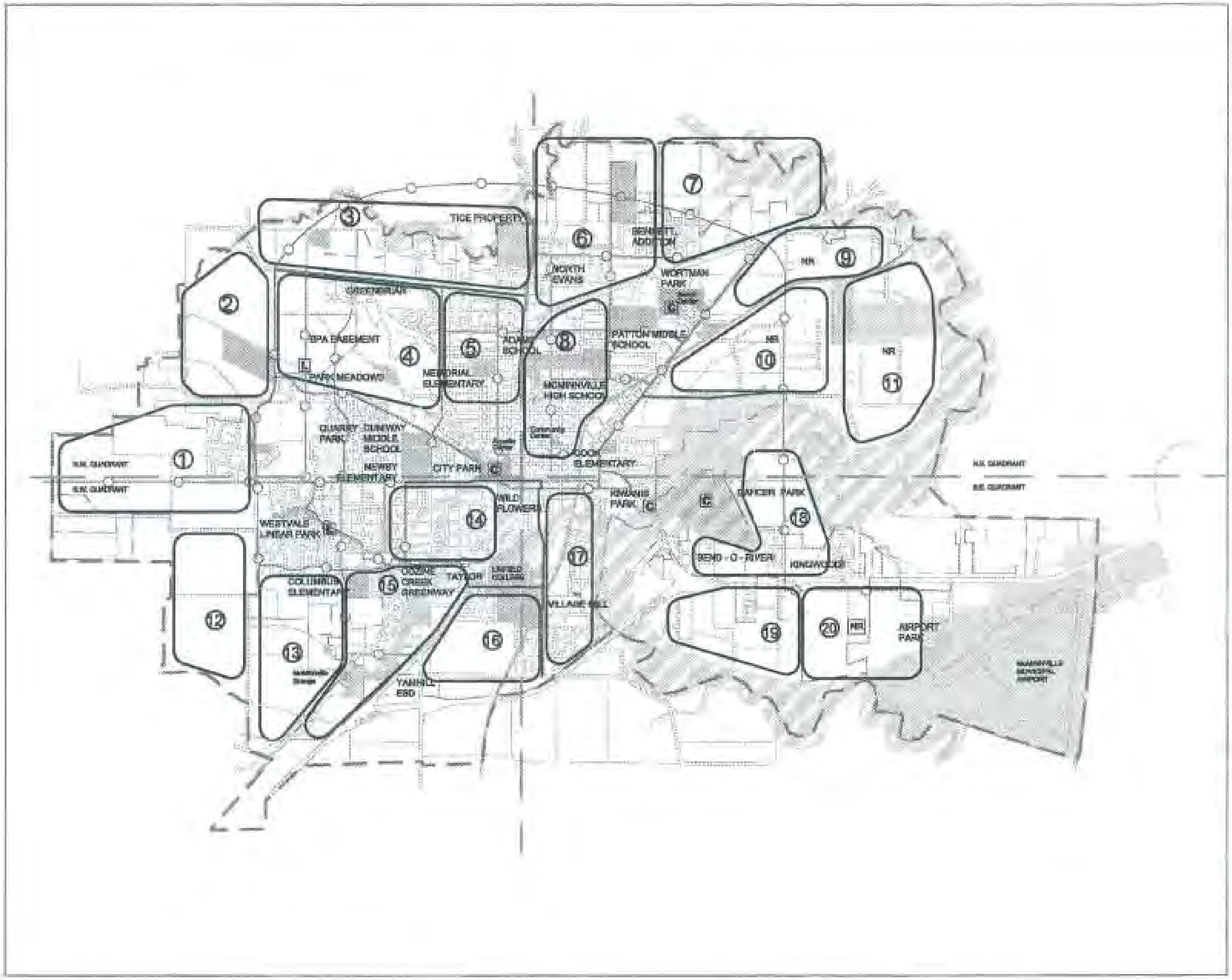
Facility	Total Facility Acreage	Miles of Trail			
		Total	Walking /Hiking	Biking	Equestrian
Cozine Creek Greenway					
Barber Property	17.0				
Brookview	0.72				
Carlson	1.45				
Crestwood	2.08				
Dayton River Access	0.70				
Elmwood	3.18				
Fir Ridge	0.70				
Heather Glen	3.03				
Meadowridge	0.69				
Tall Oaks	14.23				
Wildflower Area	1.67				
Subtotal	45.45	0	0	0	0
Greenspace					
Airport Park	21.0	1.5	1.5		
Tice Property	36.0				
Davis Street Fill	1.54				
Irvine Street	5.55				
Ashwood/Derby	0.29				
Angela Court	2.21				
Subtotal	66.59	1.5	1.5	0	0
Total	112.04	1.5	1.5	0	0

- 57.00
55.04

Table A-3

FACILITY INVENTORY: SCHOOL FACILITIES

Facility	Total Facility Acreage	Softball Diamond	Baseball Diamond	Soccer Field	Football Field	Running Track	Basket-ball Court	Basket-ball Hoop	Tennis Court	Tennis Practice Wall	Open Turf Areas	Multi-Purpose Paved Area	Play Equip-ment	Paved Recreation Path/Trail (Miles)	Soft Surface Recreation Path/Trail (Miles)	Picnic Area	Group Picnic Area	Other
Elementary Schools																		
Adams Elementary	3.20						1	1				1	1					court inside; Covered outdoor B'ball hoop
Columbus Elementary	12.00			1			1	1			1	1	2					Basketball court inside; Covered outside hoop
Cook Elementary	4.20			1			1	1			1		1					Basketball court inside
Memorial Elementary	9.25			2			1	3			1	1	3					Basketball court inside; Outside hoop in poor condition
Newby Elementary	12.00			1			1	3			1	1	2					Basketball court inside
Waschar (in La Fayette)	10.00										1							
Subtotal	50.65	0	0	5	0	0	5	9	0	0	5	4	9	0	0	0	0	
Middle Schools																		
Patton Middle School	21.00	1	1	1	1		2	1	4		1							soccer/football same field
Duniway Middle School	19.00		1	1	1	1	2				1	1		1	1			soccer/football same field
Subtotal	40.00	1	2	2	2	1	4	1	4	0	2	1	0	1	1	0	0	
High Schools																		
McMinnville High School	21.80		1	3	1	1	2		4					0.50	0		0	
Subtotal	21.80	0	1	3	1	1	2	0	4	0	0	0	0	0.50	1	0	0	
School District Facilities														0.25	0			
Baker Field	6.00	2		1		1					1						4	
Cowls Street Park									4					1				Courts in poor condition, used by schools and public
Future School Site A	33.00																	
Future School Site B	32.00													1.50				
Subtotal	71.00	2	0	1	0	1	0	0	4	0	1	0	0	2.75	0	0	4	
Colleges/Universities																		
Linfield College	11.50	1	1	1	1	1	2		6		3							
Subtotal	11.50	1	1	1	1	1	2	0	6	0	3	0	0	0	0	0	0	
Total	194.95	4	4	12	4	4	13	10	18	0	11	5	9	4.25	2	0	4	



LEGEND

	Existing Developed	Existing Undeveloped
Mini-park/Playlot		
Neighborhood Park	N	
Community Park	C	
Linear Park	L	L
Greenspace/Greenway		
Special Use		
Community/Recreation Centers		
Schools		
Other City Property		
Existing Bikeway		
Proposed Bikeway		
Waterway		
Floodplain		
City Boundary		
Urban Growth Boundary		
Underserved Areas	(4)	
Non-Residential	NR	

NORTH

0' 1500' 3000' 4500'
SCALE IN FEET

PLANNING AREAS

PARKS, RECREATION & OPEN SPACE MASTER PLAN

City of McMinnville

City of McMinnville
Parks and Recreation Department
600 North Evans
McMinnville, OR 97128

Prepared by:
MIG, Inc. 199 E. Fifth Ave. Eugene, OR 97401 (541) 683-3193

LEGEND

	Existing Developed	Existing Undeveloped	Proposed
Mini-park/Playlot			
Neighborhood Park			N
Community Park	C		C
Linear Park	L	L	
Greenspace/Greenway			
Special Use			S
Community/Recreation Centers			
Schools			
Other City Property			
Existing Bikeway			
Proposed Bikeway			
Waterway			
Floodplain			
City Boundary			
Urban Growth Boundary			
Multi-Purpose Trail			

NORTH

0' 1500' 3000' 4500'

SCALE IN FEET

MASTER PLAN

PARKS, RECREATION & OPEN SPACE MASTER PLAN

City of McMinnville
Parks and Recreation Department
600 North Evans
McMinnville, OR 97128

Prepared by:
MIG, Inc. 199 E. Fifth Ave., Eugene, OR 97401 (541) 683-3193

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed $50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over $100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, $9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

MCMINNVILLE PARKS SYSTEM

DRAFT

COMMUNITY PARKS		ACRES
City Park		16.79
	R4420AD 09800	15.51
	R4420AD 05101	0.56
	R4420AD 06900	0.13
	R4420AD 07000	0.13
	R4420AD 07100	0.07
	R4420AD 07200	0.08
	R4420AD 07300	0.11
	R4420AD 07400	0.19
Joe Dancer Park		107.62
	R4422 02300	79.52
	R4421 00400*	23.90
	R4422 WATER*	4.20
Discovery Meadows Park		20.97
	R4429 00300	17.07
	R4429BB 02600	3.90
Kiwanis Marine Park		4.63
	R4421 00800	1.30
	R4421DB 04200	2.79
	E4421DB ROADS*	0.54
Riverside Dog Park	R4421 00100*	3.80
Wortman Park	R4416AD00100	21.66
COMMUNITY PARKS TOTAL		175.47

*Notes partial taxlot

MINI-PARKS/PLAYLOTS		ACRES
Bend-o-River	R4422CD 00128	0.33
Chegwyn Farms Park	R4409CD 00100*	3.94
Greenbriar	R4417BC 00100	0.23
Heather Hollow	R4429BC 00100	3.22
Jay Pearson Park	R4418 00202*	2.94
Kingwood	R4422DD06000	0.58
North Evans	R4416BC03300	0.34
Taylor	R4420DC04900	0.31
Thompson	R4428BA04300	2.28
Village Mill		0.49
	R4428BA00111	0.22
	R4428BA00105	0.27
West Hills Park	R452400803	7.77
MINI-PARKS/PLAYLOTS TOTAL		22.43

*Notes partial taxlot

LINEAR/TRAIL PARKS		ACRES
Airport Park		18.82
	R442600203*	2.74
	R4426 ROADS*	0.62
	R442600500*	1.28
	R442600201*	14.18
Ash Meadows	R4420CC00239	1.29
BPA Pathway		2.84
	R4419AD02100	0.98
	R4419AC00200	0.08
	R4419AC00101	0.30
	R441901200*	0.32
	R4419AA11700	0.35
	R4419AA11800	0.45
	R4418DC04100	0.36
BPA II Pathway		4.23
	R4418DC00100	0.83
	R4418DC04400	0.14
	R4418DC07100	0.32
	R4418DC06600	0.32
	R4418DB12200	0.66
	R4418DB12000	1.04
	R441800202*	0.63
	R4418AD10800	0.29
Goucher St. Pathway		1.95
	R4420CC ROADS*	1.01
	R4420CC NONTL	0.02
	R4420CB ROADS*	0.92
James Addition		1.54
	R4420CC00124	1.27
	R4419DD00390	0.27
Jandina	R4419DD02790	2.25
Jandina III		2.78
	R4419DA13200	1.99
	R4419DA13300	0.79
Roma Sitton	R4418AD10900	1.69
Tice Rotary		33.82
	R441700101	32.82
	R441700100	1.00
Westvale	R4419DB02400	3.70
LINEAR/TRAIL PARKS TOTAL		74.91

TOTAL DEVELOPED PARK LANDS	272.81

OPEN SPACE/UNDEVELOPED		ACRES
Angella	R4428BD02100	2.21
Ashwood/Derby	R4420DB02401	0.29
Barber Property	R442901201	11.76
Bennett	R4416AA05800	0.19
Brookview	R4420BA00500	0.72
Carlson	R4420DB00300	1.53
Creekside Cozine	R4430DD00200	3.69
Creekside #3 Cozine	R4430DC03500	15.31
Crestwood		2.08
	R4420BA00300	1.10
	R4420BA00301	0.60
	R4420BA ROADS*	0.38
Davis St. Fill		1.57
	R4421CC00900	0.91
	R4421CC02601	0.66

*Notes partial taxlot

OPEN SPACE/UNDEVELOPED		ACRES
Elmwood		3.07
	R4420DB00200	1.79
	R4420DA04300	1.28
Fir Ridge	R4420AC02600	0.69
Irvine St.		6.68
	R4421CA03200	4.00
	R4421CA03901	0.66
	R4421CA03401	1.63
	R4421CA ROADS*	0.39
Jay Pearson-East	R4418 00202*	1.16
Meadowridge	R4420BA00409	0.69
Quarry	R4419AD00700	11.54
Tall Oaks		12.58
	R442903200	9.60
	R4429BA14190	1.55
	R442900108	1.43

TOTAL UNDEVELOPED PARK LANDS	75.76
TOTAL PARK LANDS	348.57

Listing of Community and Neighborhood Parks	
Submitted with the Testimony of Mark Davis	
9/5/23	
Community Parks	Acreage
City Park	16.79
Joe Dancer Park	107.62
Discovery Meadows Park	20.97
Kiwanis Marine Park	4.63
Riverside Dog Park	3.80
Wortman Park	21.66
Total Community Parks	175.47
Neighborhood Parks	
Chegwyn Farms Park	3.94
Heather Hollow	3.22
Jay Pearson Park	2.94
Thompson Park	2.28
West Hills Park	7.77
Total Neighborhood Parks	20.15
Total Community/Neighborhood Parks	195.62

Growing McMinnville MINDFULLY

Growing McMinnville MINDFULLY

PART 2

LAND USE, GROWTH AND DEVELOPMENT – McMinnville

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

Adopt a new HNA and BLI by December, 2023

Tonight's Public Hearing

Review Draft Results of:

- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public Lands Need Analysis**

Discuss Next Steps

Updates of 2019/2020 Drafts

City of McMinnville

PLANNING FOR GROWTH

FIRST and FOREMOST:

Planning for growth is all about planning for people – how they will live and work in the future.

**There is a significant impact to people based on our decisions.
Be it good or be it bad, there is impact.**

PLANNING FOR GROWTH

SECOND:

It is impactful for more than twenty years.

What happens in the next twenty years will impact future generations far past twenty years.

City of McMinnville

PLANNING FOR GROWTH

SECOND:

It is impactful for more than twenty years.

What happens in the next twenty years will impact future generations far past twenty years.

Some would say that our last effort at growth planning had a human cost – gentrification of the community and displacement of lower and moderate-income families.

Affordability is critical and an increasing problem in McMinnville

If your household earns....

$15,000	$25,150	$40,240	$50,300	$60,400
(30% of MFI)	(50% of MFI)	(80% of MFI	(100% of MFI)	(120% of MFI)

Then you can afford....

$375 monthly rent	$630 monthly rent	$1,000 monthly rent	$1,260 monthly rent	$1,510 monthly rent
	OR	OR	OR	OR
$45,000-$53,000 home sales price	$75,000-$88,000 home sales price	$141,000-$161,000 home sales price	$176,000-$201,000 home sales price	$211,000-$242,000 home sales price
.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

Affordability is critical and an increasing problem in McMinnville

$58,692

If your household earns....

$15,000	$25,150	$40,240	$50,300	$60,400
(30% of MFI)	(50% of MFI)	(80% of MFI	(100% of MFI)	(120% of MFI)

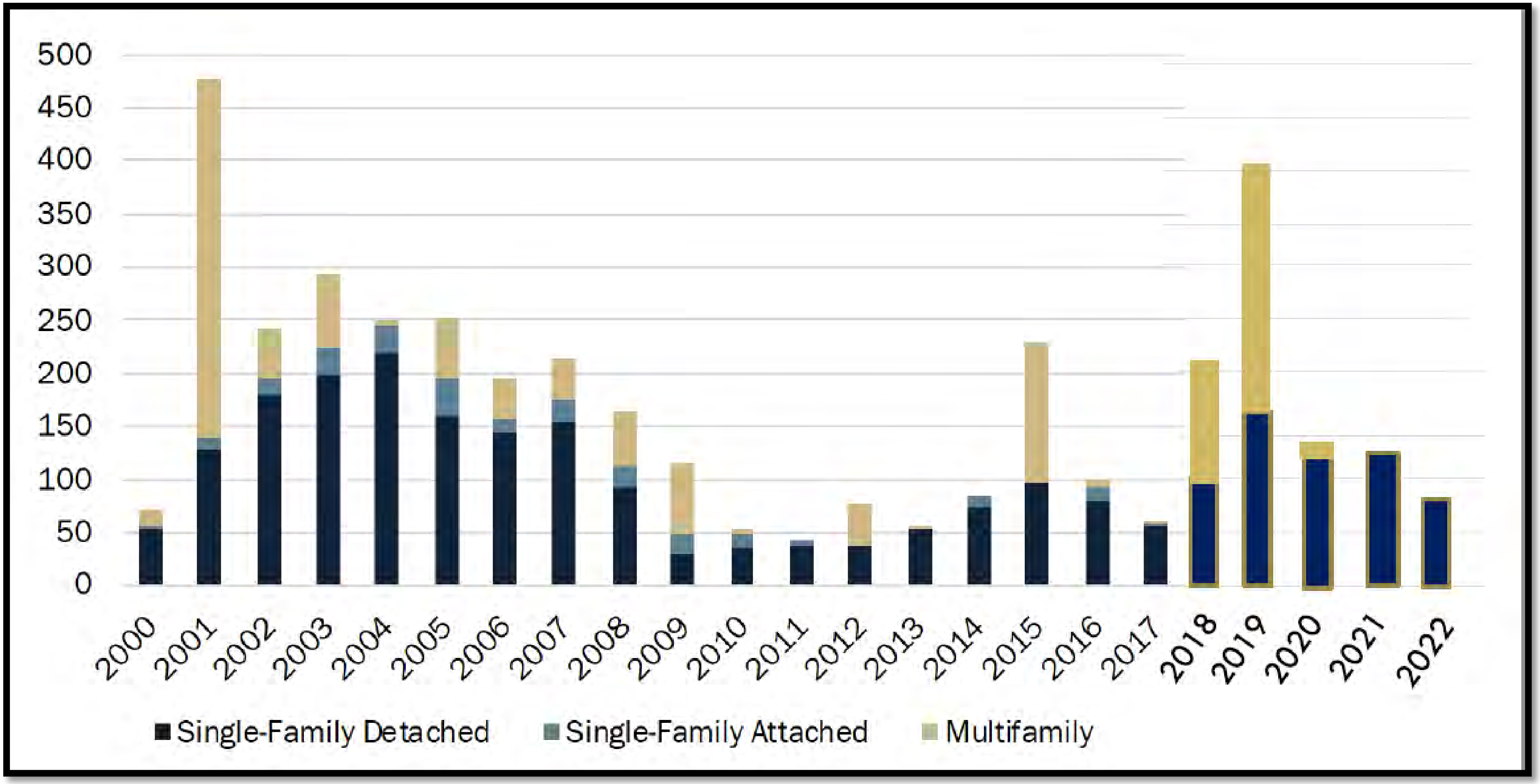
Then you can afford....

$375 monthly rent	$630 monthly rent	$1,000 monthly rent	$1,260 monthly rent	$1,510 monthly rent
	OR	OR	OR	OR
$45,000- $53,000 home sales price	$75,000- $88,000 home sales price	$141,000- $161,000 home sales price	$176,000- $201,000 home sales price	$211,000- $242,000 home sales price
.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

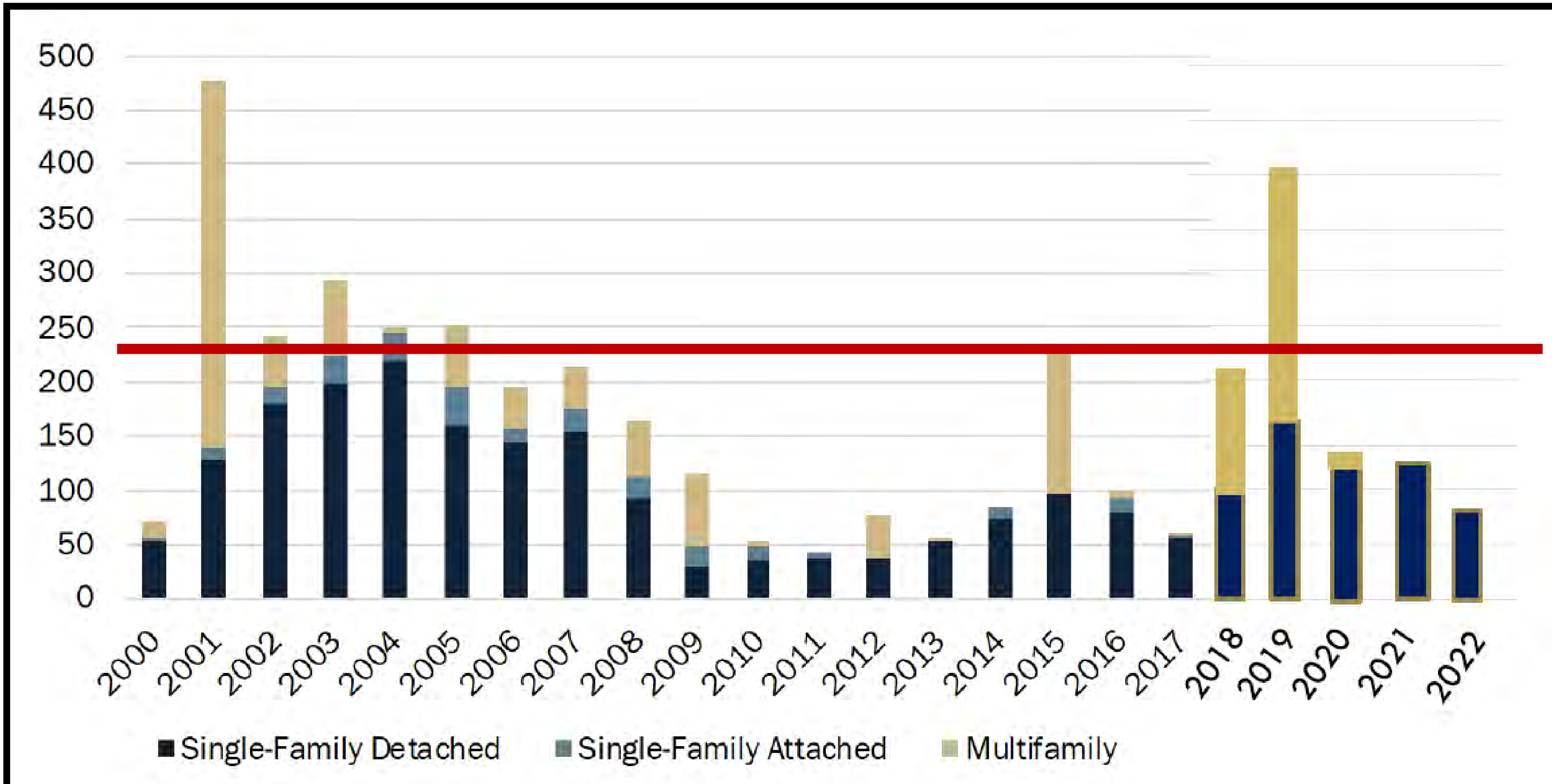
Median Home Sales Price = $474,000 (July, 2023)

Housing supply contributes to affordability and supply is an increasing problem

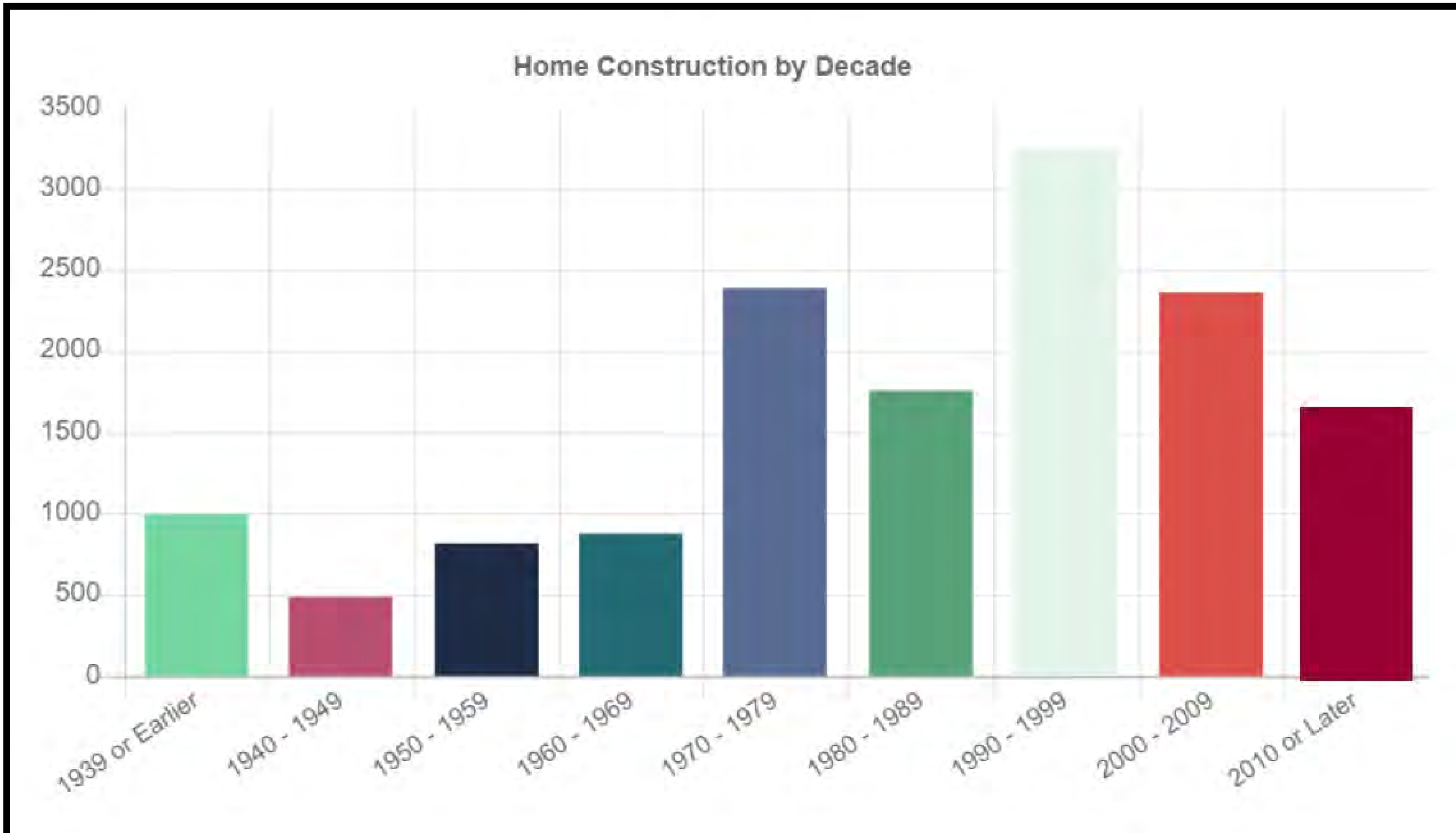
Building Permits – Housing



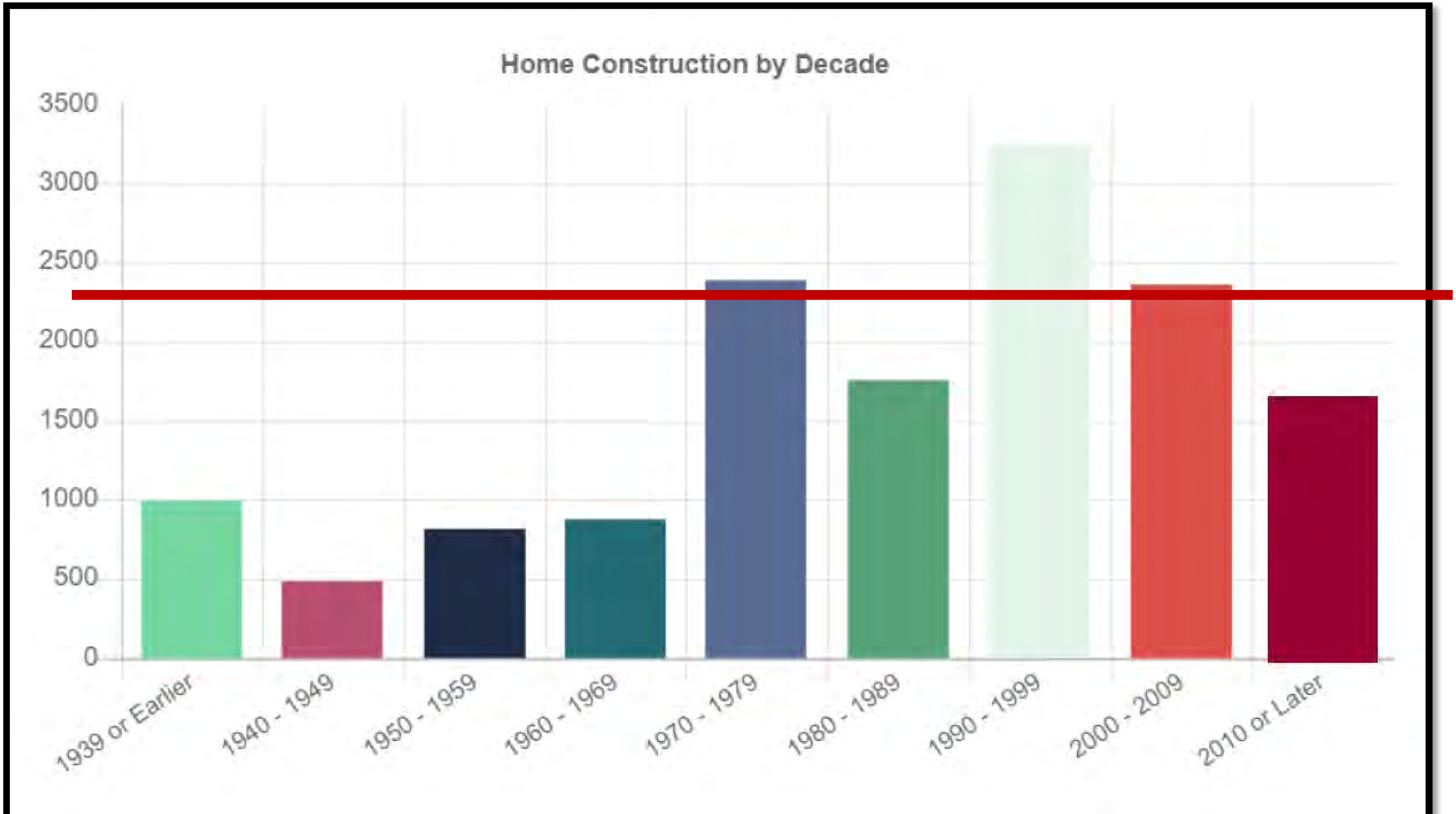
Building Permits – Housing (Goal = 233/Year)



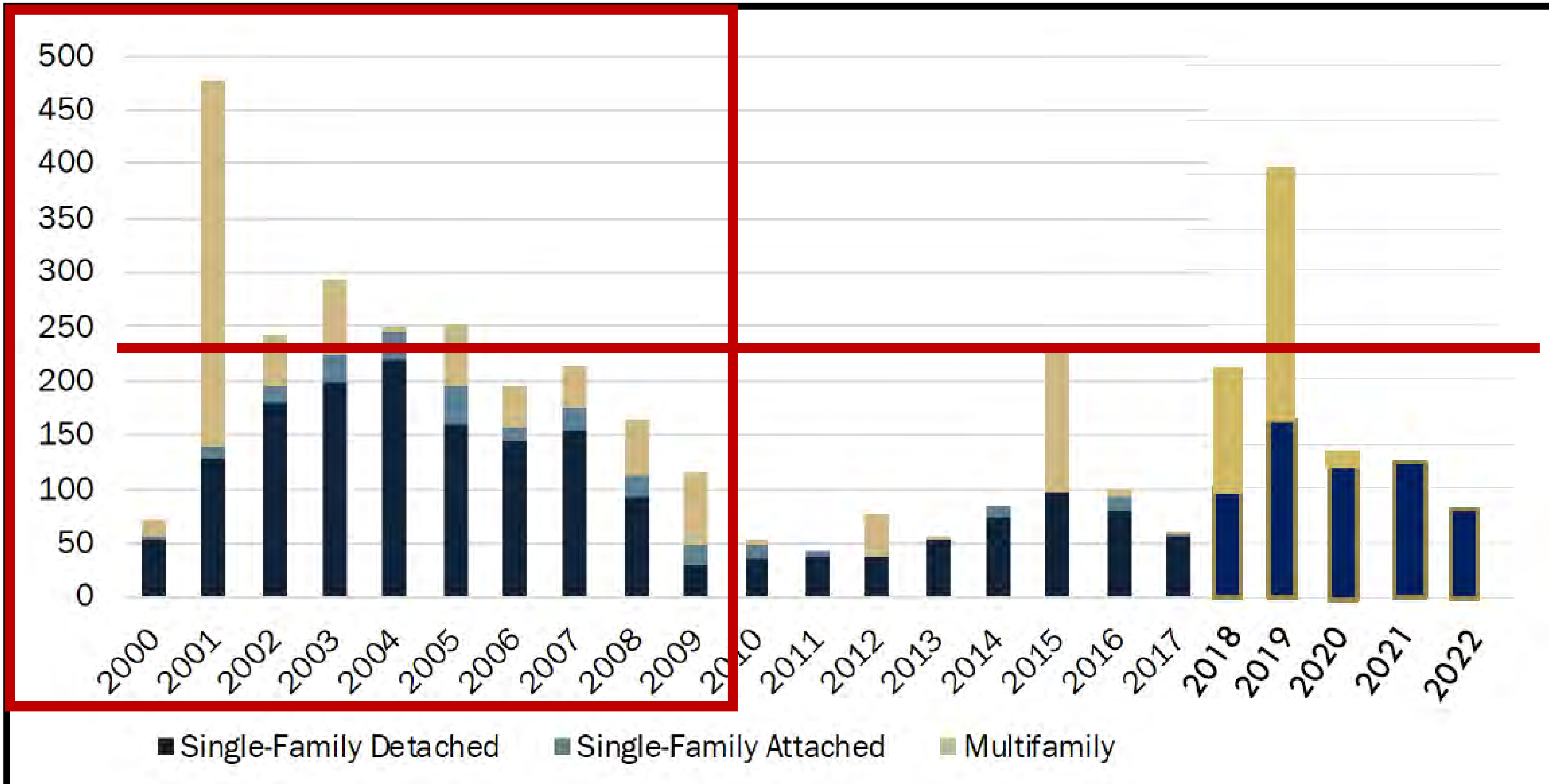
Building Permits – Housing (by decade)



Building Permits – Housing (by decade)



Building Permits – Housing (Goal = 233/Year)



Building Permits - Housing

2022 – Issued Building Permit Recap

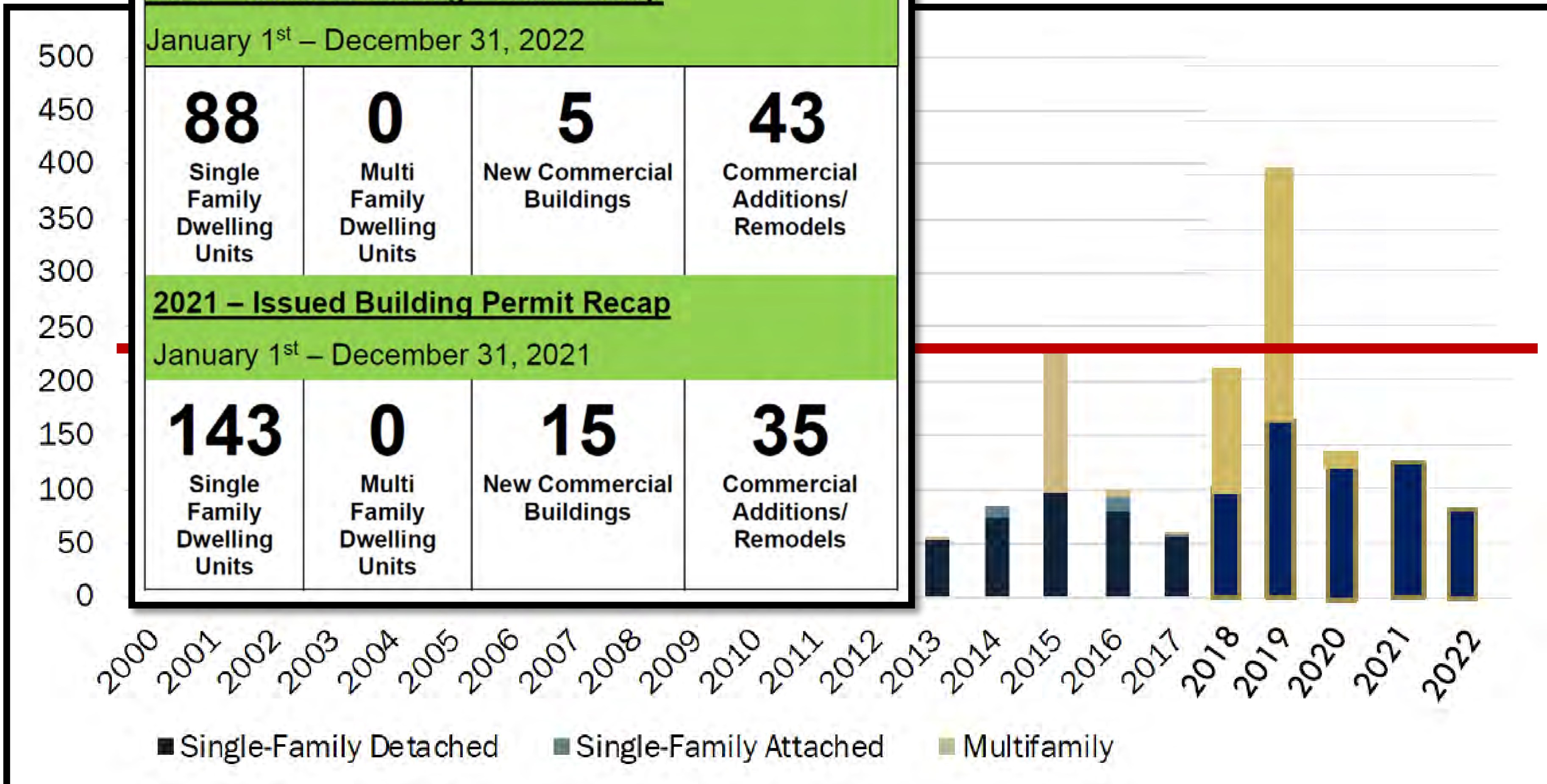
January 1st – December 31, 2022

88	**0**	**5**	**43**
Single Family Dwelling Units	Multi Family Dwelling Units	New Commercial Buildings	Commercial Additions/ Remodels

2021 – Issued Building Permit Recap

January 1st – December 31, 2021

143	**0**	**15**	**35**
Single Family Dwelling Units	Multi Family Dwelling Units	New Commercial Buildings	Commercial Additions/ Remodels



Other Cities that are Severely Rent Burdened		Cities that are not Severely Rent Burdened	
Corvallis	37.7%	Springfield	24.8%
Happy Valley	35.8%	Silverton	24.6%
Klamath Falls	32.3%	Redmond	24.7%
Monmouth	33.2%	Astoria	24.6%
Gresham	33.1%	Lincoln City	23.9%
Baker City	31.5%	Albany	23.7%
Ashland	31.0%	Milwaukie	23.6%
Cottage Grove	31.0%	Molalla	23.5%
Troutdale	30.5%	Oregon City	23.5%
Eugene	30.5%	Canby	23.4%
Sandy	30.3%	Keizer	23.3%
Forest Grove	29.9%	Newport	23.2%
Grants Pass	28.6%	Sweet Home	21.0%
Lake Oswego	28.5%	Coos Bay	22.7%
The Dalles	27.4%	Coos Bay	22.7%
Medford	27.2%	Independence	22.6%
Wilsonville	27.2%	Beaverton	22.3%
Salem	27.1%	Newberg	21.9%
McMinnville	**26.5%**	Prineville	20.5%
West Linn	26.0%	Roseburg	19.3%
Tigard	25.8%	Cornelius	19.1%
Tualatin	25.8%	Fairview	18.2%
Woodburn	25.8%	Central Point	17.1%
La Grande	25.6%	Ontario	17.7%
Bend	25.5%	Hillsboro	15.0%
Gladstone	25.5%	North Bend	15.0%
Lebanon	25.3%	St Helens	13.8%
Pendleton	25.3%	Sherwood	13.7%
Portland	25.2%	Hermiston	10.6%

PLANNING FOR GROWTH

THIRD:

It is required by state law.

For good reasons.

POPULATION FORECAST

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

PLANNING FOR GROWTH

FOURTH:

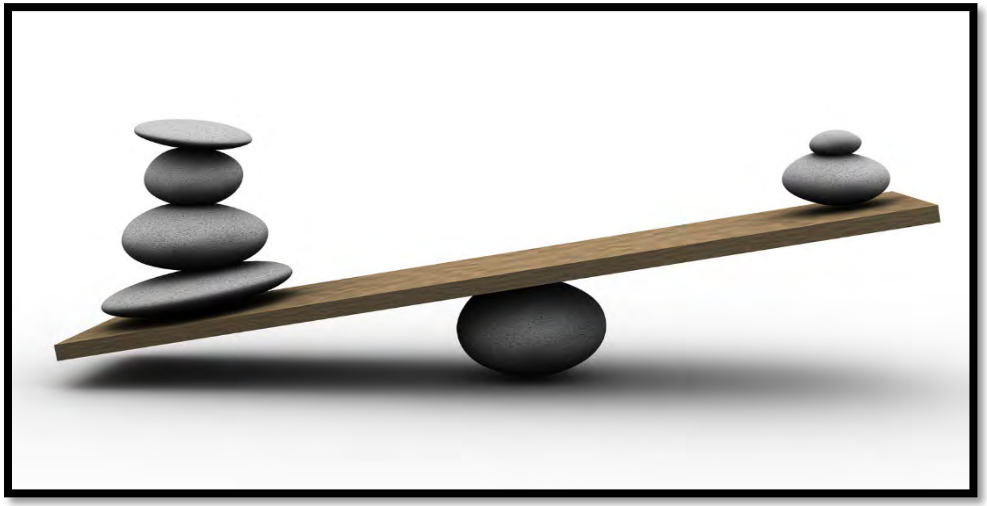
It is about balance.

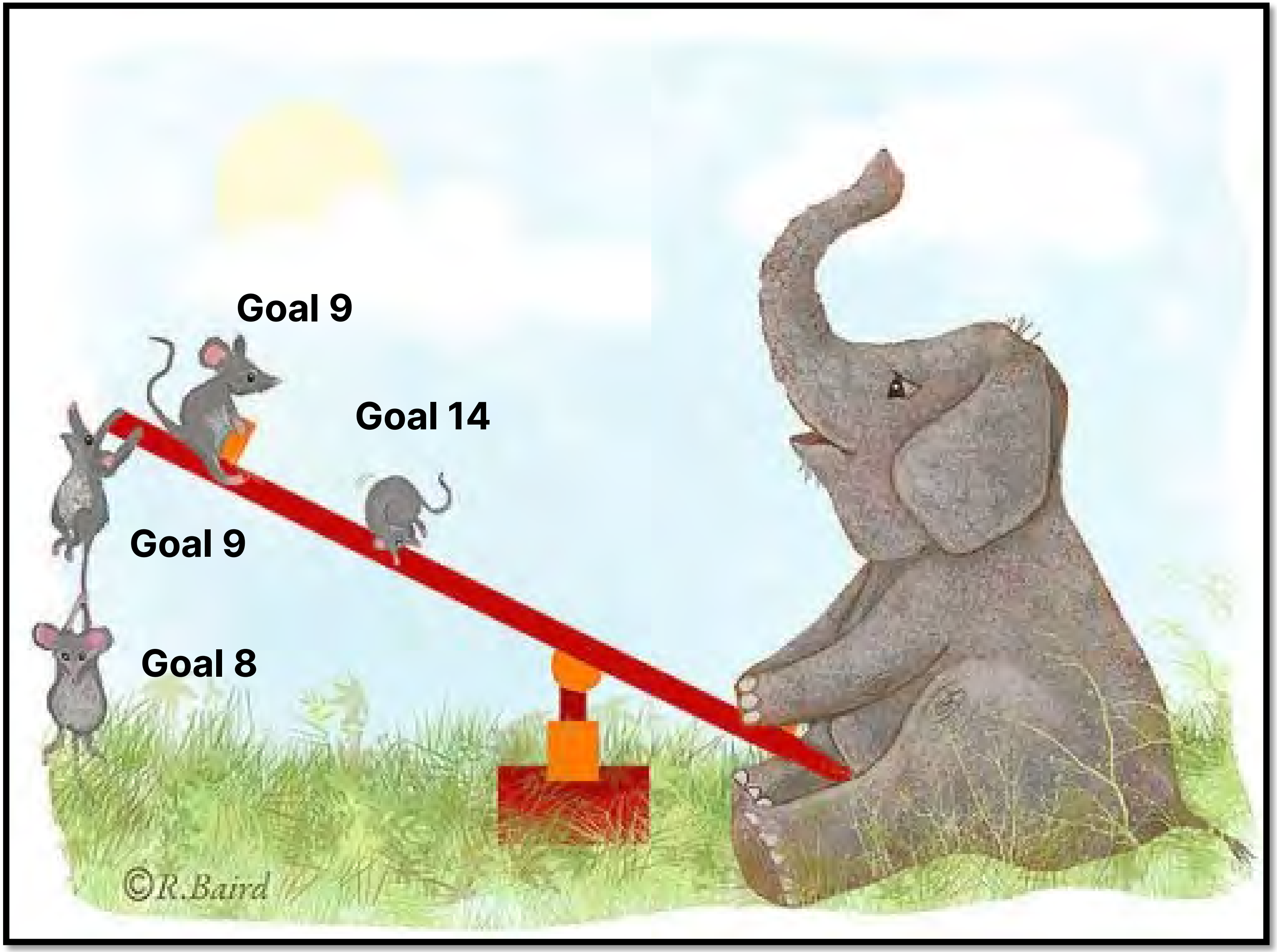
- **Balancing priorities.**
- **Balancing agendas.**
- **Balancing near-term needs and long-term opportunities.**
- **Balancing aspirational goals and cautiousness.**

PLANNING FOR GROWTH

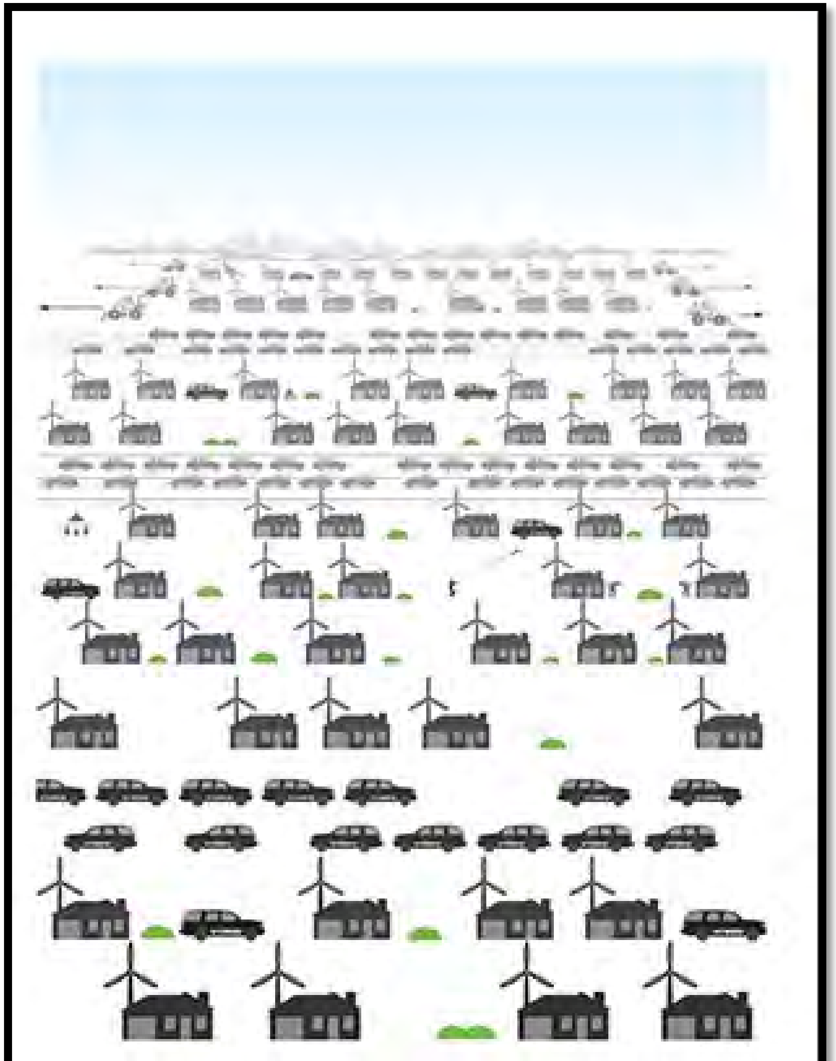
FOURTH:

When it is out of balance it is unfairly weighted in one direction and the results are inequitable.




Goal 9
Goal 14
Goal 9
Goal 8
©R.Baird

WE DON'T WANT TO SPRAWL AND DEVELOP ON ALL OF OUR FARM AND FOREST LAND, BUT WE ALSO DON'T WANT TO DEVELOP METROPOLITAN DENSITY IN A COMMUNITY THAT PRIDES ITSELF ON HUMAN SCALE, SMALL-TOWN CHARM.



SHOULD McMINNVILLE GROW...

Up?

HIGHER DENSITY RESIDENTIAL DEVELOPMENT
(apartment complexes, smaller lots, duplexes & triplexes)

NO URBAN GROWTH BOUNDARY EXPANSION

Out?

MAINTAIN THE EXISTING MIX OF HOUSING TYPES

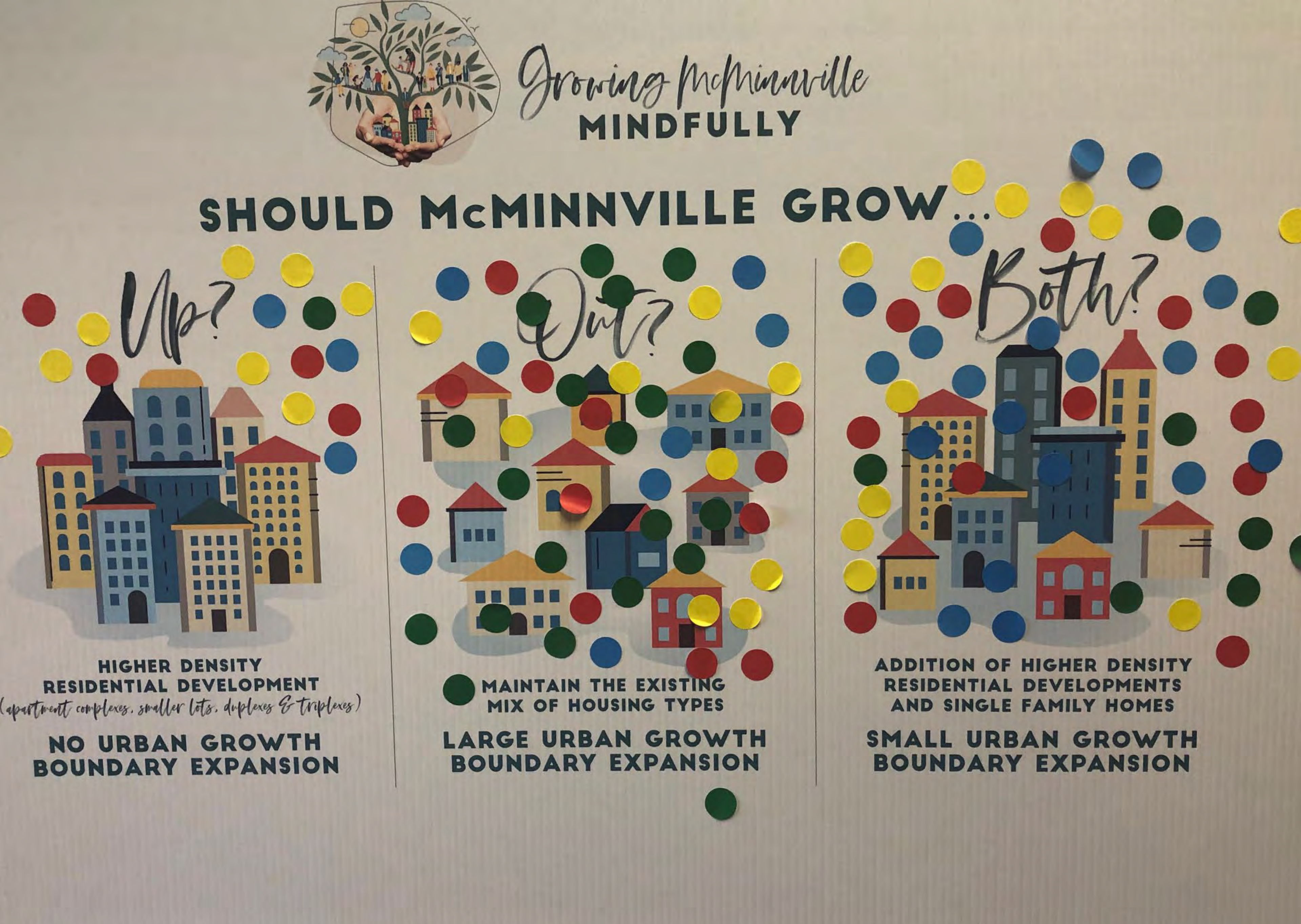
LARGE URBAN GROWTH BOUNDARY EXPANSION

Both?

ADDITION OF HIGHER DENSITY RESIDENTIAL DEVELOPMENTS AND SINGLE FAMILY HOMES

SMALL URBAN GROWTH BOUNDARY EXPANSION

Growing McMinnville
MINDFULLY


Growing McMinnville
MINDFULLY
SHOULD McMINNVILLE GROW...
Up?
HIGHER DENSITY
RESIDENTIAL DEVELOPMENT
(apartment complexes, smaller lots, duplexes & triplexes)
NO URBAN GROWTH
BOUNDARY EXPANSION
Out?
MAINTAIN THE EXISTING
MIX OF HOUSING TYPES
LARGE URBAN GROWTH
BOUNDARY EXPANSION
Both?
ADDITION OF HIGHER DENSITY
RESIDENTIAL DEVELOPMENTS
AND SINGLE FAMILY HOMES
SMALL URBAN GROWTH
BOUNDARY EXPANSION

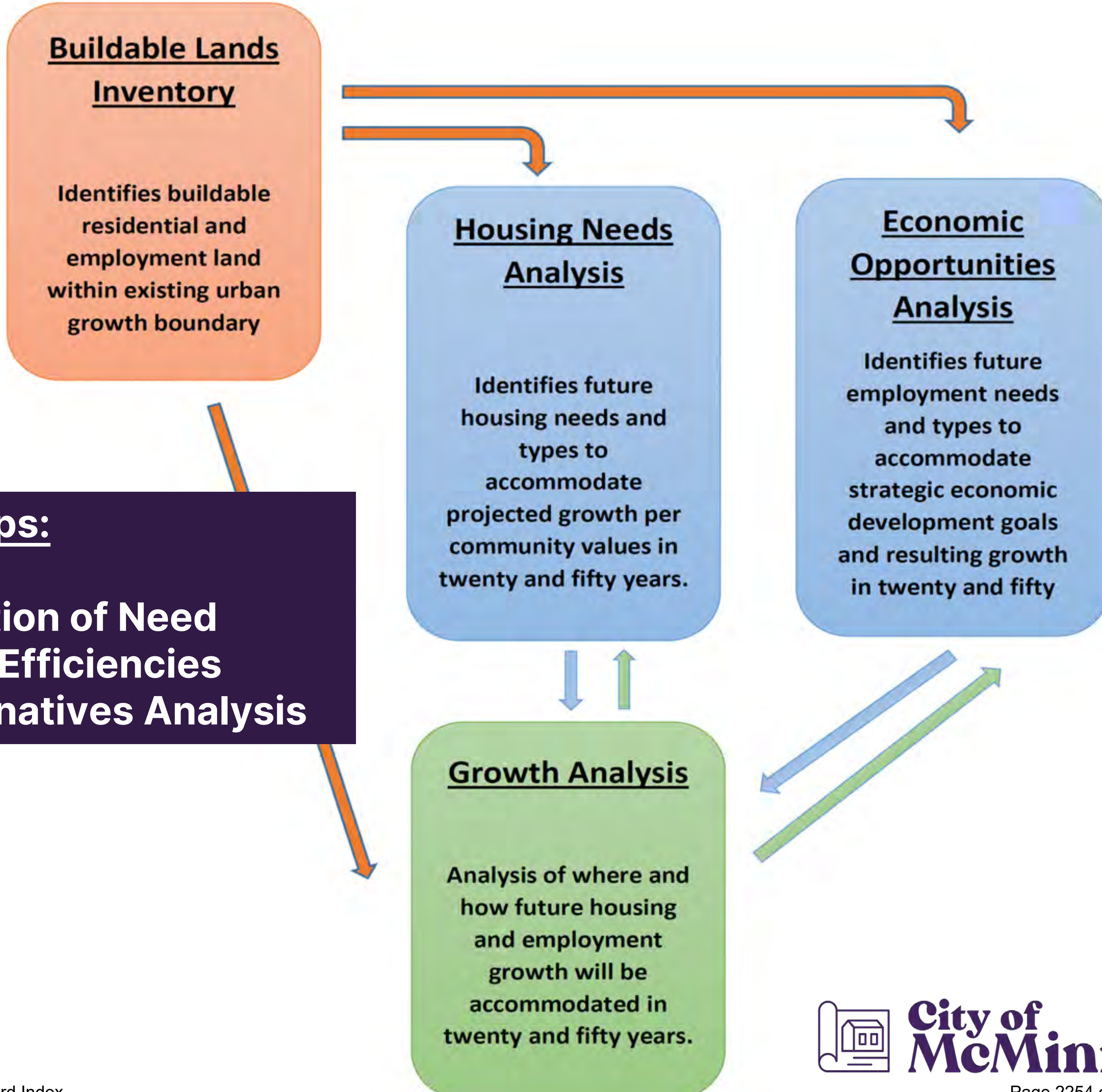
WE SHOULD NOT ASSUME THAT ALL MULTI-FAMILY HOUSING IS LOW INCOME

WE SHOULD NOT PUSH ALL LOWER INCOME HOUSEHOLDS INTO MULTI-FAMILY HOUSING

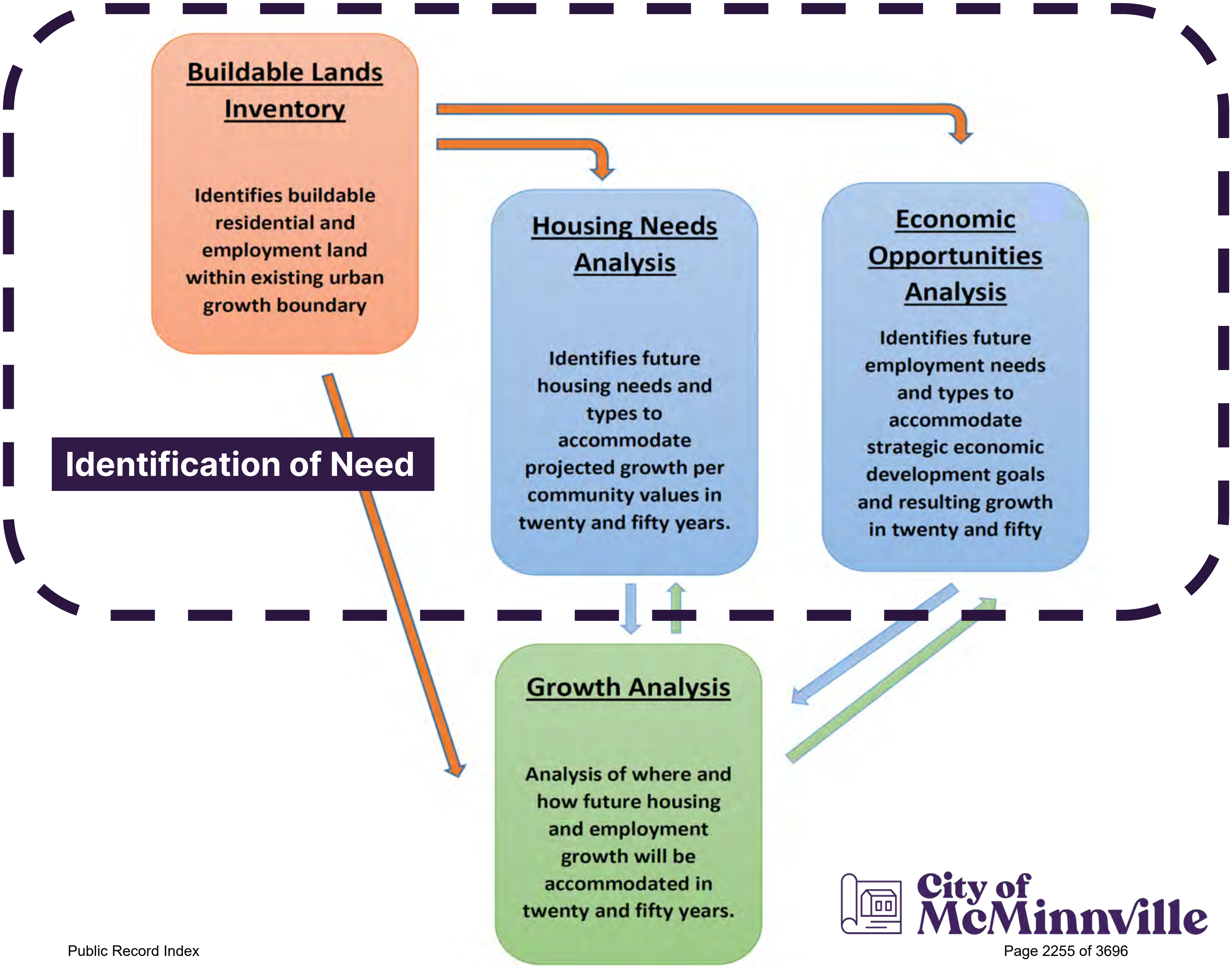
AS LOTS GET SMALLER, ACCESS TO OPEN SPACE IS MORE IMPORTANT

Three Steps:

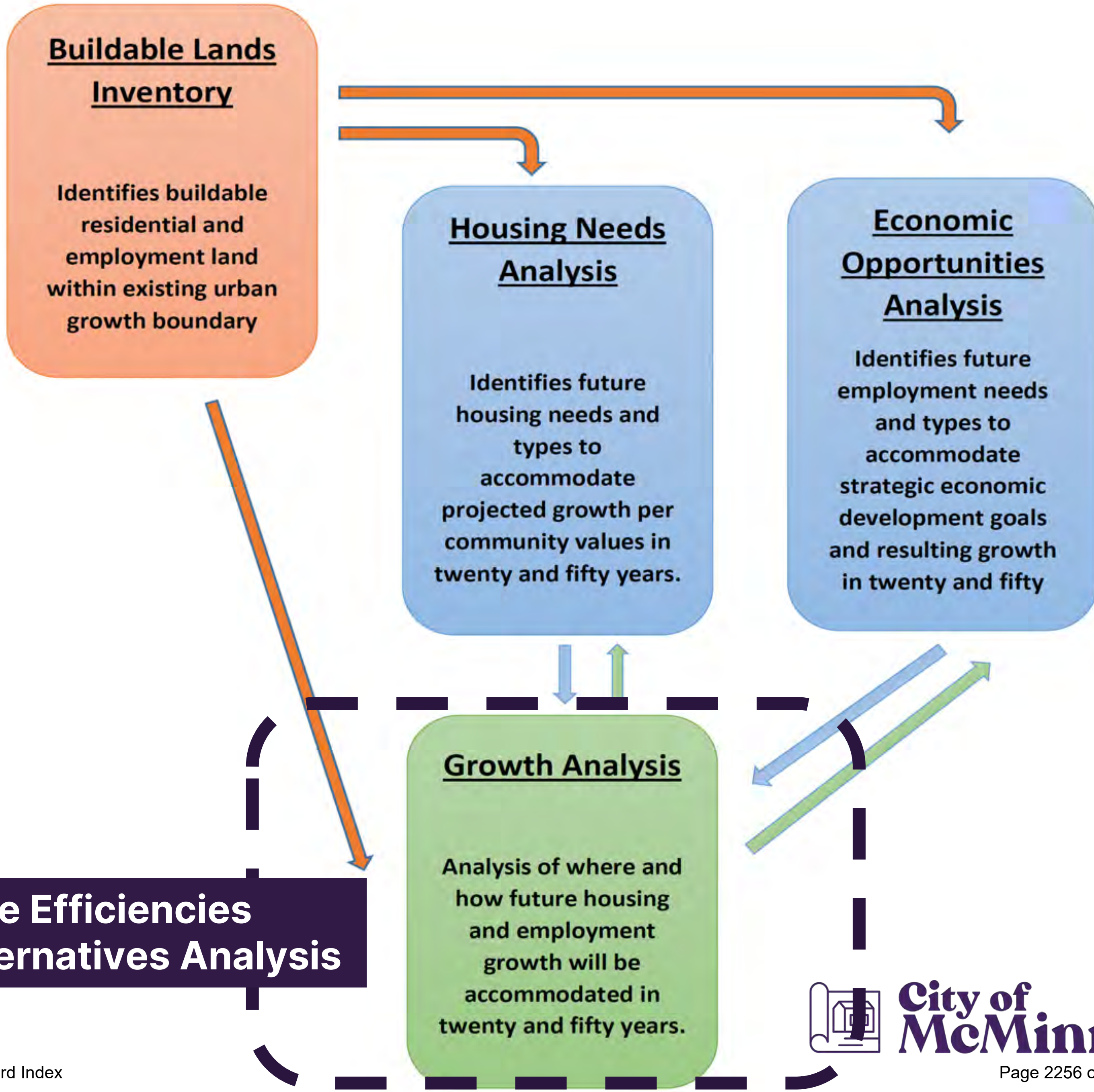
Identification of Need
Land-use Efficiencies
UGB Alternatives Analysis



City of McMinnville



City of McMinnville



Land Use Efficiencies UGB Alternatives Analysis

City of McMinnville

DOCUMENT REVIEW

- Housing Needs Analysis
- Economic Opportunities Analysis
- Public Lands Need Analysis

Updates of 2019/2020 Drafts

Update Buildable Lands Inventory:

- Include new UGB amendment (662.40 acres)
- Include development through 12/31/21

Update Housing Capacity:

- HB 2001 – Missing Middle (Increase density assumptions)
- Rural Residential (Decrease density assumptions)

City of McMinnville

DOCUMENT REVIEW

- Housing Needs Analysis
- Economic Opportunities Analysis
- Public Lands Need Analysis

Updates of 2019/2020 Drafts

They are extensive, but they walk you through the eanalysis step-by-step and the applicable laws that govern the decisions.

City of McMinnville

PROCESS TO DEVELOP THEM

- Hired a Consultant – ECONorthwest
  - Data Review and Development
  - Scenario Analysis
- Appointed a Project Advisory Committee
  - Reviewed data and scenarios developed

Decisions were made by the PAC based on three factors
- Legal Framework (Safe Harbors)
- Local Adopted Policies
- Discretion of what is Best for McMinnville (data informed)

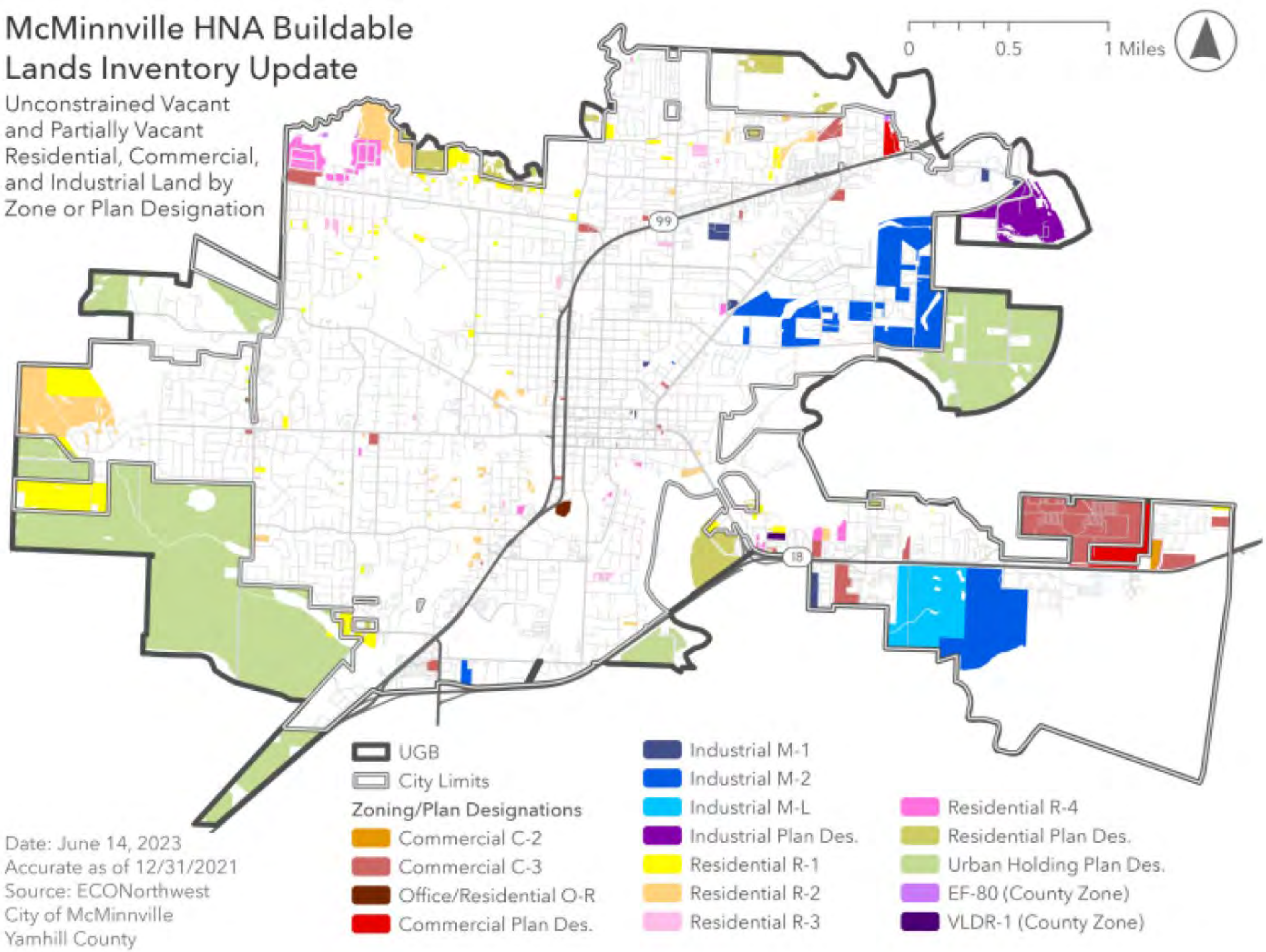
PROJECT ADVISORY COMMITTEE MEMBERS (54)

Kellie Menke
Roger Lizut
Susan Dirks
Sid Friedman
Mark Davis
Andrew Burton
Beth Cater
Michael Jester
Robert J. Banagay
Amanda Perron
Matt Deppe
Patty O'Leary
Doug Hurl
Scott Cooper
Alan Amerson
Kelly McDonald
Mike Morris
Jeff Knapp
Gioia Goodrum
Ed Gormley
Paul Davis
Susan Muir
Mike Bisset
John Dietz
Mary Ann Rodriguez
Matt Johnson
Laura Seyring
Peter Keenan
Ryan McIrvin
Steve Ganzer
Justin Hogue
Abigail Neilan
Christopher Anderson
Ellen Hogg
Judith Pasch
Katie Russ
Katie Wennerstrom
Rob Hallyburton
Scott Green
Kyle Faulk
Marilyn Worrix
Zack Geary
Roger Hall
Sal Peralta
Alan Ruden
Danielle Hoffman
Brad Bassitt
Angela Carnahan
Kevin Young
Chuck Darnell
Heather Richards
Tom Schauer
Melissa Ahrens
Jody Christensen

City of McMinnville

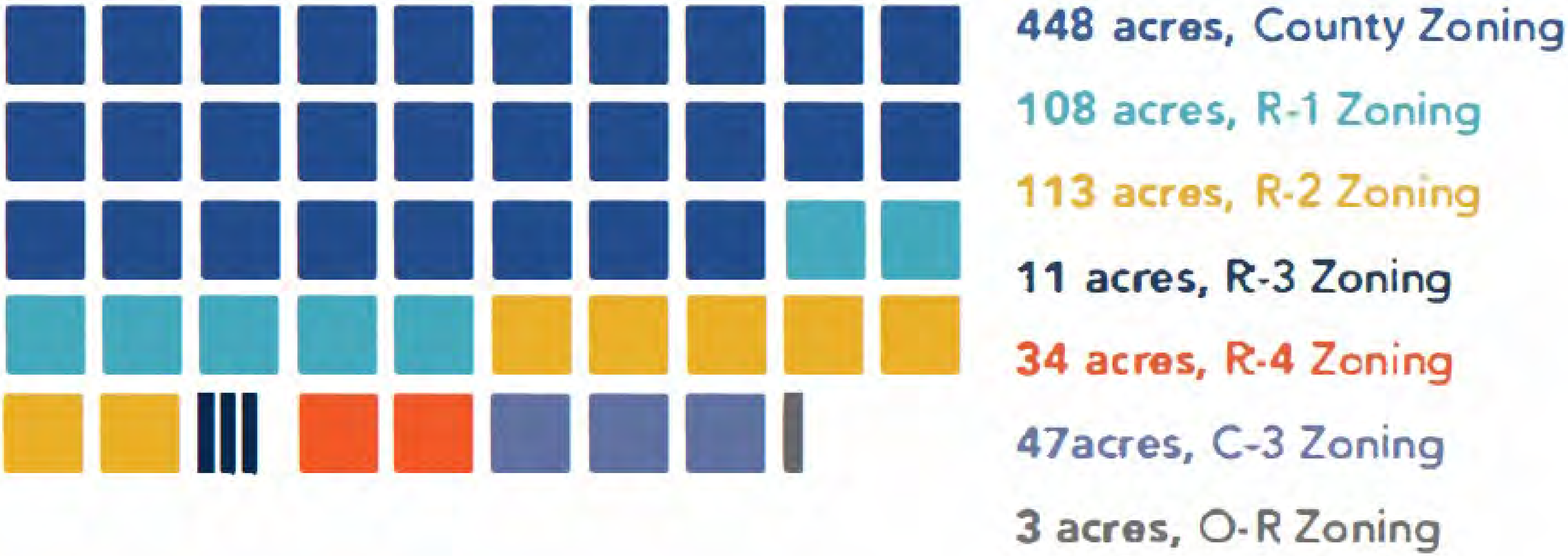
McMinnville Buildable Lands Inventory

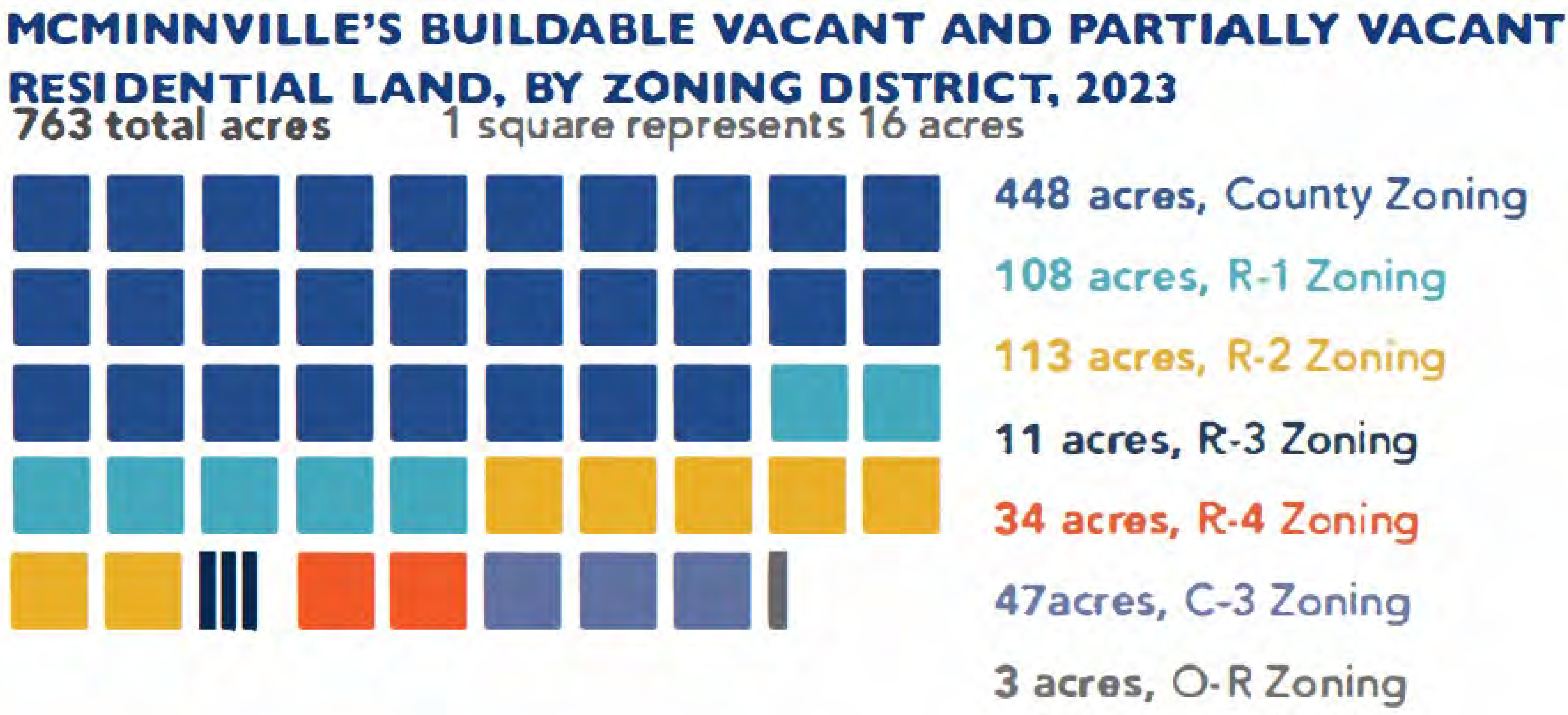
Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



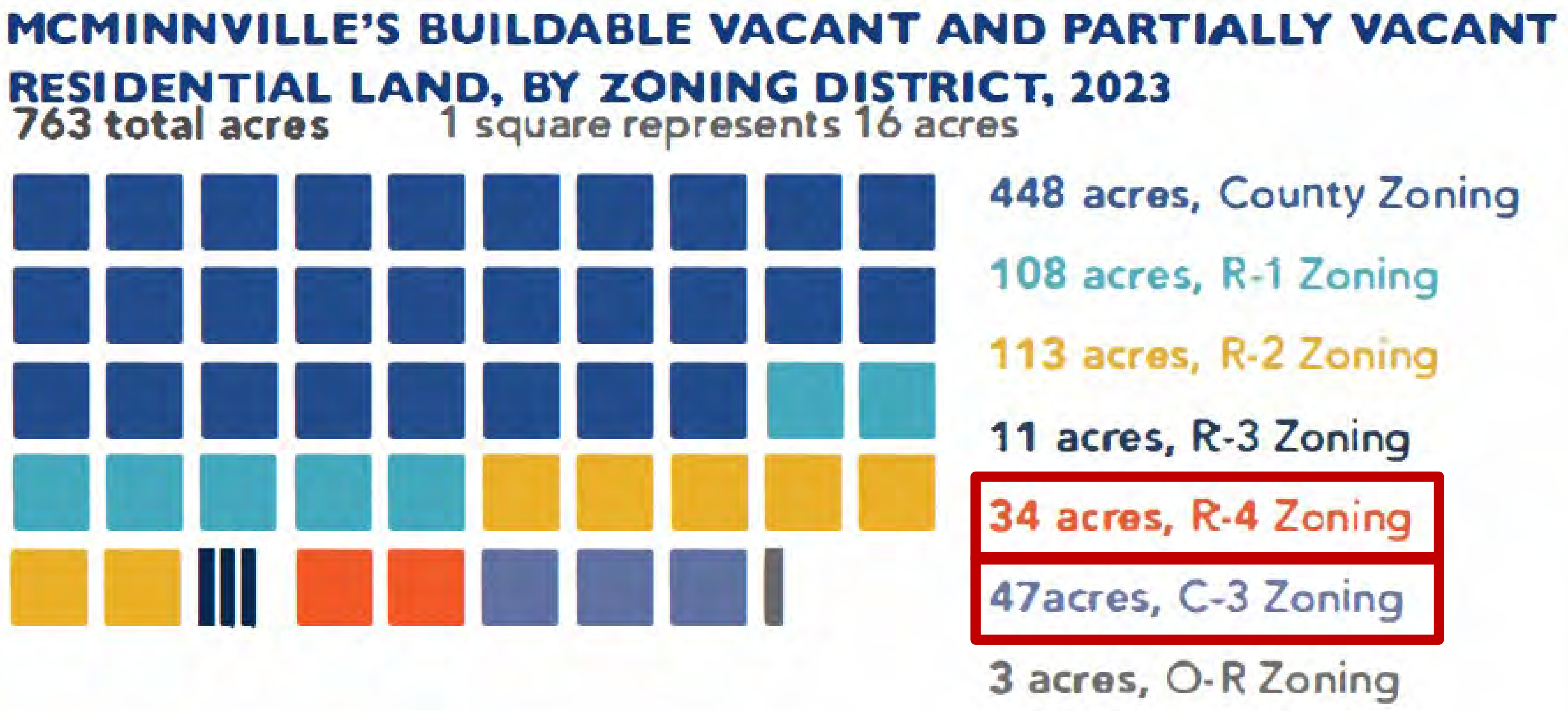
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023

763 total acres   1 square represents 16 acres





763 acres of vacant or partially vacant land. 448 acres (59%) are in county zoning. 131 acres (17%) are in Water Zone 2. 184 acres (24%) are in city zoning and have water service.



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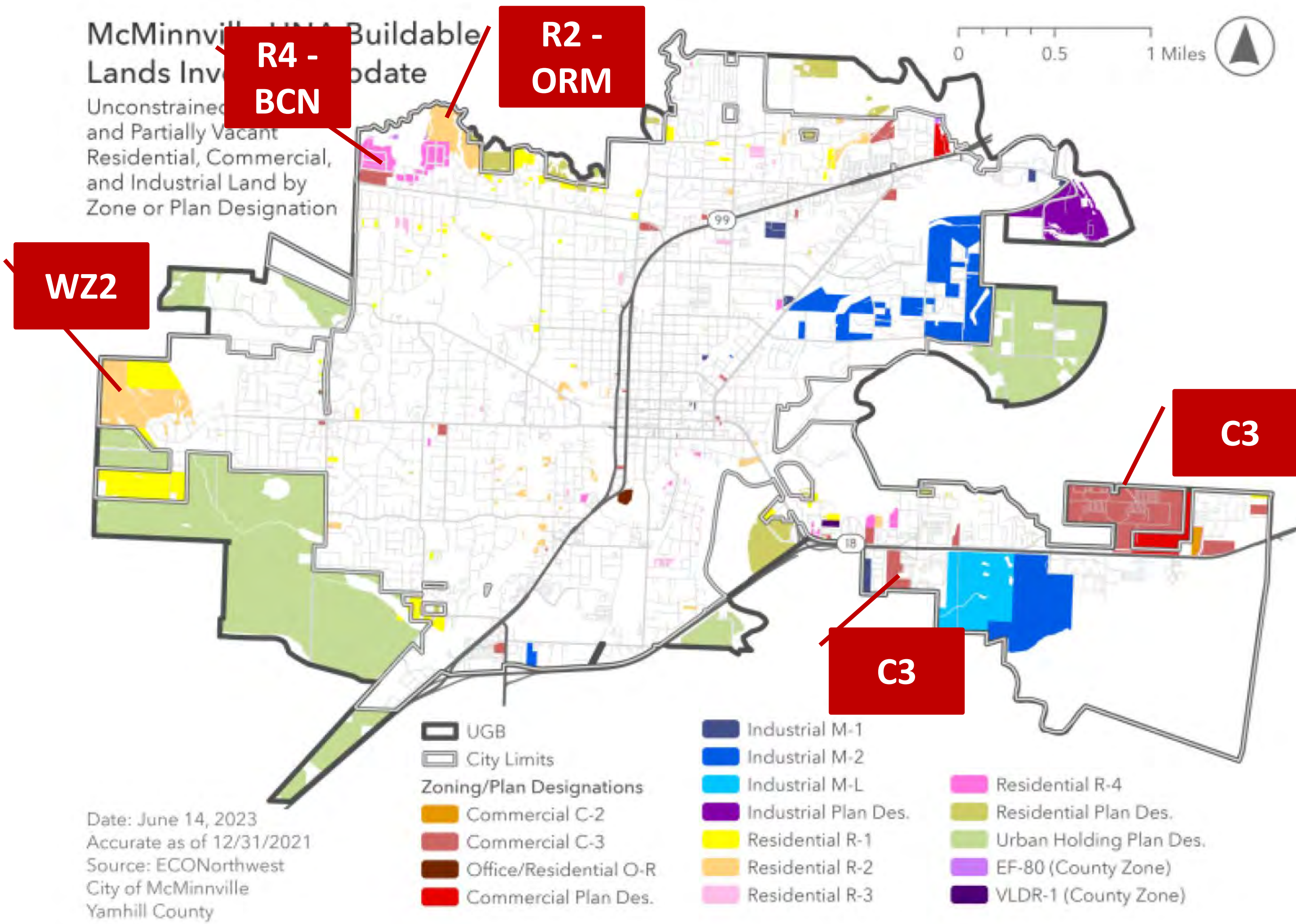
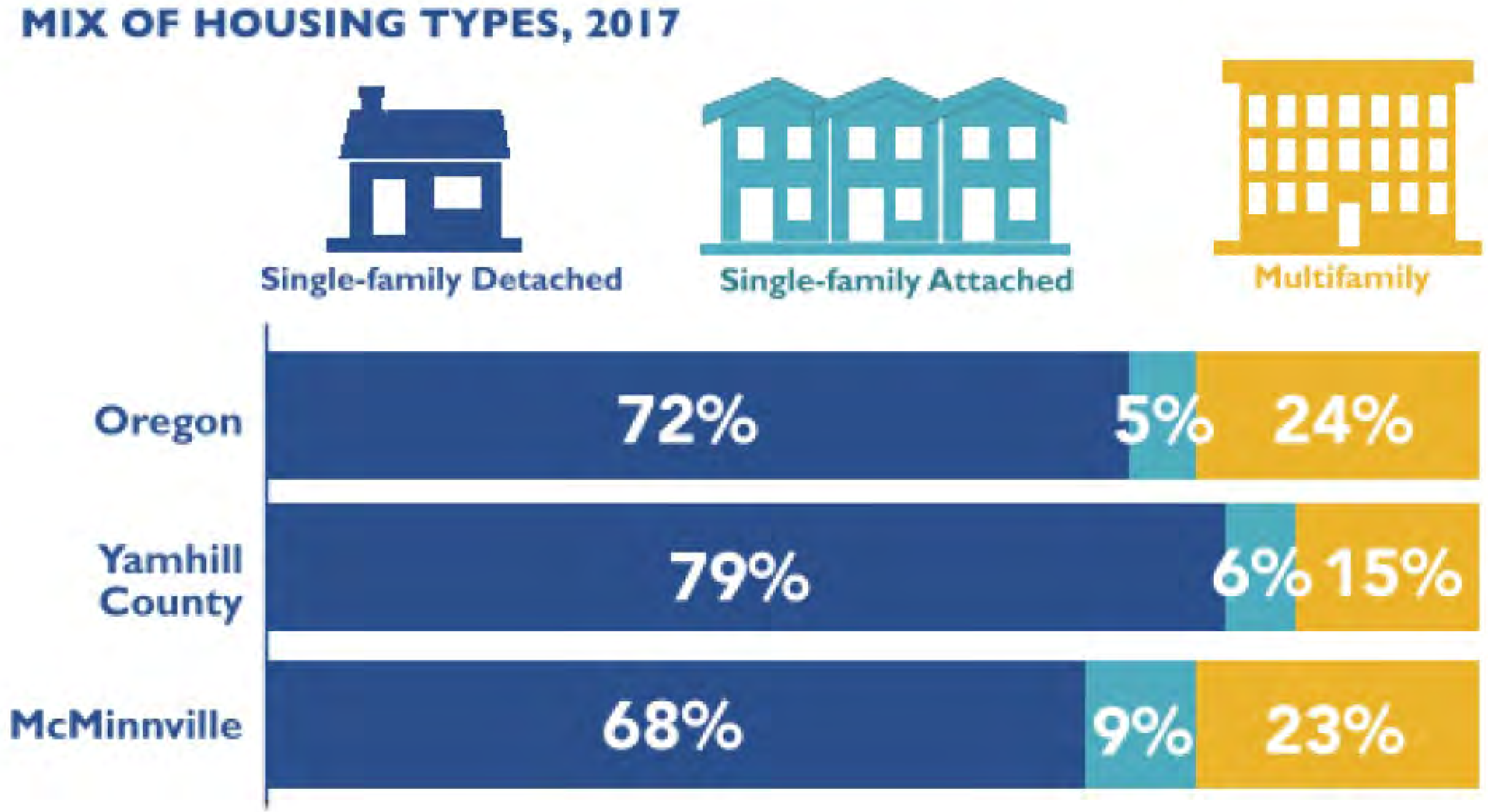
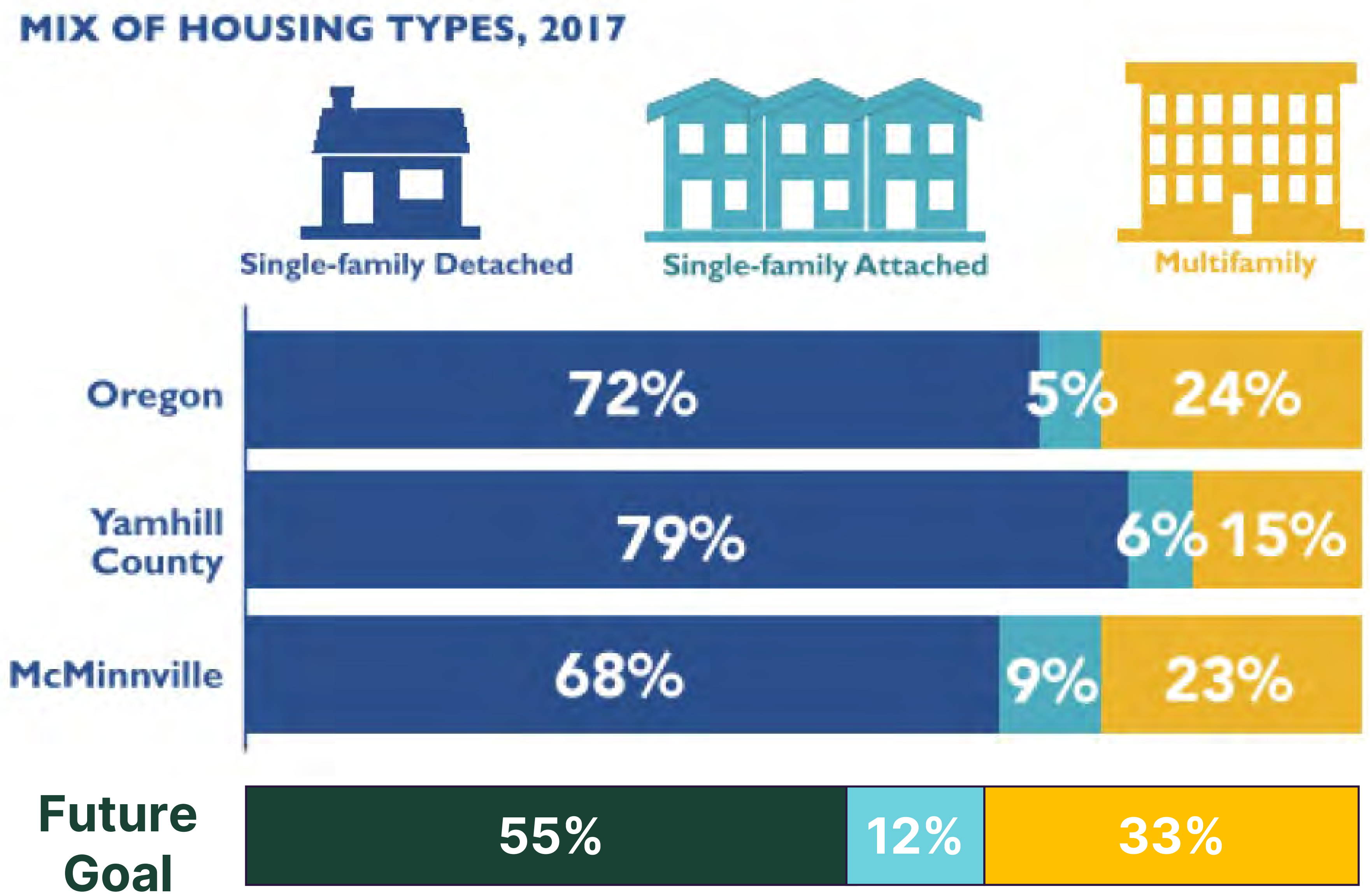
McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)




MIX OF HOUSING TYPES, 2017
Single-family Detached
Single-family Attached
Multifamily
Oregon
72%
5%
24%
Yamhill County
79%
6%
15%
McMinnville
68%
9%
23%


MIX OF HOUSING TYPES, 2017
Single-family Detached
Single-family Attached
Multifamily
Oregon
72%
5%
24%
Yamhill County
79%
6%
15%
McMinnville
68%
9%
23%
Future Goal
55%
12%
33%

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

LAND NEED FOR HOUSING

To serve a population of 47,498 in 2041, the City of McMinnville needs an additional 202 gross buildable acres dedicated to housing.

Planning Horizon	Land Need
2021 – 2041 (UGB)	202 Acres
2041 – 2067 (Urban Reserve Area)	1066 Acres

Developing an Economic Opportunity Analysis to Support a Local Economic Development Strategy

McMinnville
oregon

OAR 660-009-0015 (5)

(5) Cities and counties are strongly encouraged to assess community economic development potential through a VISIONING or SOME OTHER PUBLIC INPUT based process in conjunction with state agencies. Cities and counties are strongly encouraged to use the assessment of community economic development potential to form the community economic development objectives pursuant to OAR 660-009-0020(1)(a).g

Planning Commission Work Session, 08.03.23

City of McMinnville


COMMUNITY
MAC-Town 2032
Economic Development Strategic Plan

Strategic Framework

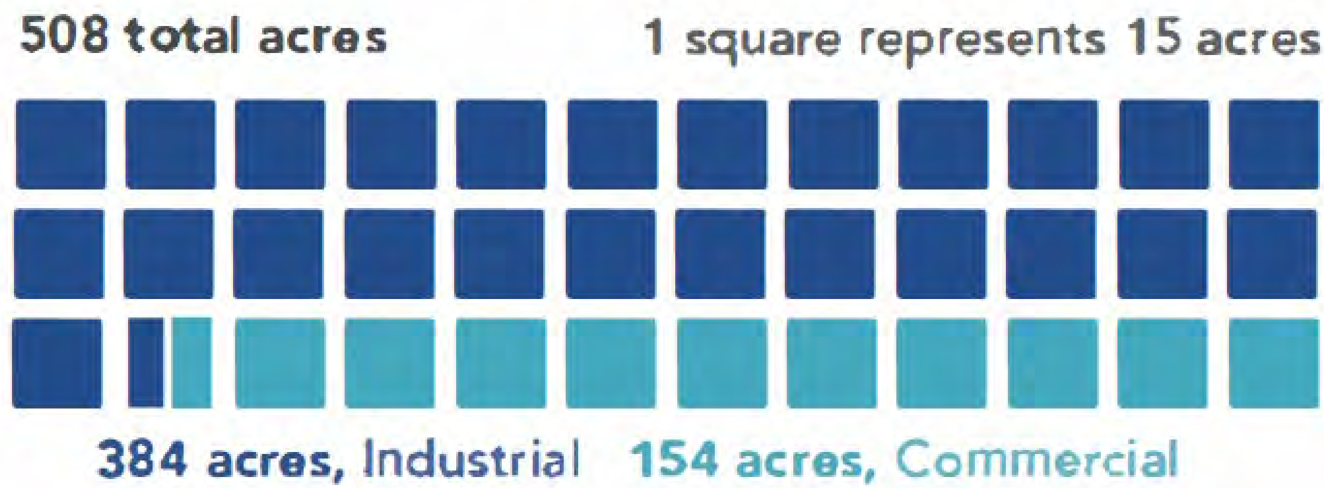
FOUNDATIONAL GOALS AND STRATEGIES...
are meant to be broadly beneficial across multiple industry sectors.

1. **Accelerate Growth in Living-Wage Jobs** Across a Balanced Array of Industry Sectors
2. Improve Systems for **Economic Mobility and Inclusion**
3. Maintain and Enhance our **High Quality of Life**

TARGET SECTOR GOALS AND STRATEGIES...
are intended to pursue opportunities and improve outcomes within clusters or sectors of related industries.

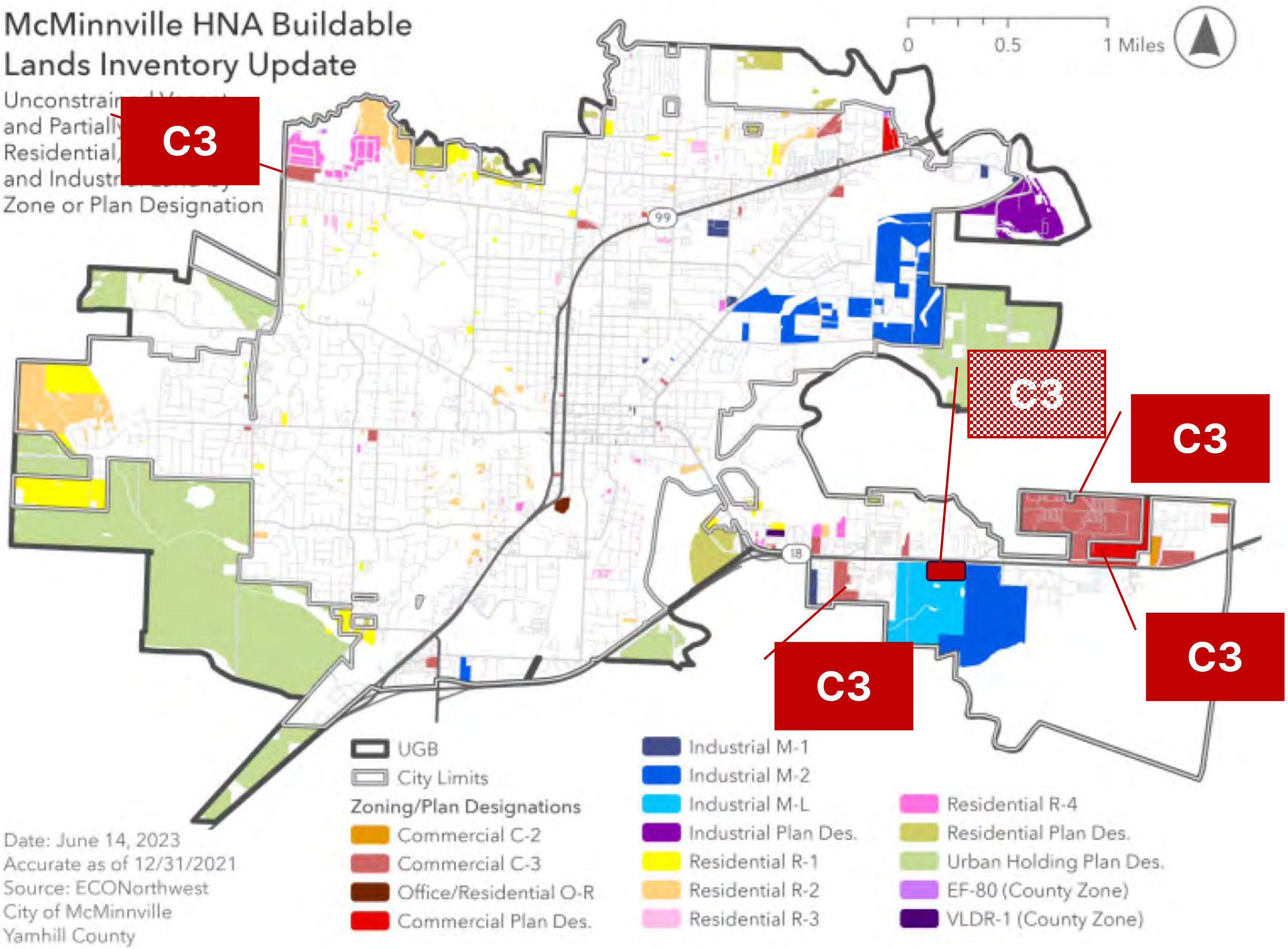
4. Sustain and Innovate within **Traditional Industry and Advanced Manufacturing**
5. Foster Opportunity in **Technology and Entrepreneurship**
6. Be a Leader in **Hospitality and Place-Based Tourism**
7. Align and Cultivate Opportunities in **Craft Beverages and Food Systems**
8. Proactively Assist Growth in **Education, Medicine and Other Sciences**

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



LAND NEED FOR EMPLOYMENT

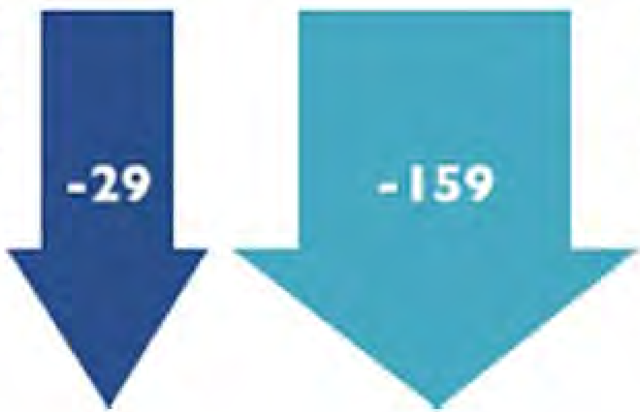
To serve a population of 47,498 in 2041, the City of McMinnville needs an additional 188 gross buildable acres dedicated to housing.

Planning Horizon	Land Need
2021 – 2041 (UGB)	29 Industrial 159 Commercial
2041 – 2067 (Urban Reserve Area)	N/A 237 Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

29 GROSS ACRES
of industrial land



159 GROSS ACRES
of commercial land

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**383**	**477**	**(94)**

HOW ARE WE GOING TO MEET THE NEED

Land Use Efficiencies, (December 31, 2024)

Higher Density Housing

Higher Density Jobs/Acre – Innovation Center

Commercial Rezone on Highway 18

UGB Amendment (December 31,2025)

PUBLIC TESTIMONY

- **1000 Friends / Friends of Yamhill County, dated August 30,. 2023**
- **Mark Davis, dated September 5, 2023**

City of McMinnville

1K / FOYC

SECTION	LEGAL ALLEGATIONS	LOCAL POLICY	PERSUASIVE ARGUMENT
HNA – UH Comp Plan Designation	Cannot use MGMUP Assumptions. City must redo planning assumptions for UH Comp Plan designation land.		
HNA – ROW % (City does not have a factual basis – Use Safe Harbor)			City used data scenarios.
HNA – Park Land (Plan is expired and city did not perform to it – Use Safe Harbor.)			Park Plan is not expired and comp plan policies provide direction on this.
HNA – Residential Density (5.46 units/acre (historical trend) versus 5.7 units/acre targeted goal in MGMUP.)			5.46 units/acre is based on actual data and is what is required to be used. Need a factual basis for the density.

McMinnville

1K / FOYC

SECTION	LEGAL ALLEGATIONS	LOCAL POLICY	PERSUASIVE ARGUMENT
HNA – Housing Needs for All Residents	OAR 660-008-0005(6)(a)		Advocates for more density than the targeted density PAC chose which is higher density than current development. Assumes density means affordable. Current versus future argument.
HNA – Capacity of C3 Land to Provide High Density Housing			This would just increase commercial land need. Suggest land-use efficiency making existing R4 land density only (R5), such as south of downtown.
HNA – Group Quarters			City should increase assumptions for group quarters. Data used for PAC discussion showed no increase in GQ population over 2010 – 2018. Decline

1K / FOYC

SECTION	LEGAL ALLEGATIONS	LOCAL POLICY	PERSUASIVE ARGUMENT
HNA – ROW	Must have factual basis		Advocates for using safe harbor, however, PAC reviewed scenarios provided by consultant with real data.
HNA – Safe Harbors	Question of whether or not City must use updated Census Data when first evidentiary hearing was 5/20/21 and noticed on 5/14/20.		Household size and vacancy rate.

City of McMinnville

1K / FOYC

SECTION	LEGAL ALLEGATIONS	LOCAL POLICY	PERSUASIVE ARGUMENT
EOA – Refill, Redevelopment, 5%	Must have factual basis		Home Occupations, Assisted Living Facilities
EOA – Other Needed Employment Sites			Persuasive Argument – Cities' EOAs are meant to support their adopted local economic development strategy.
EOA – Retail Leakage			Advocates for safe harbor only.
BLI – Private Tax - Exempt	OAR 660-009-0015(3)		Linfield, Churches
BLI – Fails to Meet Legal Standards	OAR 660-009-0015(3)		Suggestion that all sites need to be individually inventoried beyond the database in the BLI. This type of inventory would raise the cost significantly and was discussed by the PAC and agreed not to do it. It is not done by most cities. The methodology used is used by most cities to satisfy this OAR.

City of McMinnville

1K / FOYC

SECTION	LEGAL ALLEGATIONS	LOCAL POLICY	PERSUASIVE ARGUMENT
BLI – Population Forecast	Must use most recent forecast		This has been vetted by three separate legal counsels. City first noticed this work to DLCD with draft document on 5/2020. The most recent forecast was released on June 30, 2020.

City of McMinnville

Park Land Need

Per Comprehensive Plan Policy #170.05 , park land need is determined by the level of service contained in the Parks, Recreation and Open Space Master Plan.

170.05 For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used. (Ord. 4796, October 14, 2003)

Parks Master Plan , Recommended Levels of Service, (Table 2, Page 11)

2.00 Acres / Neighborhood Park per 1000 capita
6.00 Acres / Community Park per 1000 capita
6.00 Acres / Greenways and Open Spaces per 1000 capita
14.00 Acres per 1000 capita

1999 Parks Master Plan is expired? Public facility plans do not expire. They are meant to be updated as cities expand and grow. McMinnville's growth planning was delayed by more than 20 years.

City of McMinnville

Park Land Need

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The 1999 Parks Master Plan is not expired. Public facility plans do not expire. They are meant to be updated as cities expand and grow. McMinnville's growth planning was delayed by more than 20 years.

City of McMinnville

Park Land Need

Parks Master Plan is a product of community engagement and deliberation.

1999 Plan – included two years of community engagement with workshops, open houses, surveys mailed to every household, and the direct involvement of 500 people. It was adopted by the City Council after a public hearing process with the Planning Commission in 1999.

Mark Davis, 1000 Friends, Friends of Yamhill County, have challenged and disputed the land need identified in the Parks Master Plan since 2002, with numerous letters of public testimony, appeals to DLCD, LCDC and the Court of Appeals.

On January 11, 2006, McMinnville City Council adopted Ordinance No. 4840 with findings defending the parkland need identified in the MGMUP and the Parks Master Plan. This was upheld by DLCD, LCDC and ultimately the Court of Appeals.

Park Land Need

Current Process – Park Land Need Discussion:

- The current document is a recommendation of a public advisory committee that had a special public lands work group.
- Mark Davis did not like the decision of the Project Advisory Committee to retain the same parkland levels of service identified in the current Parks, Recreation and Open Space Master Plan, and asked that a letter from him be provided to the Project Advisory Committee and Public Lands Work Group explaining his concerns.
- That was provided and is included as part of Appendix E to the Economic Opportunities Analysis.
- The Project Advisory Committee and Public Lands Work Group elected to move forward with the existing levels of service in the adopted Parks, Recreation and Open Space Master Plan.

City of McMinnville

Park Land Need

Current Parks, Recreation and Open Space Master Plan Update:

- Significant community engagement over two years.
- Reviewed and evaluated the levels of service and the same levels of service are emerging

City of McMinnville

Park Land Need

<u>Mark Davis Testimony, Dated September 5, 2023 (Updated 09.07.23)</u>

Asserts that the Parks Master Plan denotes that the 6.00 Acres per 1000 capita level of service standard for Greenways and Open Spaces is identified as being on unbuildable acreage. (34% MGMUP Finding)

<u>Parks Master Plan , Recommended Levels of Service, (Table 2, Page 11)</u>

2.00 Acres / Neighborhood Park per 1000 capita
6.00 Acres / Community Park per 1000 capita
<u>6.00 Acres / Greenways and Open Spaces per 1000 capita</u>
14.00 Acres per 1000 capita

This actually is not true. It is true that the City adopted a Comprehensive Plan Policy in 2006 that stated that neighborhood parks and community parks needed to be located outside of the flood plain (Policy #163.05).

But it also adopted a comprehensive plan policy that floodplains should be acquired by the City for natural areas, open spaces and/or parks. (Policy #164.00).

City of McMinnville

Park Land Need

<u>Mark Davis Testimony, Dated September 5, 2023 (Updated 09.07.23)</u>

Asserts that the Parks Master Plan denotes that the 6.00 Acres per 1000 capita level of service standard for Greenways and Open Spaces is identified as being on unbuildable acreage. (34% MGMUP Finding)

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14.00 Acres per 1000 capita

This actually is not true. It is true that the City adopted a Comprehensive Plan Policy in 2006 that stated that neighborhood parks and community parks
ne

There are locational factors identified for different classification of parks in the Parks Master Plan and there are seven different classification of parks.

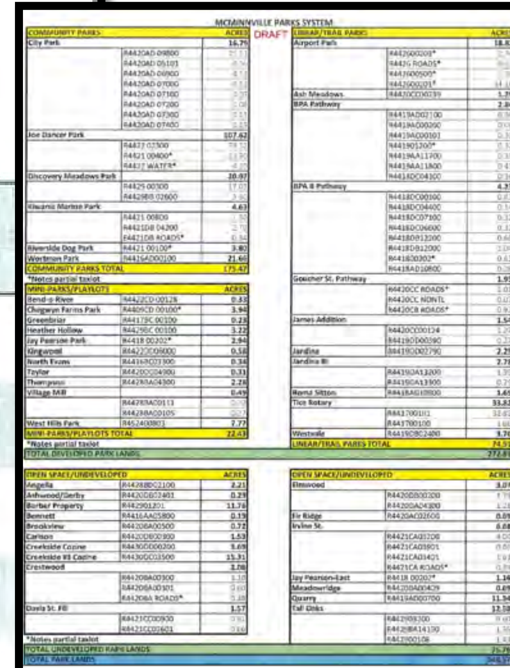
Bu be
acquired by the City for natural areas, open spaces and/or parks. (Policy #164.00).

Park Land Need

Table 2

PARK STANDARDS AND ANTICIPATED NEED

Facility	Existing Standards	Recommended Standards	Anticipated Need 2017 pop 38,000
Mini-Parks/Playlots	0.10 - 0.30 acres/1000	ns	
Neighborhood Parks	2.00 acres/1000	2.0 acres/1000	76
Community Parks	5.00 - 8.00 acres/1000	6.0 acres/1000	104
Linear Parks	ns	ns	
Special Use Parks	ns	ns	
Greenspace/Greenways/ Natural Areas	ns	6.0 acres/1000	116
Trails and Connectors	ns	1 system	
Total	7.1-10.3 acres/1000	14.0 acres/1000	295.54 acres



Mini Parks / Playlots
Linear Parks
Special Use Parks
Trails and Connectors

City of McMinnville

Park Land Need

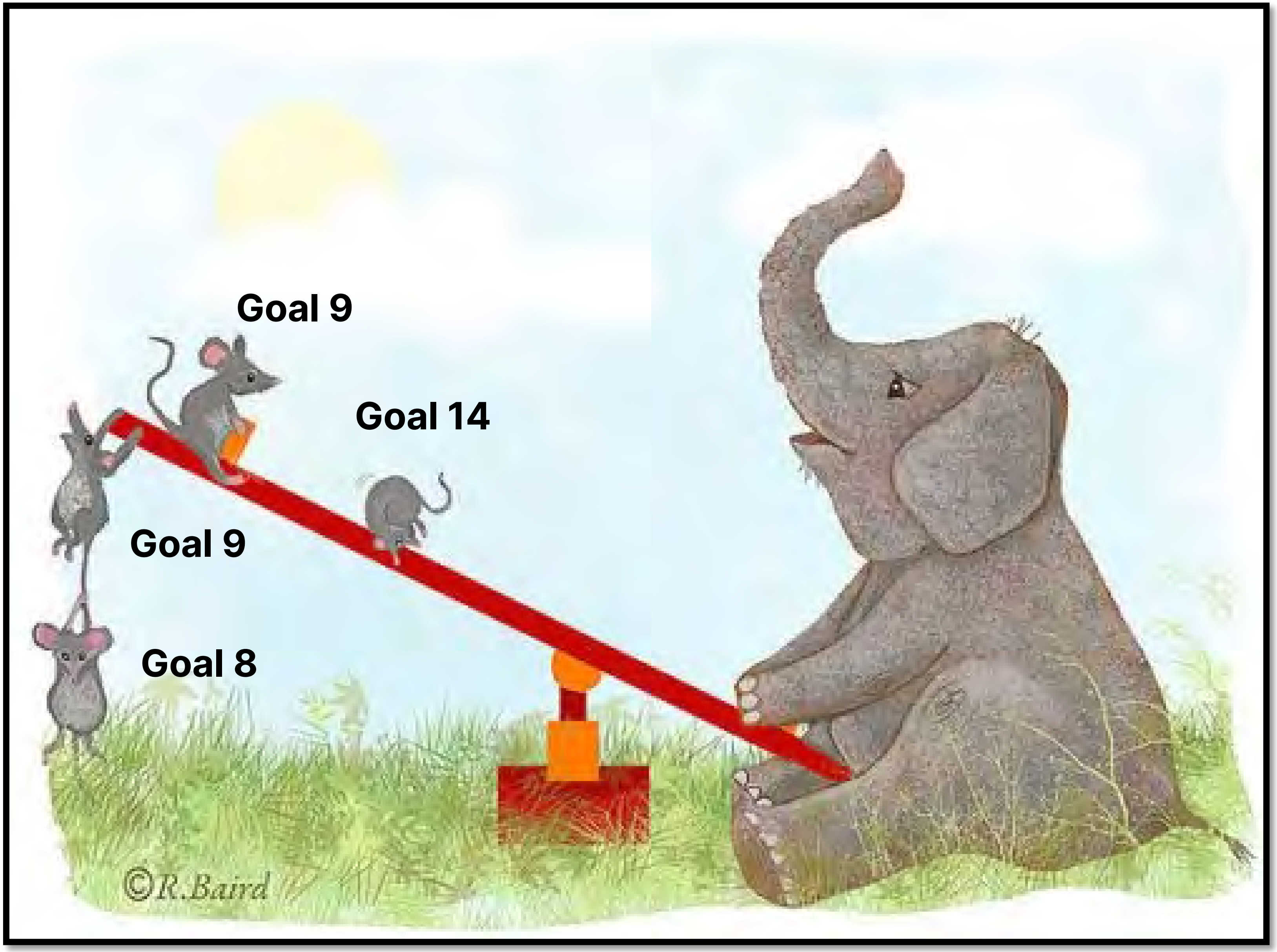
<u>Conclusion:</u>

- The McMinnville Parks System table should be updated to reflect the classifications in the Parks, Recreation, and Open Space Master Plan, Table 1.

- The 6.0 Acres LOS for Greenspaces, Greenways and Natural Areas can be located on either buildable land or unbuildable land and should reflect the values and objectives of the adopted Parks, Recreation, and Open Space Master Plan, and could be a land-use efficiency that is evaluated in 2024. (34% MGMUP Finding).

- Invite Susan Muir, McMinnville's Parks and Recreation Director, to next public hearing meeting to address these issues and update the Planning Commission on the current Parks, Recreation and Open Space Master Plan process.

City of McMinnville


Goal 9
Goal 14
Goal 9
Goal 8
©R.Baird

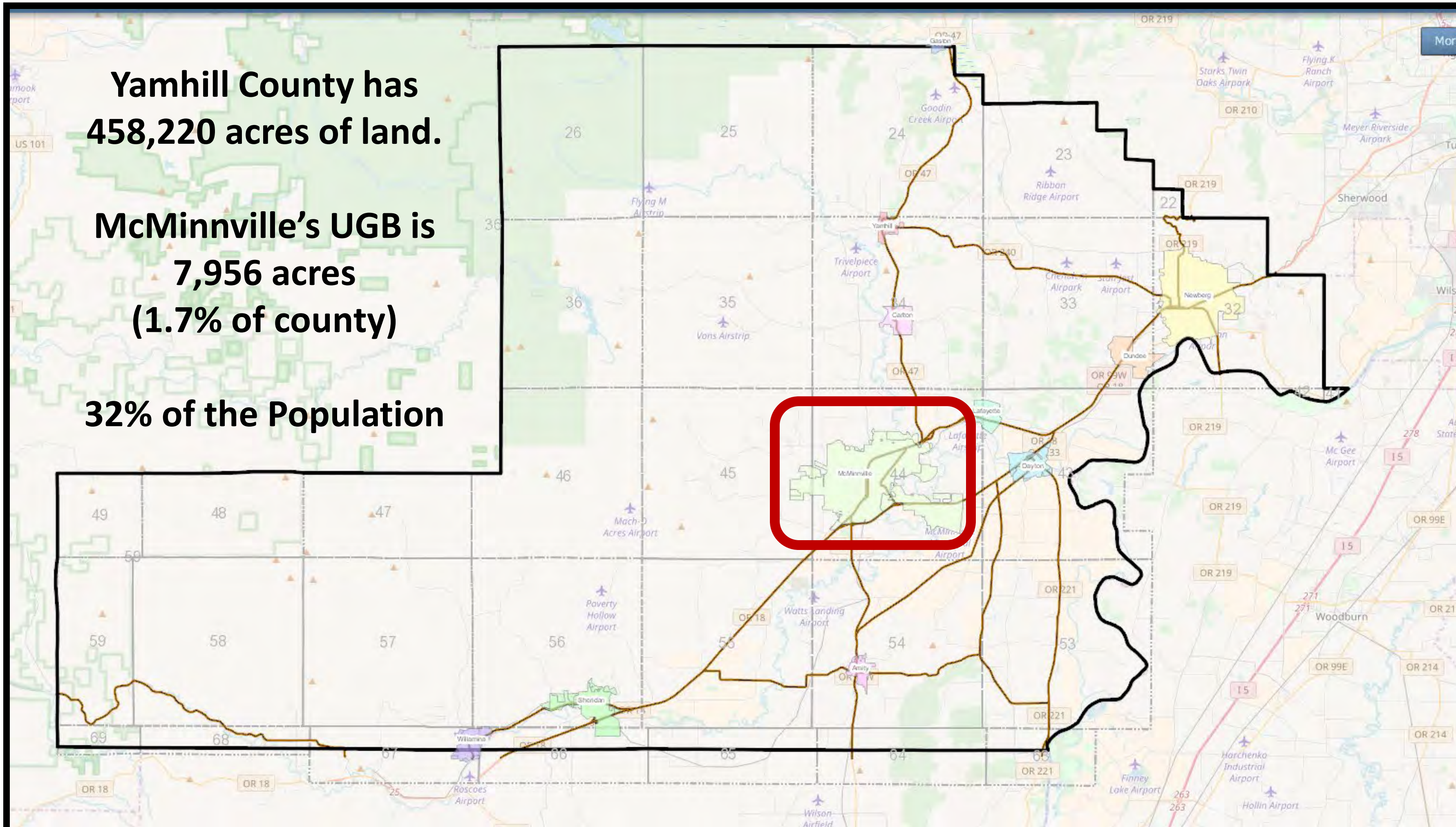
PLANNING FOR GROWTH

FIRST and FOREMOST:

Planning for growth is all about planning for people – how they will live and work in the future.

This is not an exercise in numbers only, striving to get to the lowest impact to the farmland around us, this is about planning for a future quality of life for McMinnville residents.

PERSPECTIVE FOR DISCUSSION



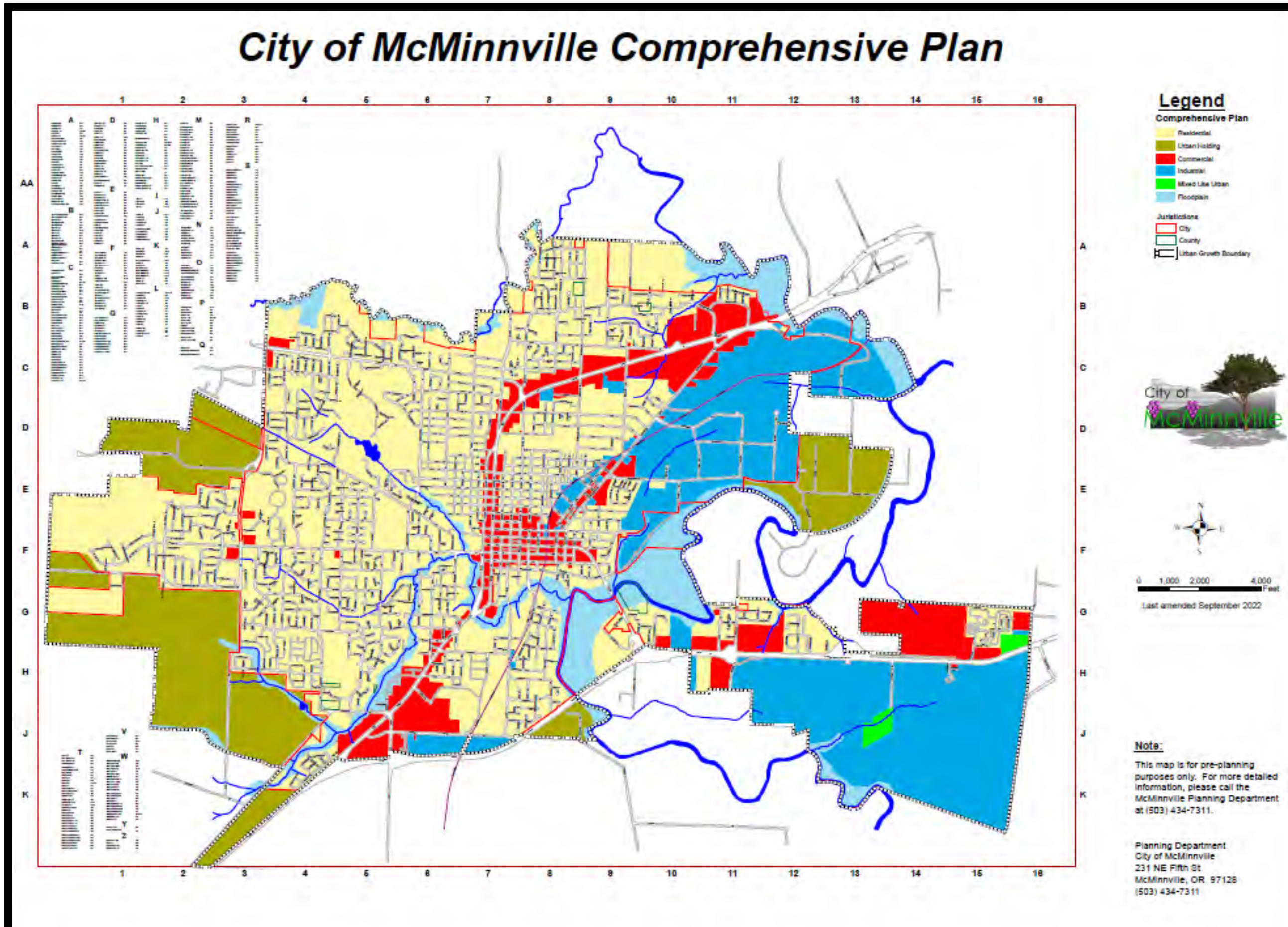
PERSPECTIVE FOR DISCUSSION

Land Deficiency Identified:

Planning Period	*Housing Land Need*	*Employment Land Need*	*Public / Institutional Land Need*	*Total*
2021 – 2041 *(Urban Growth Boundary)*	*202 Acres*	*29 Industrial* *159 Commercial* *188 Acres*	*94 Acres*	*484 Acres*
2041 – 2067 *(Urban Reserves Area)*	*1066 Acres*	*29 Industrial* *237 Commercial* *266 Acres*	*298 Acres*	*1630 Acres*

- ❖ **This number will most likely be reduced during the land-use efficiency analysis.**
- ❖ **484 acres is 0.1% (1/10 of 1%) of the total land acreage in Yamhill County.**
- ❖ **It is smaller than many farm tracts in Yamhill County.**

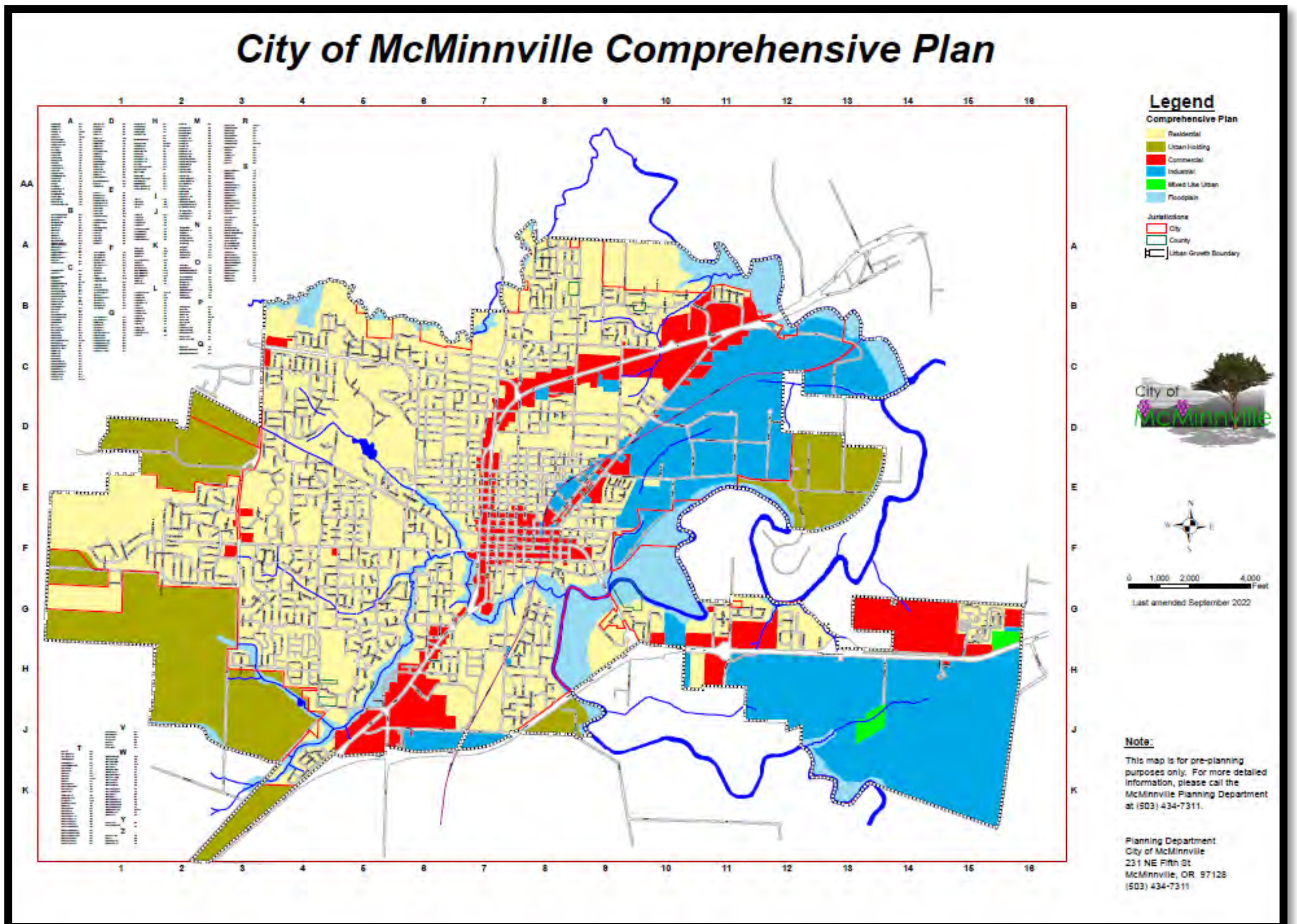
PERSPECTIVE FOR DISCUSSION



Existing UGB = Population of 44,055

Forecast = Population of 47,498

PERSPECTIVE FOR DISCUSSION



Existing UGB = Population of 44,055

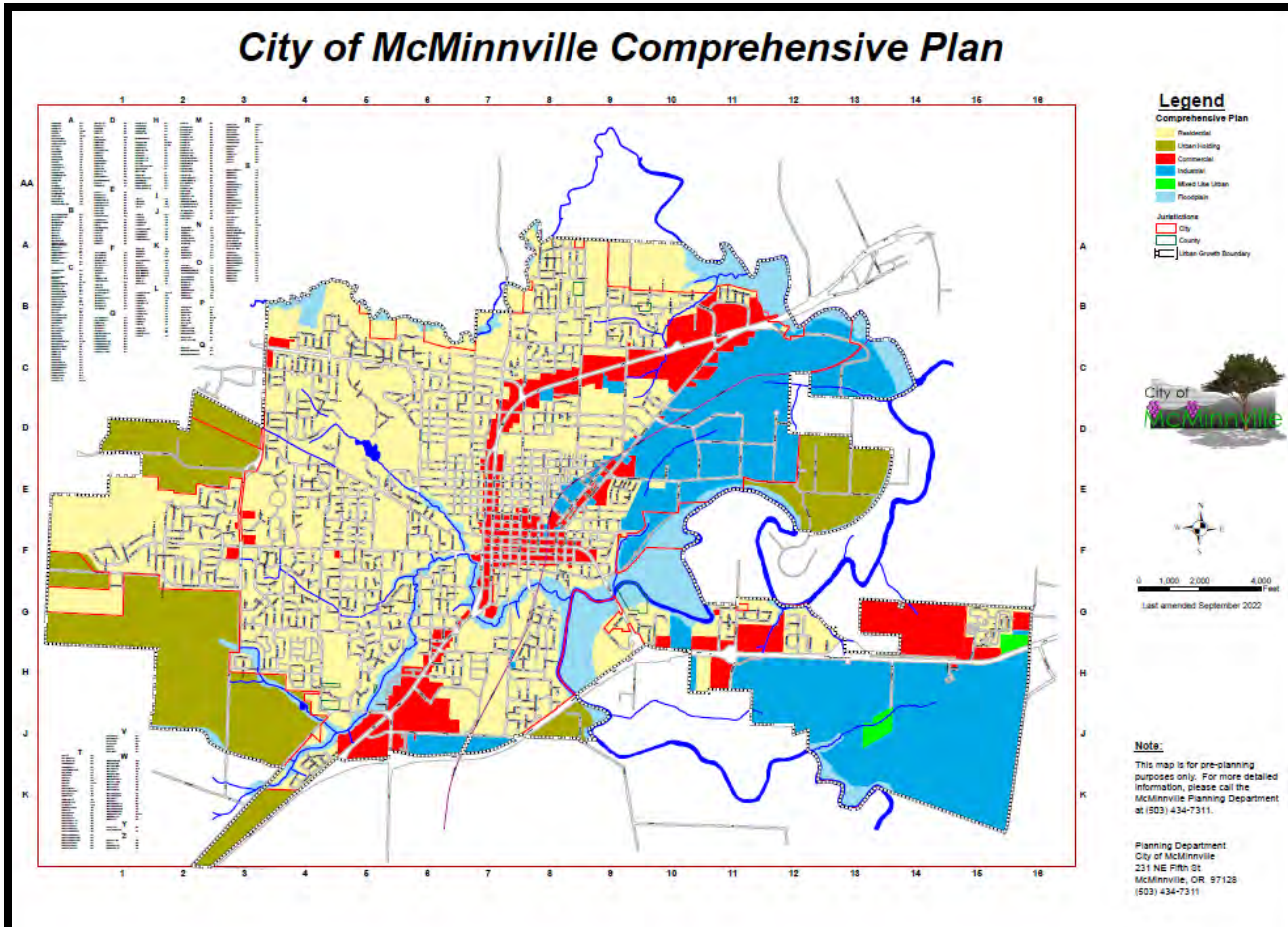
Forecast = Population of 47,498

Difference = 3,443 People

2.54 per Household, 1356 homes

5.46 homes per acre = 248.26 acres

PERSPECTIVE FOR DISCUSSION



Existing UGB = Population of 44,055

Forecast = Population of 47,498

Difference = 3,443 People

2.54 per Household, 1356 homes

5.46 homes per acre = 248.26 acres

Parkland = 14 acres per 1000, 48.2 Acres (Joe Dancer and 34% MGMUP Finding)

QUESTIONS?

McMinnville's Minimum Lot Sizes are very Large

McMinnville:

- R-1 zone 9,000 sq. ft
- R-2 zone 7,000 sq. ft.
- R-3 zone 6,000 sq. ft.

Newberg:

- R-1 zone 5,000 sq. ft.
- R-2 zone 3,000 sq. ft.
- R-3 zone 2,500 sq. ft.

Parkland assumptions are not reasonable

From EOA appendix E:

Figure 2. Total additional residential acres needed in the McMinnville UGB, 2003-2023 Phase2 after land-use efficiencies are applied.
Source: City of McMinnville, *Growing McMinnville Mindfully – McMinnville Growth Management and Urbanization Plan 2003-3023*

Category of Land Need	Phase 2 Land Brought into UGB
New Housing	222.0
Parks	254.0
Schools	54.0
Private Schools	1.5
Religious	47.6
Government	0.9
Semi-public Services	22.5
Infrastructure	2.6
Total	**605.1**

HNA *reduces* planned density

• HNA 2021-2041	5.46 units per gross buildable acre
• MGMUP 2002-2023	5.7 units per gross buildable acre
• Safe harbor (OAR 660-024)	8 units per gross buildable acre

Jobs on residential land or existing employment sites

• McMinnville Draft EOA	5%
• McMinnville 2001 EOA	13-17%
• McMinnville 2013 EOA	17%
• Redmond	10%
• Grants Pass	10%
• Corvallis	11% to 29%
• Ashland	20%

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

MINUTES

August 3, 2023 **6:30 pm**
Planning Commission **Hybrid Meeting**
Regular Meeting **McMinnville, Oregon**

Members Present: Sidonie Winfield, Dan Tucholsky, Gary Langenwalter, Beth Rankin, and Megan Murray

Members Absent: Brian Randall, Sylla McClellan, and Matt Deppe

Staff Present: Heather Richards – Community Development Director

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1. Call to Order

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

2. Work Session – Growing McMinnville Mindfully, Part II

Community Development Director Richards gave a background and history of long-range planning in the City. She discussed the 2016 needs assessment that was done, five-year work plan, draft HNA/EOA and Urbanization Study, how there was a need for additional land supply, composite hazard map and URA study boundary, potential paths forward to meet the need, and how City Council directed staff to respond to the 2013 remand of the 2003 MGMUP. She explained the recent UGB amendment process which added 662 acres to serve a future population of 44,055 people. The state required adoption of a new HNA and BLI by December 2023. They decided to preserve the draft work recently completed and use it for compliance with HB 2003. However, more land was needed, and they were moving forward with a sequential UGB program. This allowed two years to do efficiency measures and a UGB amendment.

She then reviewed the document updates to the Housing Needs Analysis, Economic Opportunities Analysis, and Public Lands Need Analysis which would come to the Commission in September. The HNA was an analysis of national, state, and local trends, historical density and mix, and needed housing by price and type. There needed to be a 20 year supply of buildable land. She explained the components of the HNA, population forecast, steps in the Buildable Lands Inventory, vacant and partially vacant land and zoning, rural residential reduced capacity, Great Neighborhood Principles, housing choice, importance of open space as lots got smaller, and mix of housing types.

There was discussion regarding working with the School District on open spaces, ways to encourage higher density development, and planned developments.

Community Development Director Richards discussed existing housing conditions where most McMinnville homeowners lived in single family detached homes. McMinnville had a larger share of renters than both the county and state, and 26.5% of McMinnville households were severely cost burdened. She compared McMinnville to other cities that were severely rent burdened and those that were not. Affordability was critical and an increasing problem in McMinnville. She then explained the trends for home sale prices, household incomes, housing supply, and building permits. To serve a population of 47,498 in 2041, they needed an additional 202 gross buildable acres dedicated to housing.

Community Development Director Richards then reviewed the EOA which was meant to support a local Economic Development Strategy. She discussed the main steps for the analysis, history of the dialogue, Mac-Town 2032 Plan process, income and wages, average annual pay, strategic framework, employment forecast, vacant and partially vacant commercial and industrial land, employment capacity, other land needs not in the forecast, and exogenous land need. To serve a population of 47,498 in 2041, they needed an additional 188 gross buildable acres of employment land. She then discussed the estimated public land needs through 2041, which was a deficit of 94 acres.

There was discussion regarding need for higher wage jobs and strategic plan projects.

Community Development Director Richards said to meet the needs, they would be working on land use efficiencies to be done by December 2024 and a UGB amendment to be done by December 2025. She then described the next steps for land needs analysis.

There was discussion regarding land analysis and hazard areas, impacts of Covid, population forecast, density and multi-story buildings, lack of staffing, and different opinions on growth in the community. This item would be brought back as a public hearing to the Planning Commission meeting on September 7.

3. Adjournment

Chair Winfield adjourned the meeting at 8:16 p.m.

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

EXHIBIT 1 - STAFF REPORT

DATE: August 3, 2023
TO: Planning Commission Members
FROM: Heather Richards, Community Development Director
SUBJECT: Work Session: Growing McMinnville Mindfully, Part II

STRATEGIC PRIORITY & GOAL:

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

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

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Report in Brief:

This is a work session to review the draft results of a Housing Needs Analysis, Economic Opportunities Analysis and Public Land Need Analysis for the planning periods of 2021 – 2041 and 2041 – 2067.

Per HB 2003 (2019 Oregon Legislative Session), the City of McMinnville needs to adopt and submit a Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCD April 2021) UGB amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years.

That work was recently completed (partially funded by a DLCD grant), and this work session will review the final results and next steps.

Background:

In 2018, the City of McMinnville initiated an effort to update its Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA) and Public Lands Analysis.

In Oregon Land Use planning cities must maintain a buildable land supply to support necessary population growth for twenty years. This is accomplished through a needs analysis process. It is a highly regulated process governed by state legislation (Oregon Revised Statutes (ORS)) and rulemaking (Oregon Administrative Rules (OAR)). If the needs analysis identifies a need for additional land supply, cities must determine how they are going to meet that need, either by increasing density within the existing urban growth boundary or by expanding the urban growth boundary, or both. Cities typically will conduct an efficiency measures analysis to identify opportunities for growth and higher density within the city's urban growth boundary prior to expanding the urban growth boundary. If cities choose to expand their urban growth boundary, cities must then embark on a land analysis of land adjacent to the existing urban growth boundary to determine where it is appropriate to expand. Like the needs analysis, the efficiency measures analysis and urban growth boundary analysis are highly regulated with ORS and OARs.

In 2018, after realizing the negative effects of constrained land supply on the City of McMinnville's housing market and employment opportunities, the City elected to initiate the needs analysis with a mindset that it would lead eventually to an urban growth boundary amendment even after an efficiency measures analysis. City Council direct staff to plan for both a twenty-year growth horizon (2021 -2041) as well as a fifty-year growth horizon (2021 – 2067) in order to adopt a future Urban Reserve Area so that the City did not find itself in the same predicament in the future.

The last time the City had successfully adopted a Housing Needs Analysis was in 2001 and although the needs analysis and resulting efficiency measures indicated a need to expand the city's urban growth boundary for future growth, the city was not successful in adopting a new urban growth boundary that met the city's identified need due to legal challenges, eventually resulting in a Court of Appeals remand to the City in 2013.

Thus, the city engaged a consultant team and worked with a project advisory committee on a buildable lands inventory, housing needs analysis and economic opportunities analysis throughout 2018 and 2019.

At the same time, during the 2019 Oregon Legislative Session, two house bills were adopted, HB 2001 and HB 2003. Both bills impacted state legislation and eventually rulemaking relative to how cities implemented needs analyses. Knowing that the legislation and rulemaking would take some time to enact, the City put a pause on these efforts, and turned towards the 2013 urban growth boundary remand to see if that would lead to a quicker resolution to the city's land supply issues rather than a new effort. City staff worked on a response to the Court of Appeals remand in 2020 and in April, 2021 learned that the submittal had been approved by the Department of Land Conservation and Development and was not appealed.

In order to preserve their efforts from 2018 and 2019, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

- **HNA.** Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
- **Housing Strategy.** (June 2019 Draft).
- **EOA.** Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DCLD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.

In addition to the HNA, Housing Strategy and EOA, the City prepared a Memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. All of which were provided as part of the PAPA notices.

As part of the PAPA notice for these documents in May 2020, the City needed to provide a specific date for a public hearing, and the City elected to select May 20, 2021, for the public hearing date to provide enough time for the HB 2001 and HB 2003 rulemaking to conclude.

On May 20, 2021, the Planning Commission opened and continued the public hearing to May 18, 2023. And then on May 9, 2023, the City noticed that the public hearing would be continued to September 7, 2023, to consider the final documents. This was done to preserve the work and investment that went into the 2018/2019 effort and to just focus on a limited update in 2023. Legal counsel and DLCD staff concurred with the process.

Since these documents were completed and noticed to the Department of Land Conservation and Development, there have been two significant developments that have occurred which impact the outcomes of these draft documents:

- The City's successful completion of the McMinnville Growth Management and Urbanization Plan (MGMUP), which amended the existing urban growth boundary by adding 662.40 gross buildable acres to the urban growth boundary.

- HB 2003 rulemaking which mandated a calendar of when cities needed to adopt a new Housing Needs Analysis (OAR 660-008-0045). The City of McMinnville was assigned an adoption date of December 31, 2023. (Please see table below).

- New DLCD program for the development of a Housing Production Strategy to meet the mandates of HB 2003.

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

The City is able to preserve the work that has already been done thus far to meet the HB 2003 mandate, but it must be updated to reflect the new urban growth boundary amendment (buildable land inventory) and the application of the provisions of HB 2001 to the new urban growth boundary amendment. Then if the needs analysis shows additional land need for the 2021 – 2041 planning horizon, the City will need to conduct an efficiency measures analysis, and if there is still land need remaining, embark on a new urban growth boundary amendment.

Normally, the City would need to show how it will meet its identified land need when it adopts the HNA by December 31, 2023. However, anticipating that the analysis would more than likely show additional land need, the City has already been in discussion with DLCD about participating in their sequential UGB process (OAR 660-025-0040) which allows the City to submit the land need analysis and then work on how to meet the land need through land-use efficiencies to increase density within the current UGB (December 31, 2024) and a UGB amendment (December 31, 2025) in subsequent years.

Discussion:

The updated McMinnville Urbanization Report (attached) provides a summary of the key data and findings for the Housing Needs Analysis, Economic Opportunities Analysis and Public Land Needs Analysis.

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

(Note this is provided by Portland State University's Portland Research Center and cities are required to use it per state law. It has been updated since the 2017 forecast was released, but the City made a policy decision to continue to use the 2017 population forecast so as not to rework the entirety of the documents to reflect new forecasts. This is allowed by state law and is a policy decision that was supported by DLCD staff.)

Land Deficiency Identified (gross buildable acres):

Planning Period	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
2021 – 2041 (Urban Growth Boundary)	202 Acres	29 Industrial 159 Commercial 188 Acres	94 Acres	484 Acres
2041 – 2067 (Urban Reserves Area)	1066 Acres	176 Industrial 237 Commercial 413 Acres	298 Acres	1626 Acres

Next Steps:

- Adopt and submit the land needs analysis to DLCD - December 31, 2023.

- Evaluate land-use efficiencies – January 1 – December 31, 2024

- Adopt and submit a UGB amendment, if needed, to DLCD – December 31, 2025

<u>Attachments:</u>

- Draft Updated McMinnville Urbanization Report (2023)
- Draft Updated McMinnville Housing Needs Analysis (2023)
- Draft Updated McMinnville Economic Opportunities Analysis (2023)

<u>Fiscal Impact:</u>

Updating the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $50,000. DLCD provided a grant of $25,000. Staff provided staff support at $11,500.

Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

JUNE 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The officiall population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

MCMINNVILLE NEEDS 484 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth McMinnville will also need an additional 188 gross acres to accommodate employment needs for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need anaddijional 94 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(94)	(397)
Industrial	(29)	(29)
Commercial	(159)	(416)
Total	(484)	(2,110)

Source: ECONorthwest

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 in 2041 — a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluate different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

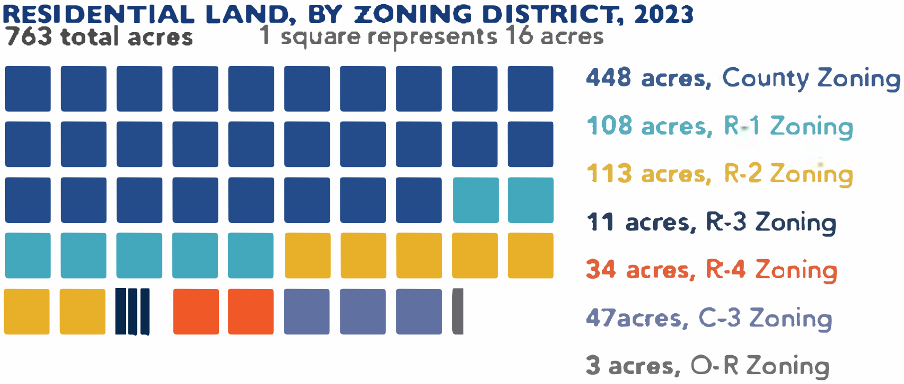
Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legislature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

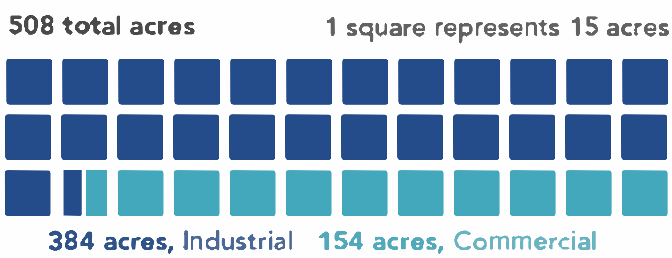
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land is in industrial designations and about 154 vacant acres is in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

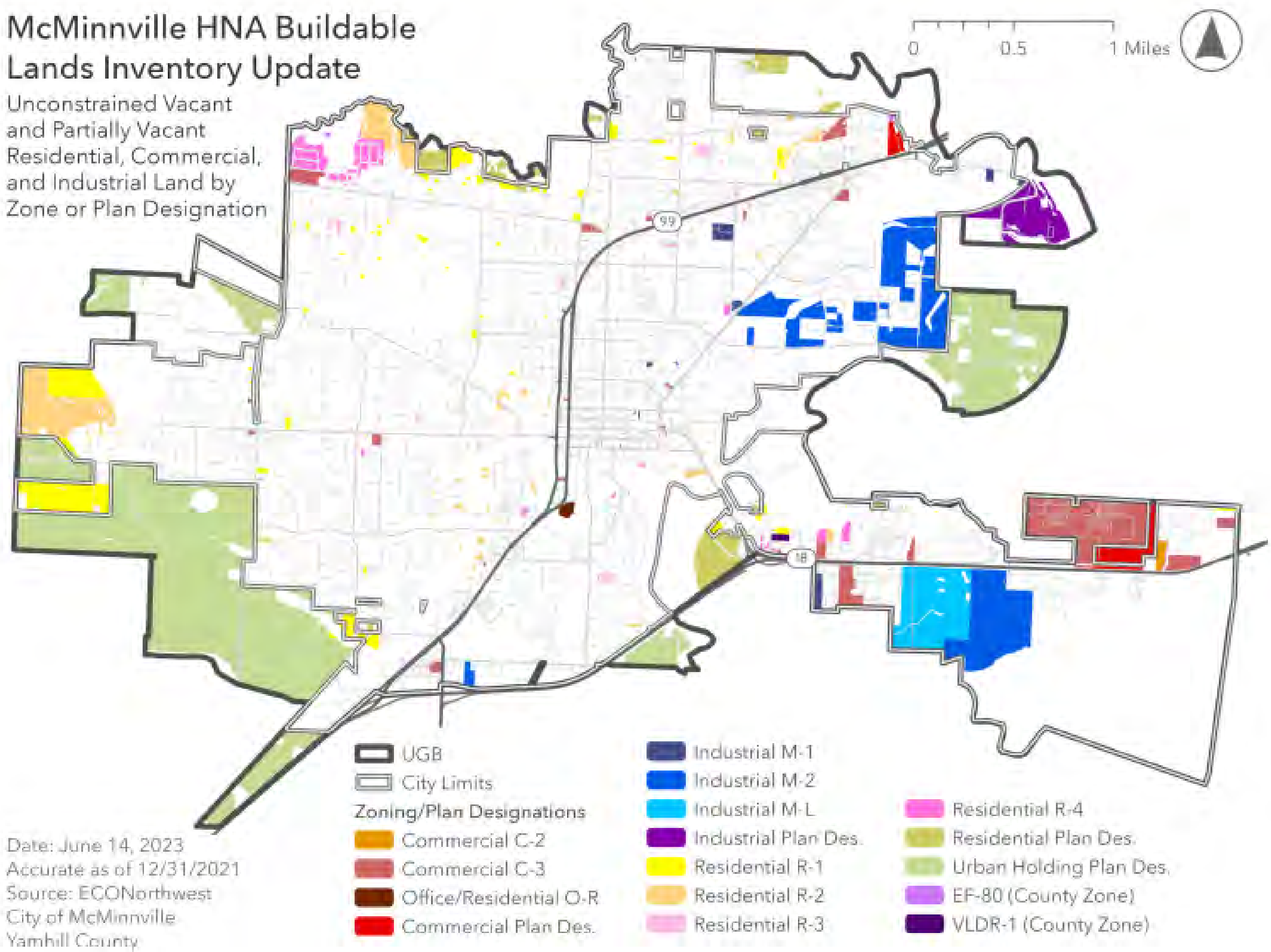
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up about one third of Yamhil County's total population, McMinnville has grown at a faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville's population has historically grown faster than both the county and state.

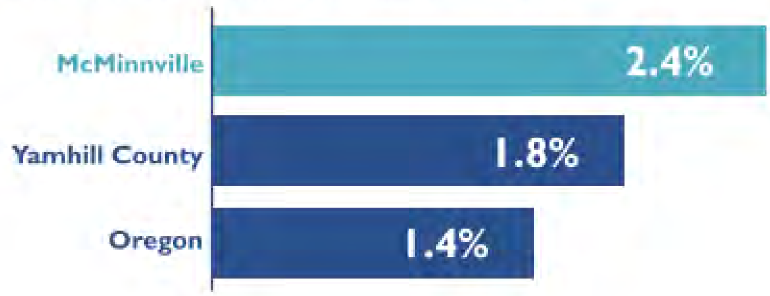
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

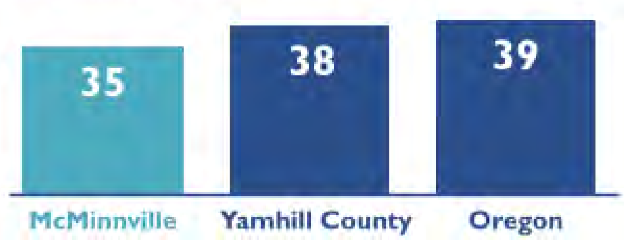
Source: Portland State University, Population Research Center

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

MEDIAN AGE, 2016

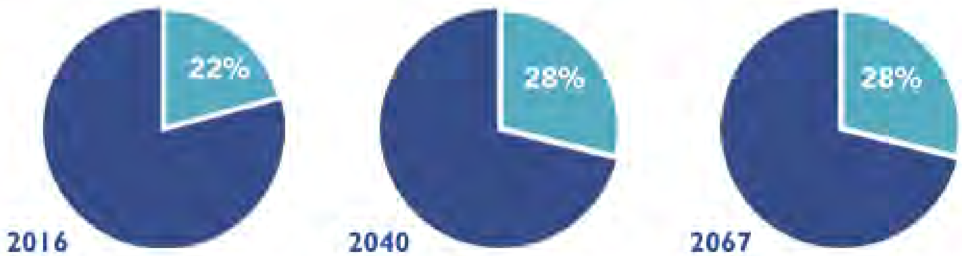
Source: Portland State University, Population Research Center



MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

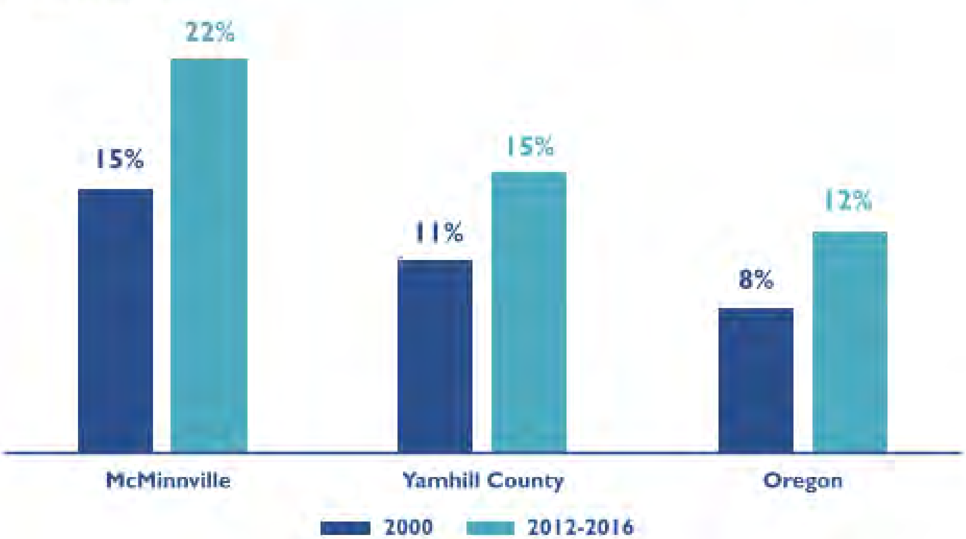


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

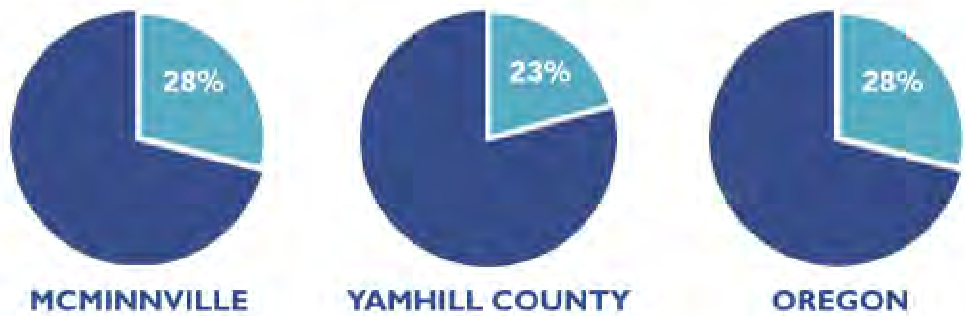
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

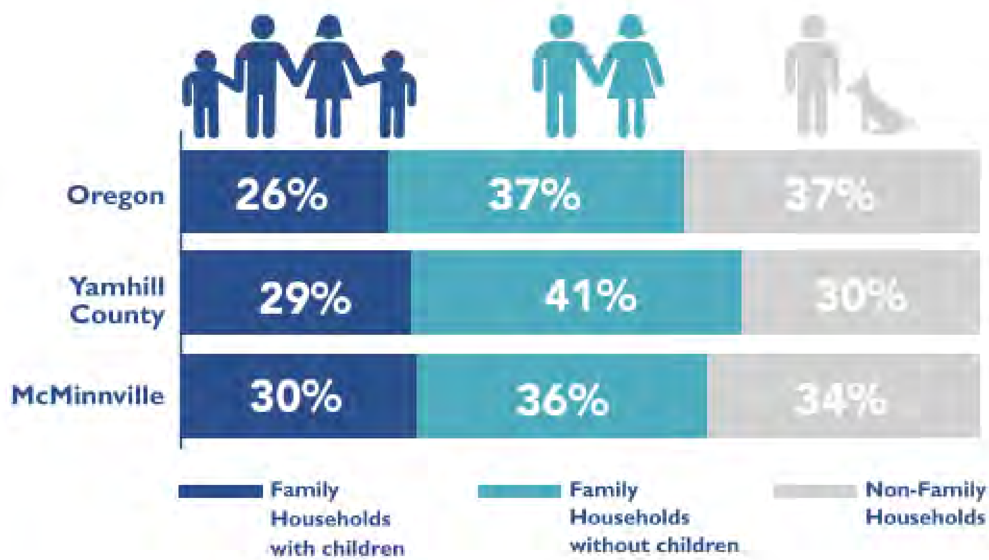


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

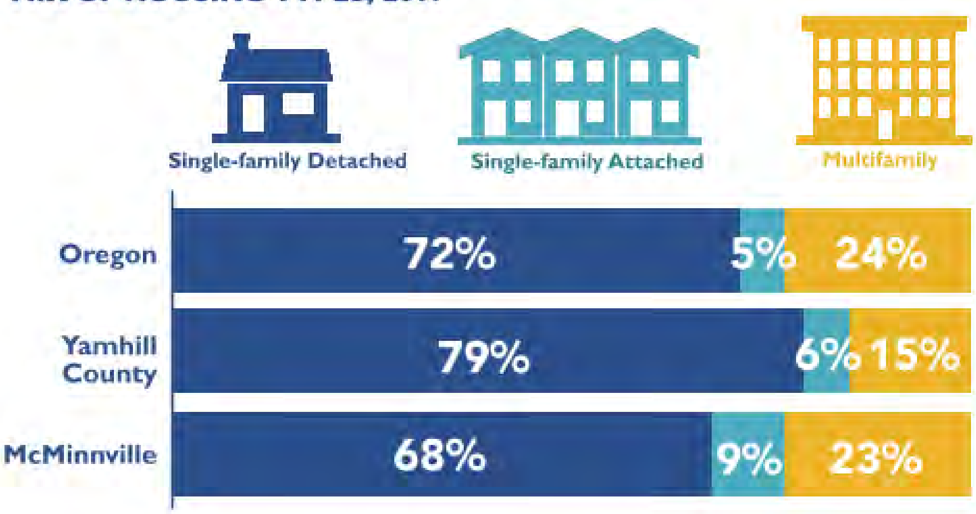
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

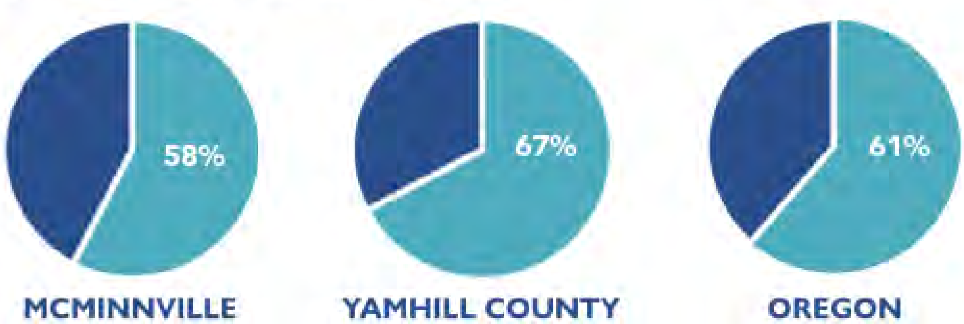
Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

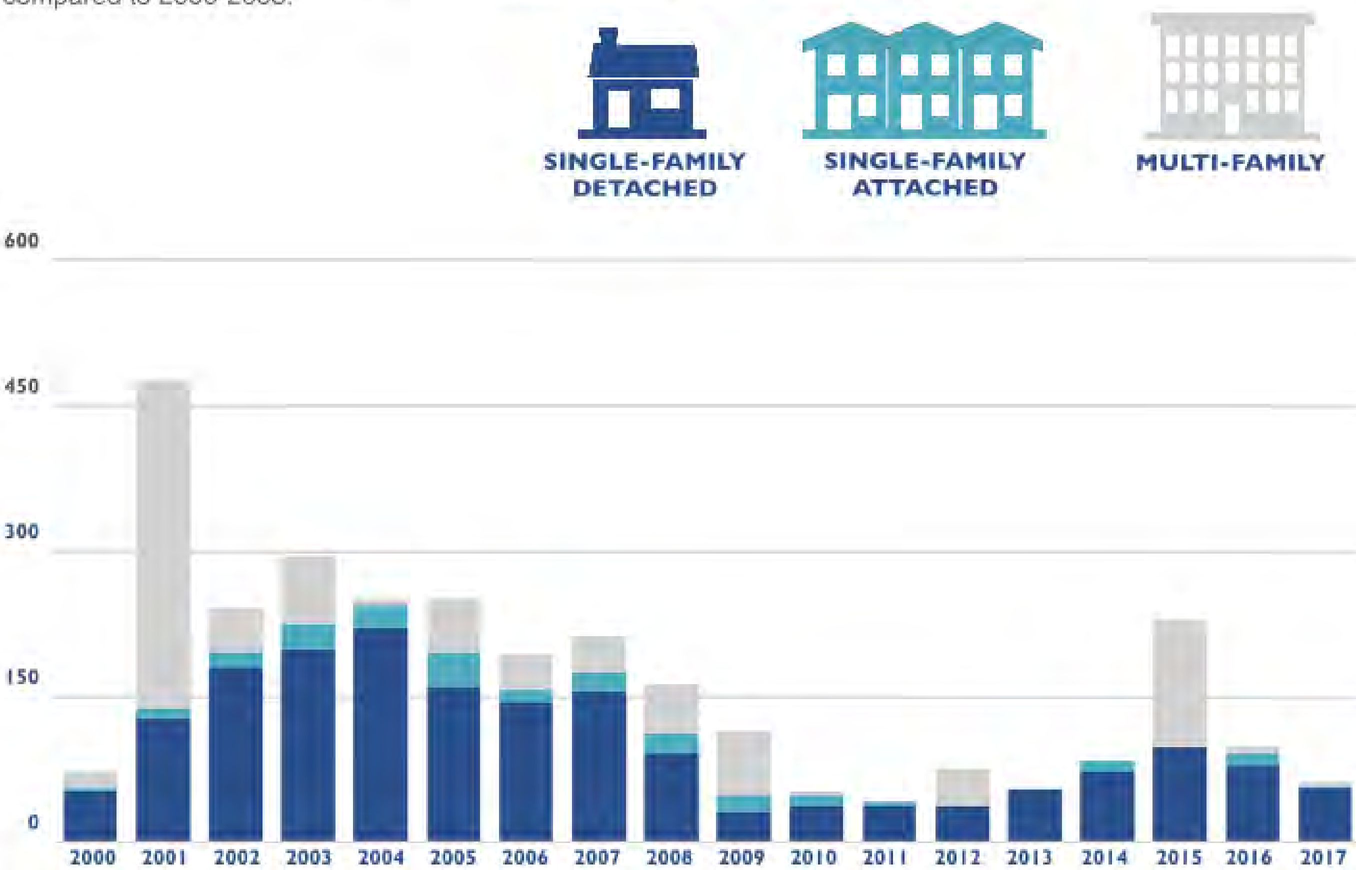
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

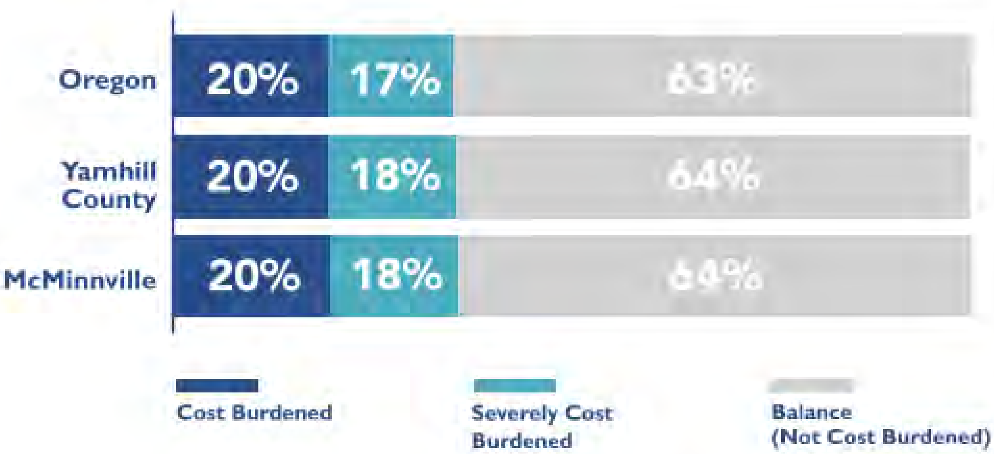


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



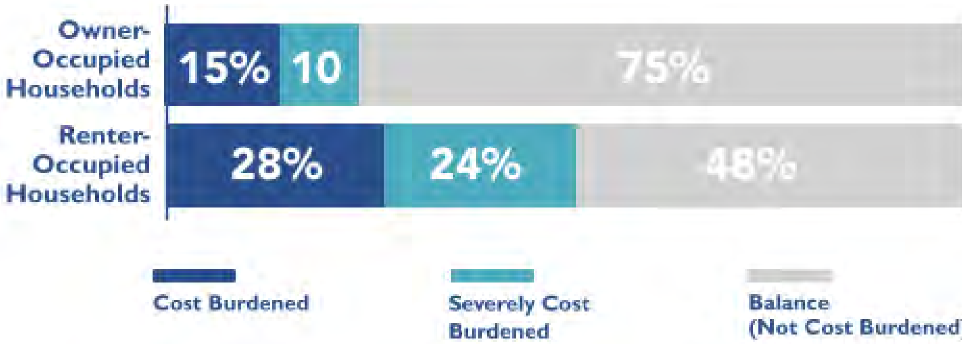
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

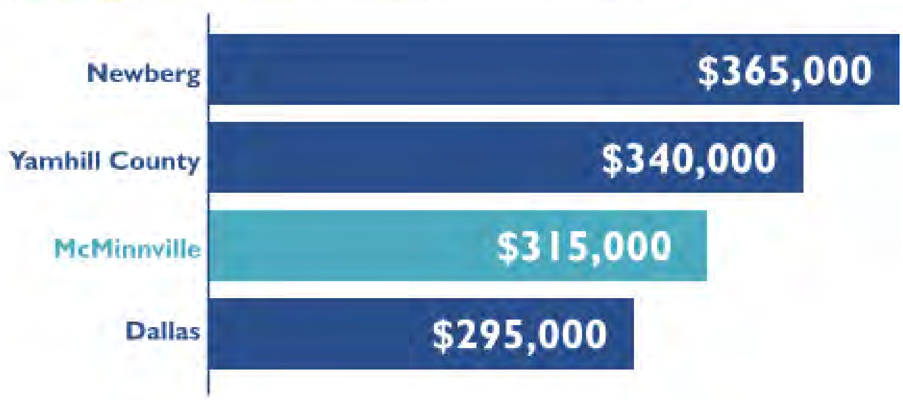
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



MEDIAN MONTHLY RENTS, 2016

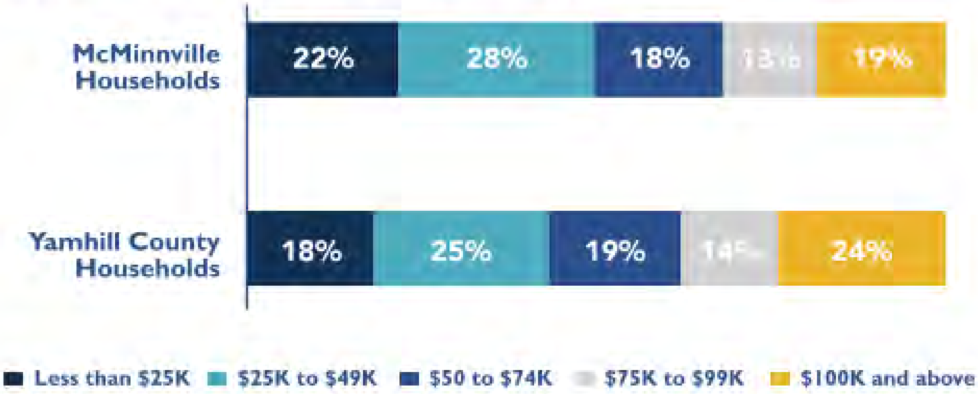
MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSING AFFORDABILITY

HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

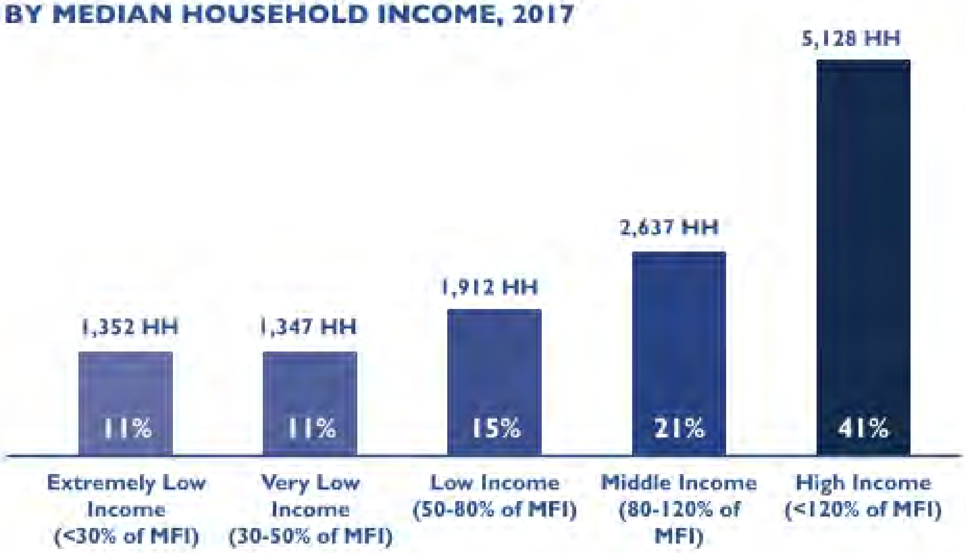
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

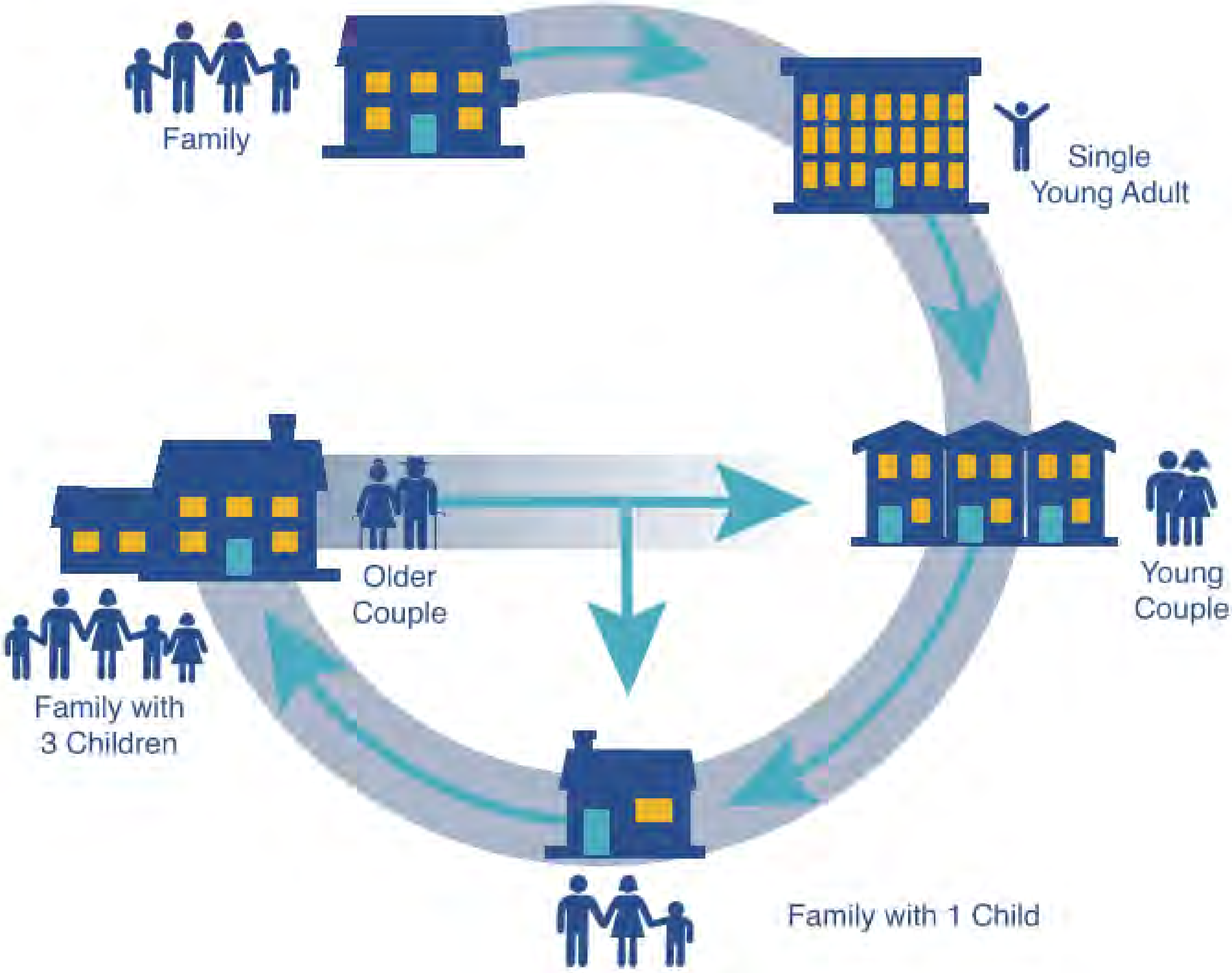
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes (more 1 person households)

Homeownership Rates (especially 75 years old)

Income

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes (as they form families)

Homeownership Rates

Income

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

Homeownership Rates (Hispanics/Latino households have higher homeownership rates at younger ages)

Continued Lower-Than-Avg. Income

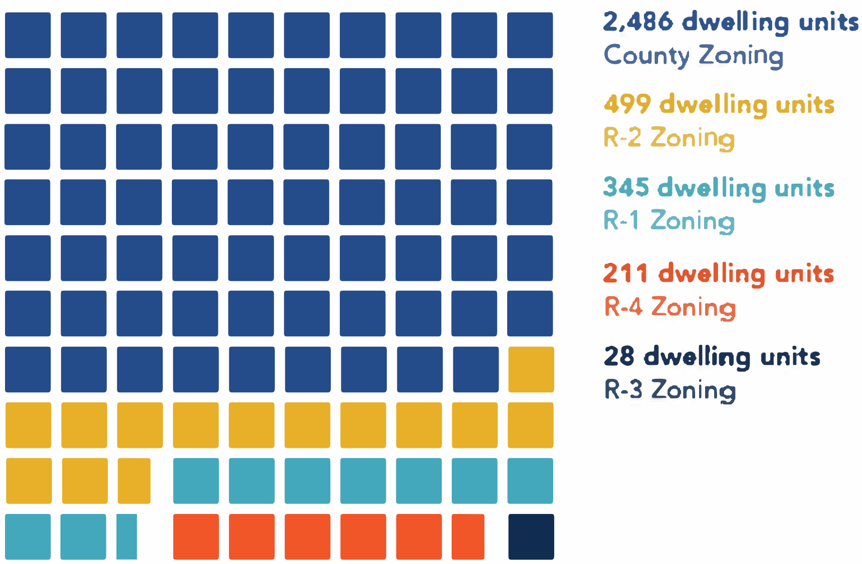
Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

3,611 total dwelling units   1 square represents 36 dwelling units



DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISLATURE)

3.19	4.43	4.94	6.28
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.49	22.56	5.05
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

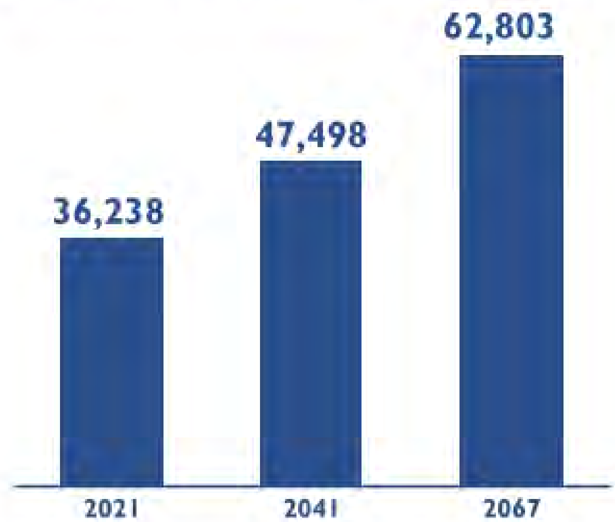
Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

Demand For Residential Land, By Housing Type

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



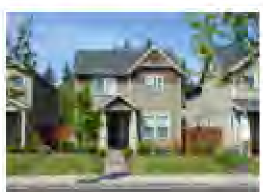
Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).



	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

1,268 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill – these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) – an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem – possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area

1.2 Establish a Framework Plan for the URA

1.3 Identify an Expanded UGB per the URA

1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities

1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)

1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas

1.7 Update Goal 7 Hazards Planning & Policies, Incl. Landslide Susceptibility

1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.

1.9 Implement Great Neighborhood Principles

1.10 Create a Diverse Housing Zone

1.11 Develop a High-Density Residential Zone

1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone

2.2 Develop a High-Density Residential Zone

2.3 Provide Density Bonuses to Developers

2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards

2.5 Update Infrastructure Plans for Infill Development

2.6 Implement Great Neighborhood Principles

2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill

3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements

3.4 Develop Infrastructure Allocation Policies

3.5 Identify Areas with Underutilized Infrastructure Capacity

3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy

4.2 Evaluate Three Mile Lane for Residential Development

4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards

5.2 Implement Other Code Amendments Prioritized by the PAC.

5.3 Streamline Zoning Code and Other Ordinances

5.4 Implement the Great Neighborhood Principles

5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

5.6 Evaluate Code for Fair Housing Act Best Practices

5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence)

6.2 Financial Incentives Supporting Inclusionary Zoning

6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing

6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)

6.5 SDC Financing and Credits

6.6 Parcel assembly

6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)

6.8 Sole Source SDCs

6.9 Grants or Loans

6.10 Vacant Property Tax.

6.11 Fee for Demolition of Affordable Home for Expensive Home.

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds

7.2 Community Land Trust (CLT)

7.3 Affordable Housing Property Tax Abatement

7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

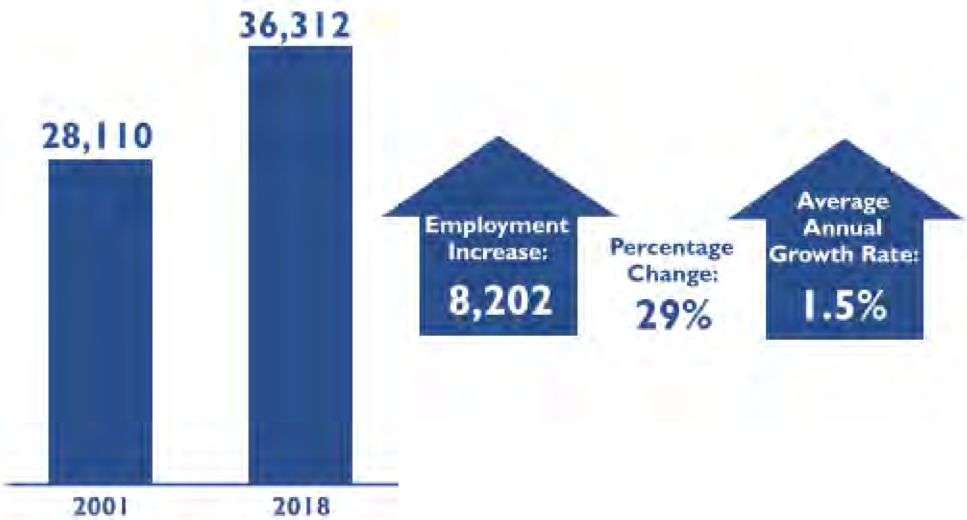
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

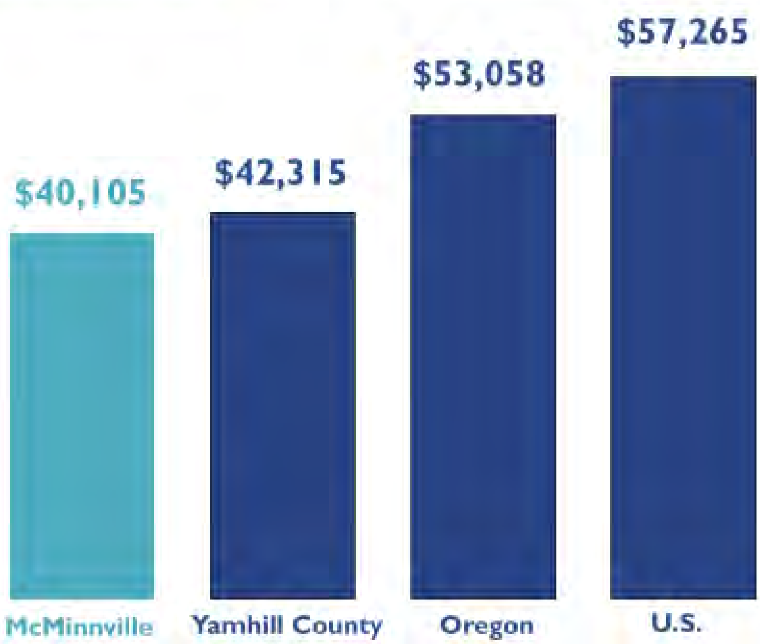


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

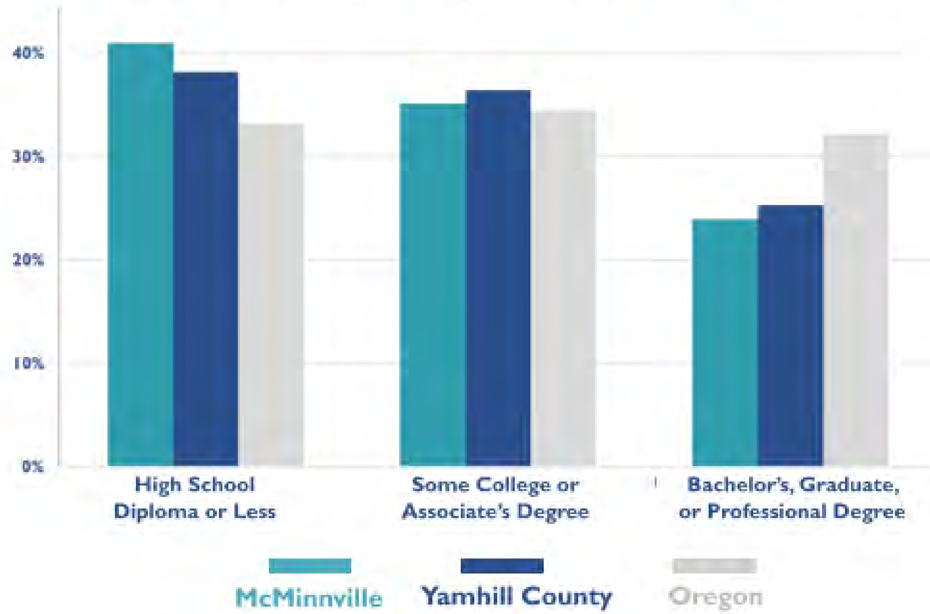


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

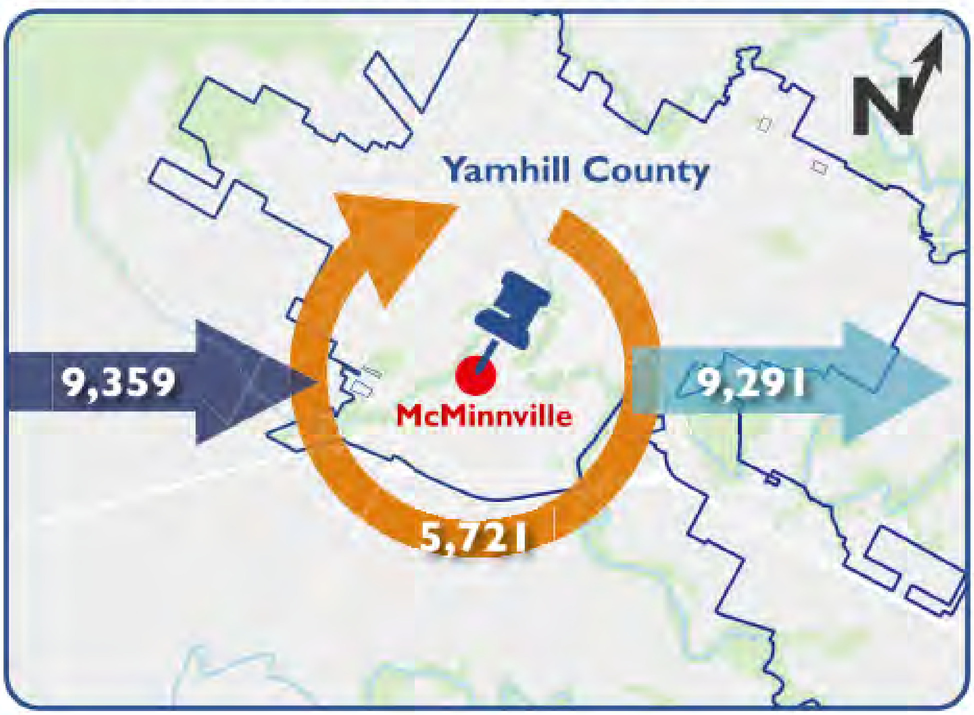
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721	9,359	9,291
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

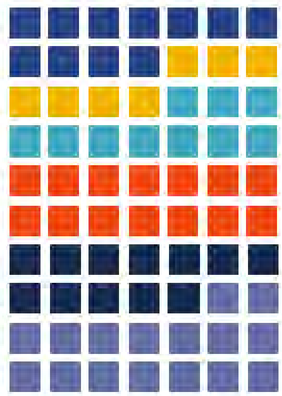
In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

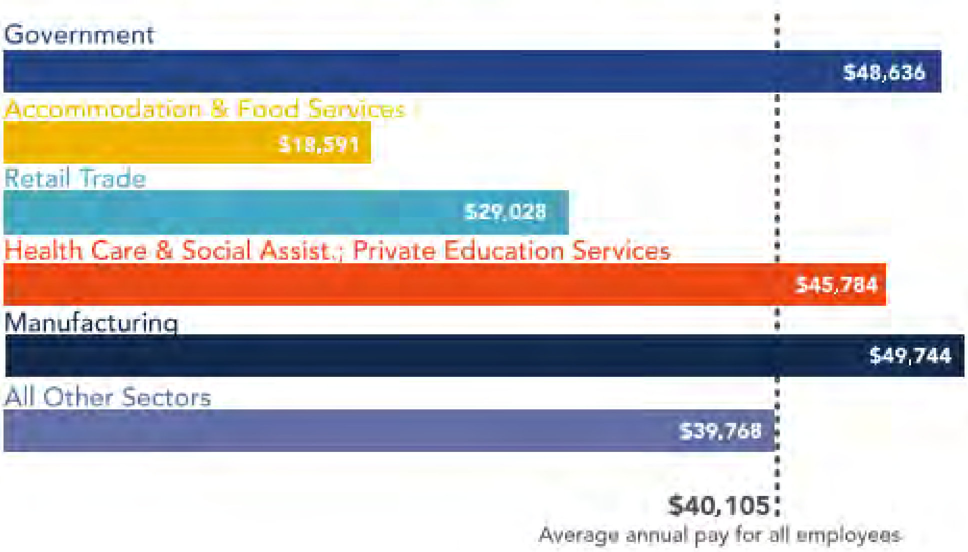
1square represents 500 jobs

Government:	2,082 employees / **14%**
Accommodation & Food Services:	1,503 employees / **10%**
Retail Trade:	2,170 employees / **15%**
Health Care & Social Assist.; Private Education Services:	3,159 employees / **21%**
Manufacturing:	2,277 employees / **15%**
All Other Sectors:	3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry
& Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine
& Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

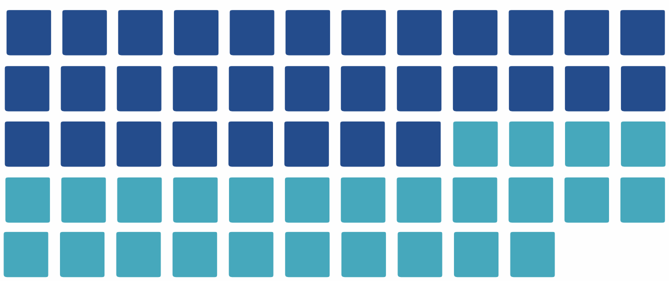
FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 697 acres of land between 2021 and 2041, and demand for 954 acres of land between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

697 total acres 1 square represents 12 acres



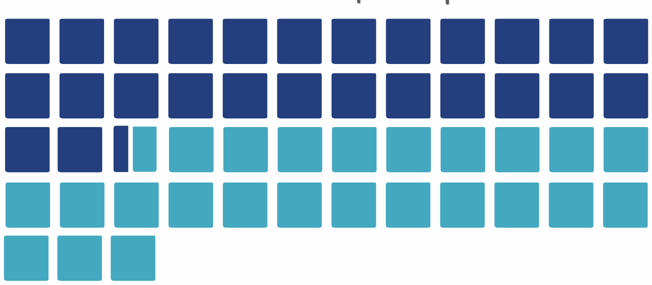
384 acres, Industrial **313 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

1,129 total acres 1 square represents 25 acres



559 acres, Industrial **570 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 46 years. The City has a deficit of about 205 acres of industrial land and 416 acres of commercial land.

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space,** or any combination of the need categories…". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 383 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**383**	**477**	**(94)**

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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City of McMinnville
Housing Needs Analysis

June 2023

Prepared for:

City of McMinnville

FINAL DRAFT REPORT

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Acknowledgments

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

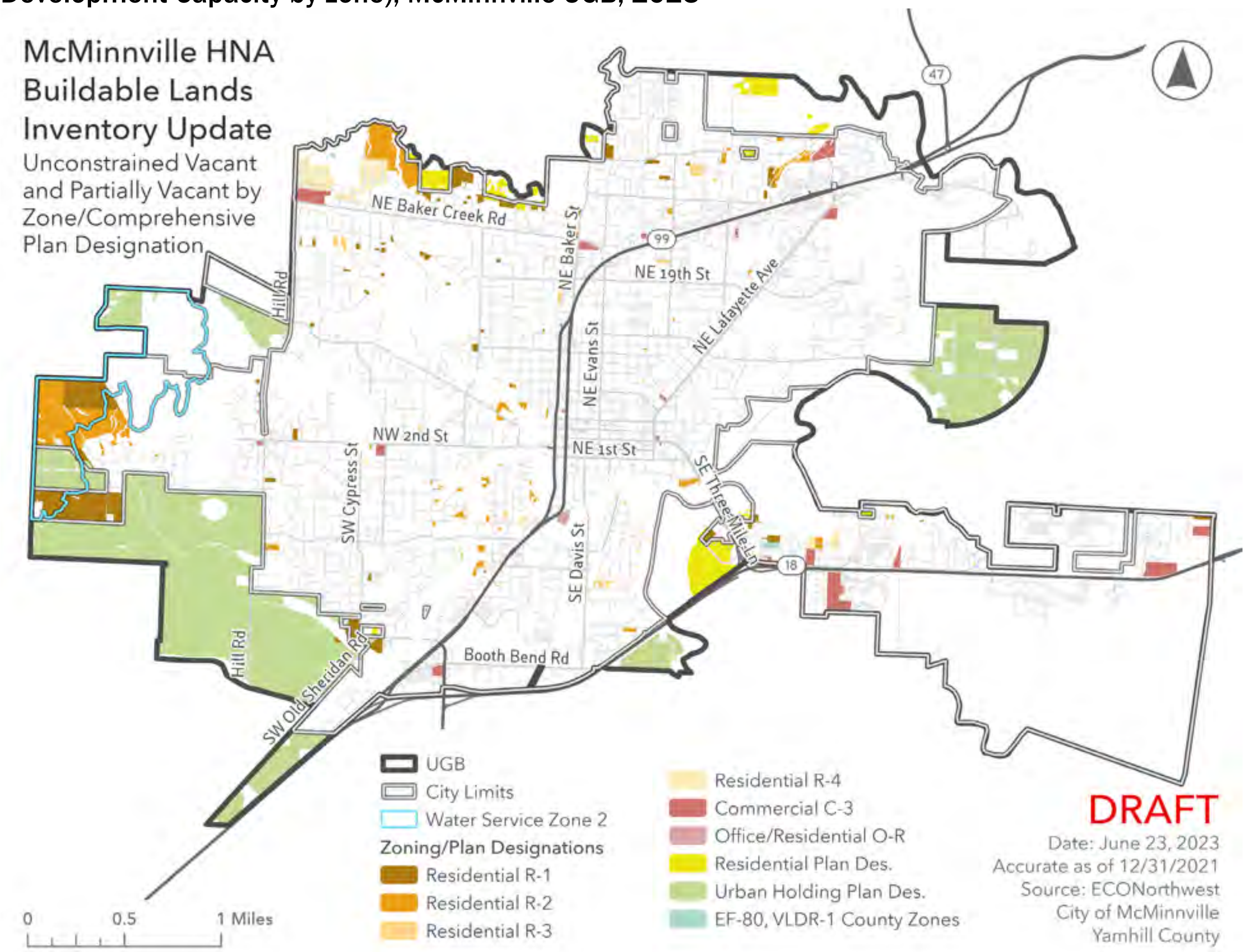
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2021
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
    - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term "needed housing," however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn't provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville's future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

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[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

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[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

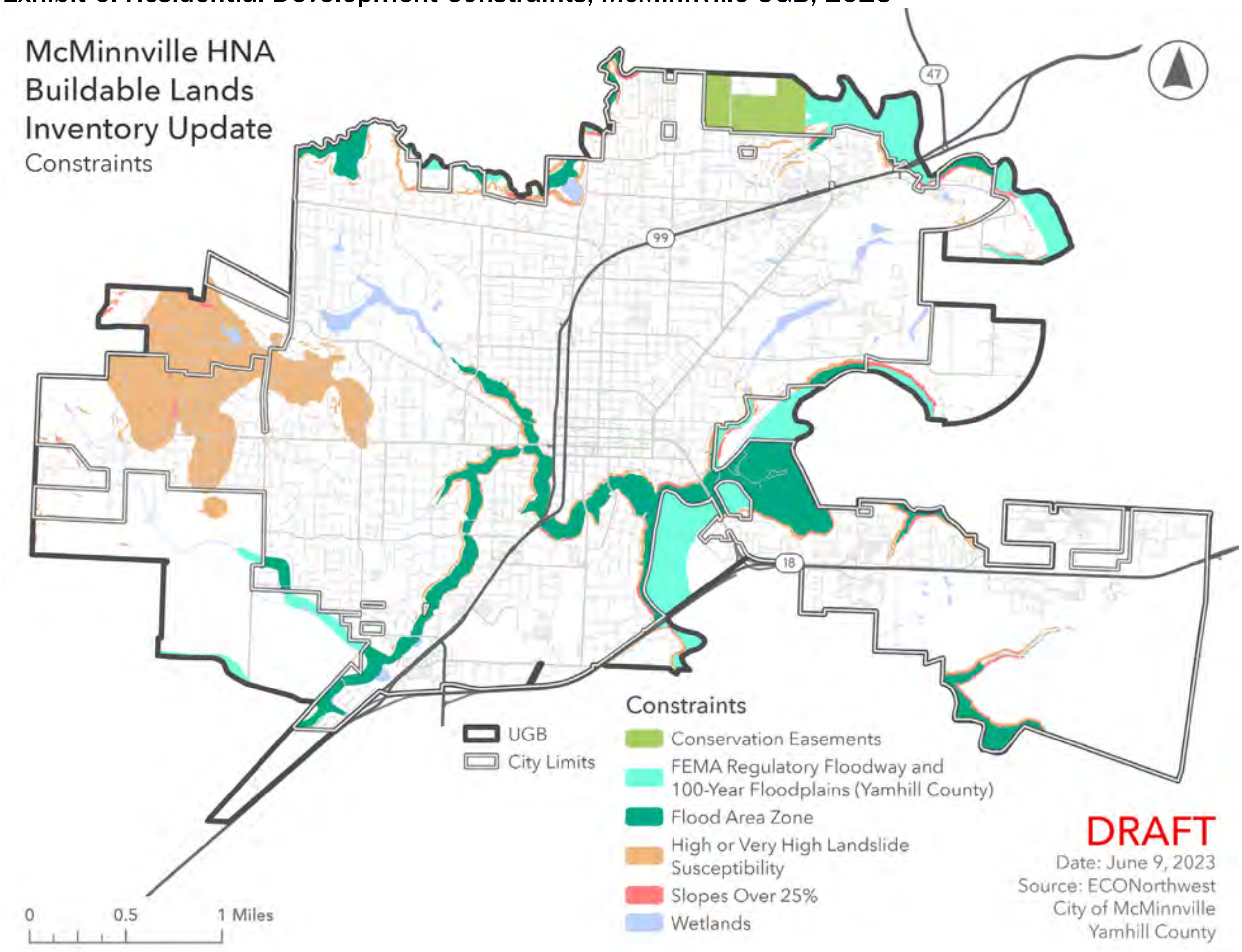
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

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[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023

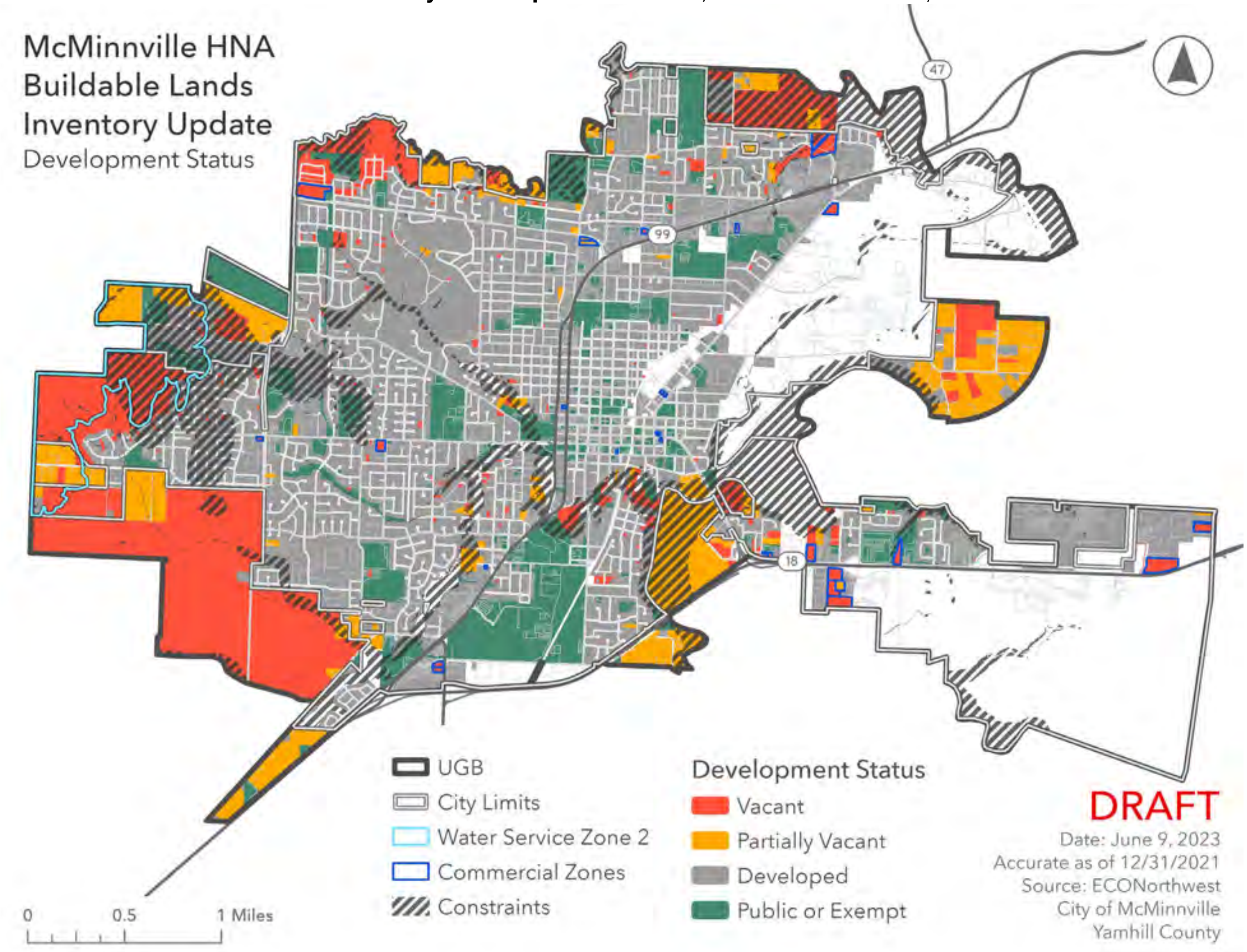
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

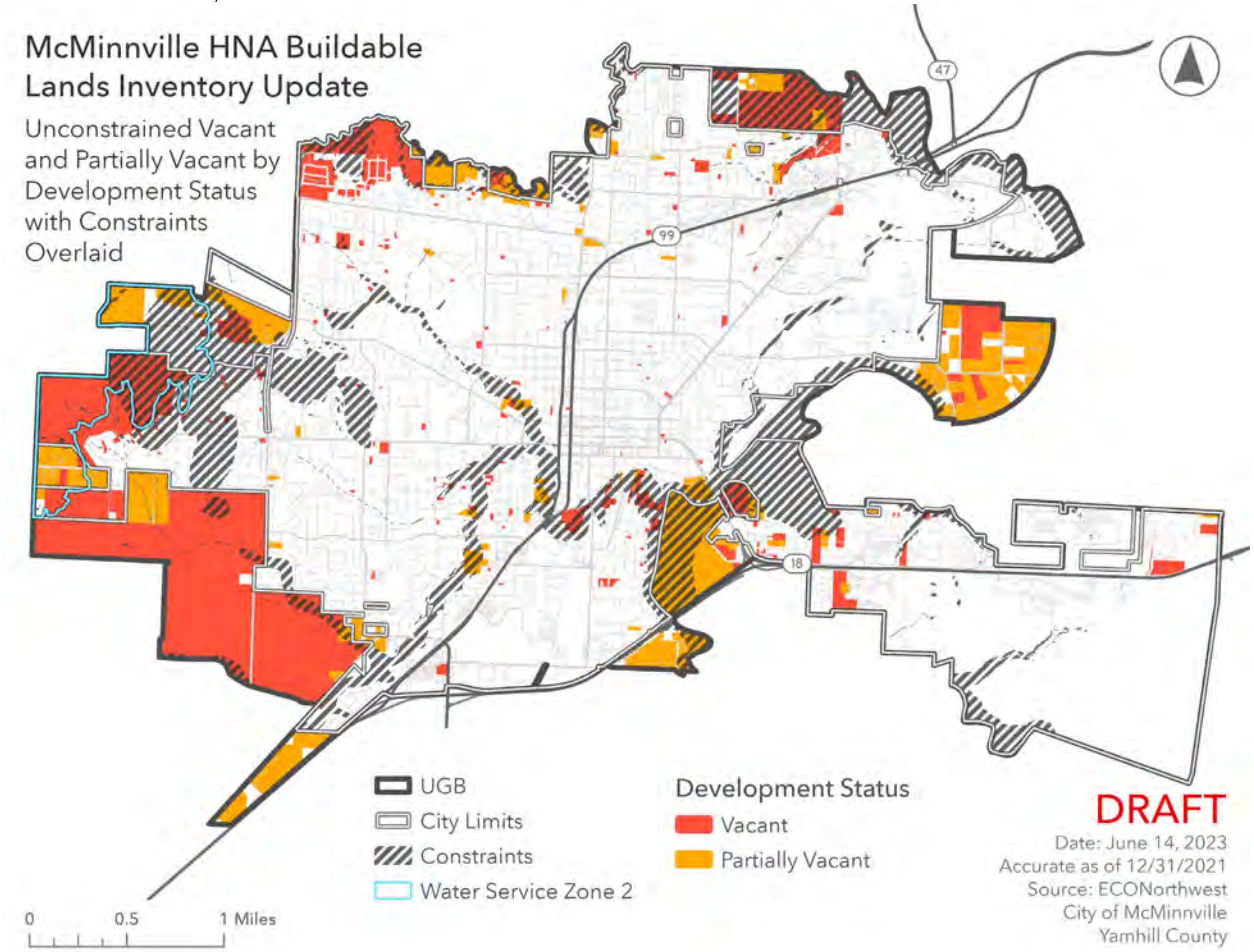


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

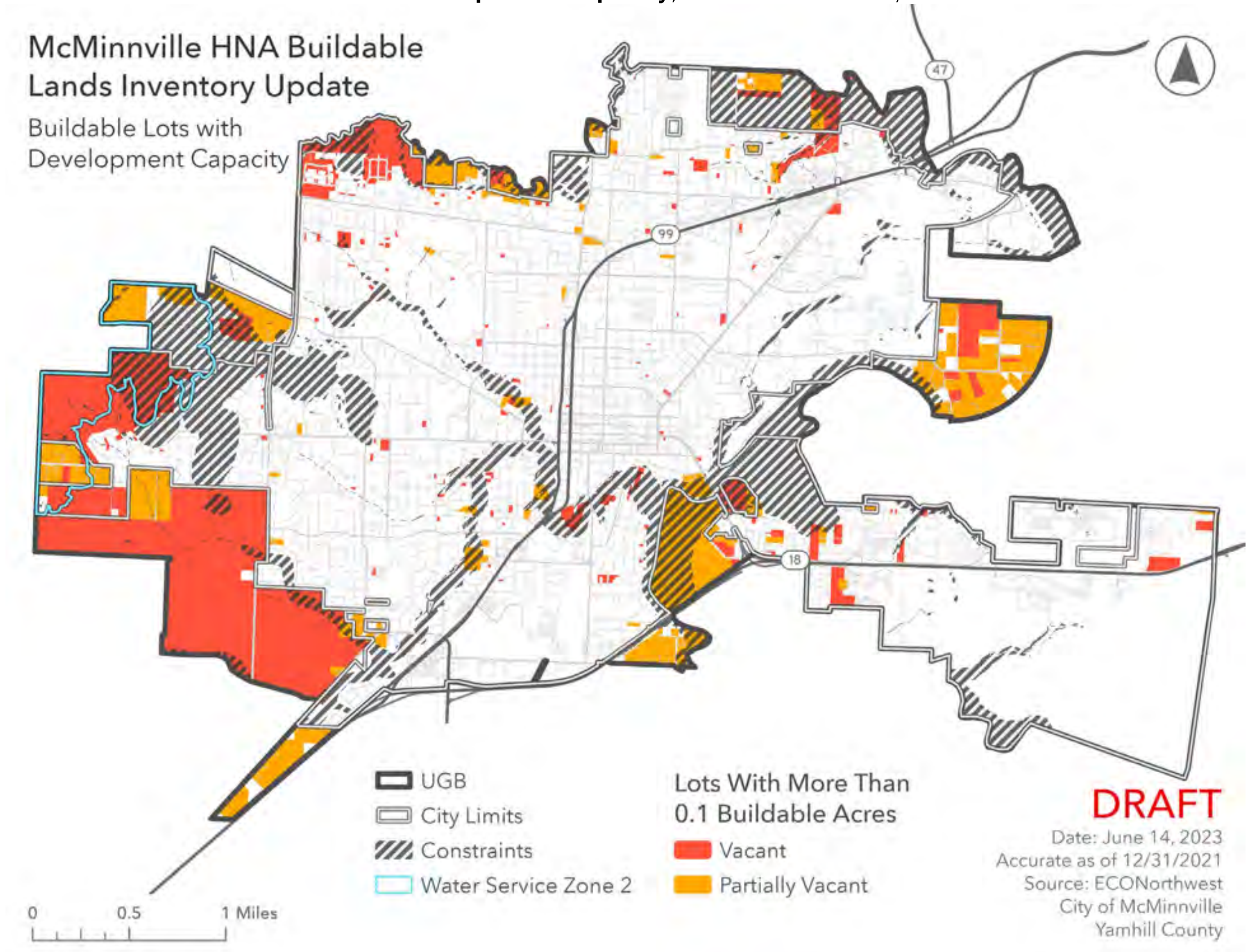
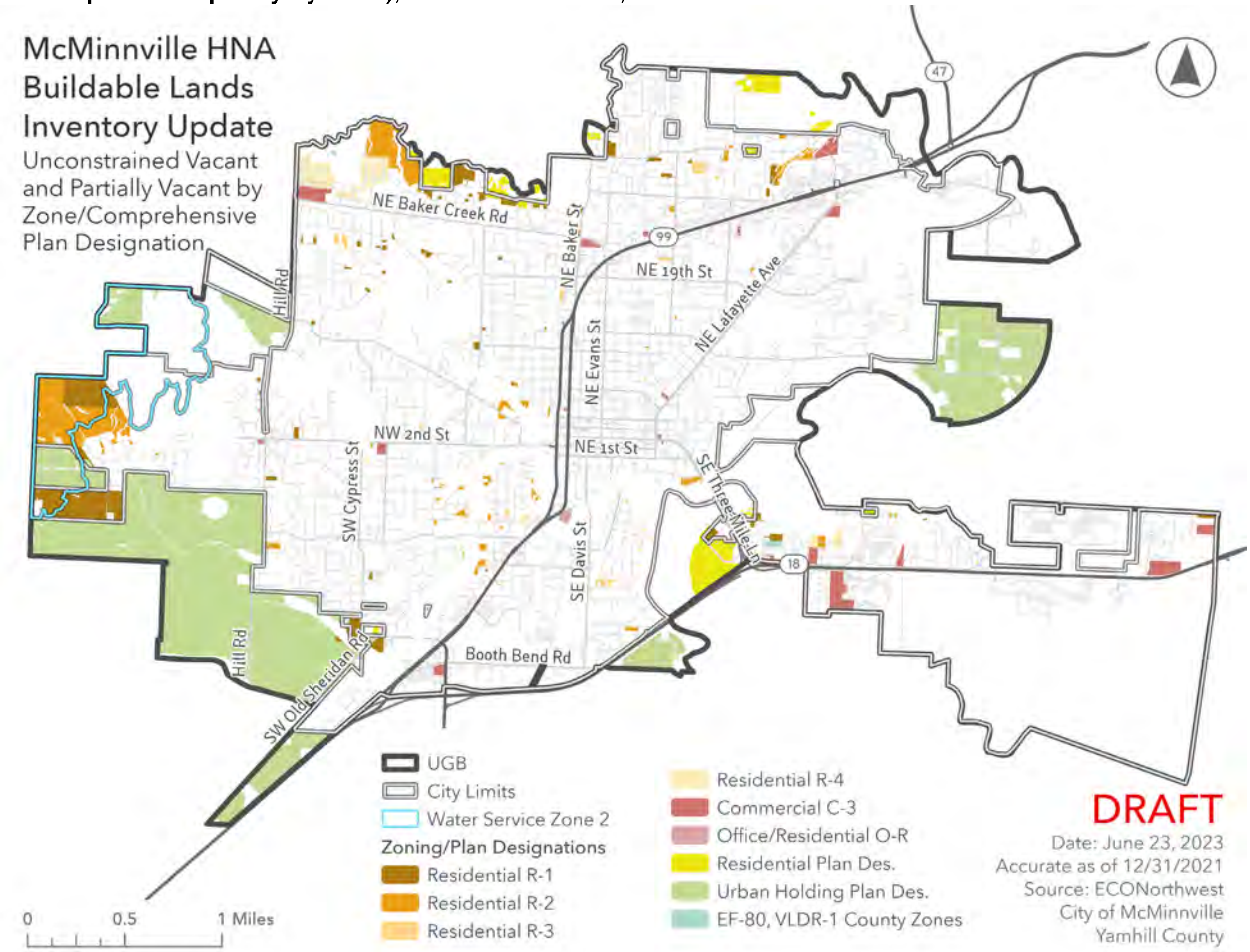


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the <u>strong likelihood</u> that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
  - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
  - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don’t differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

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[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

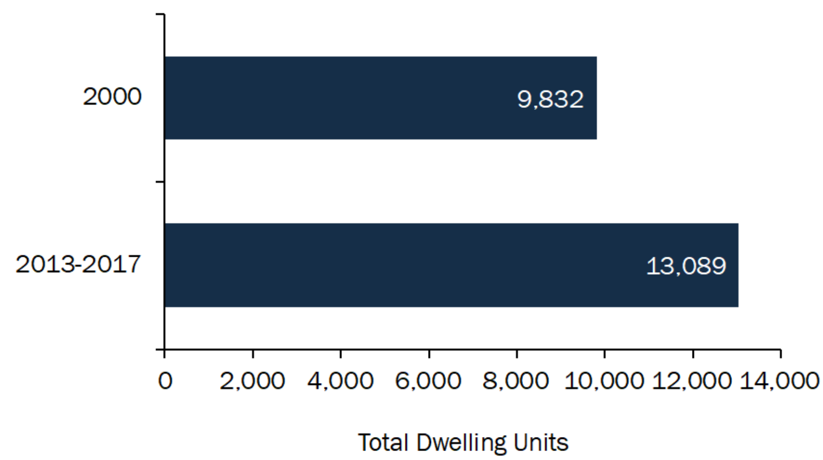
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

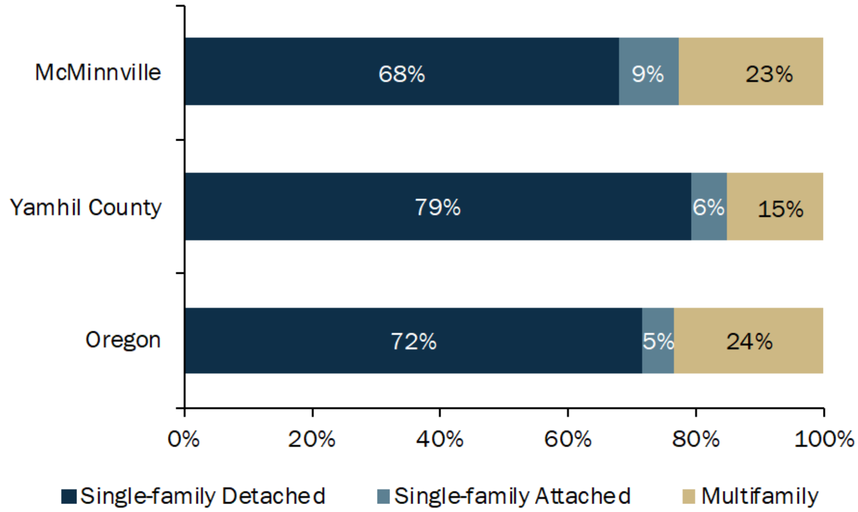


About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

Exhibit 16. Housing Mix, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25024.

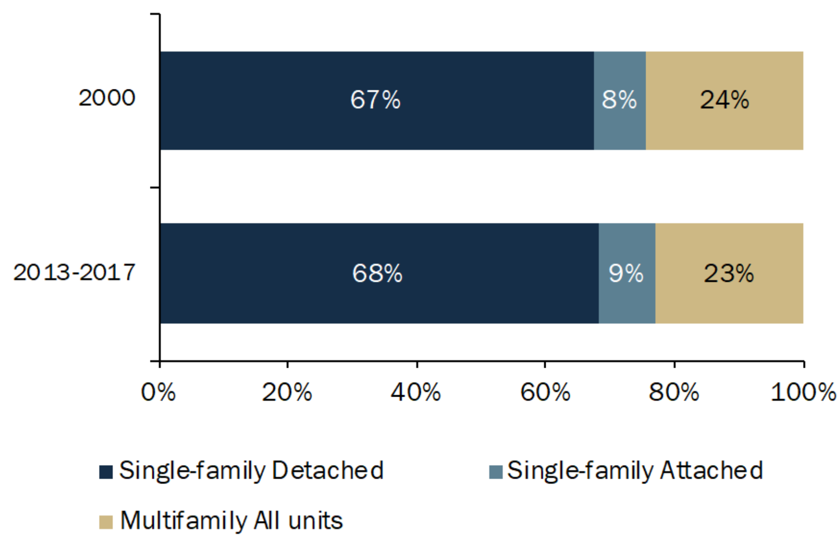


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017

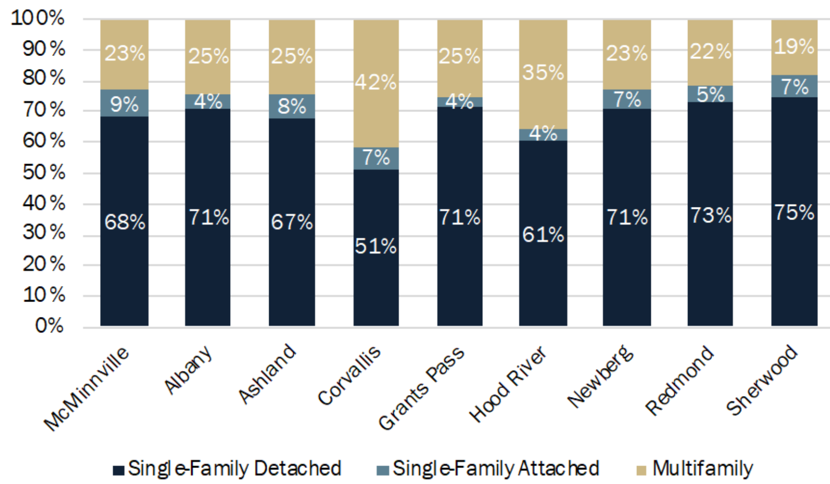
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

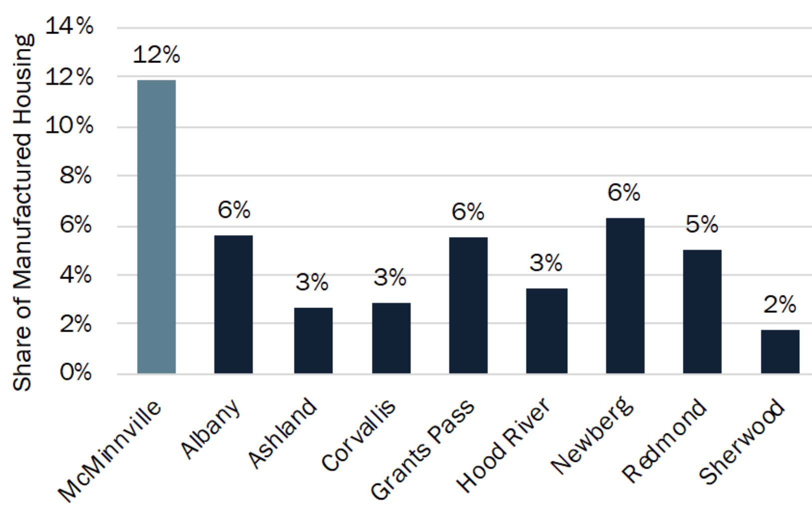


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



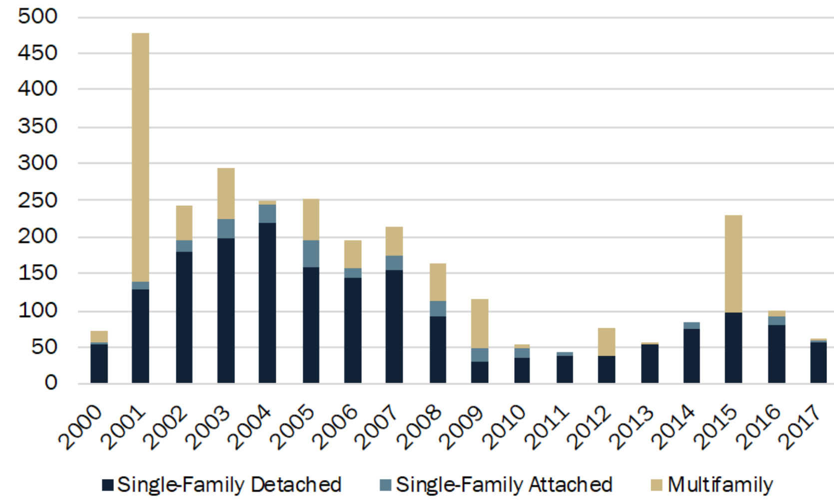
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

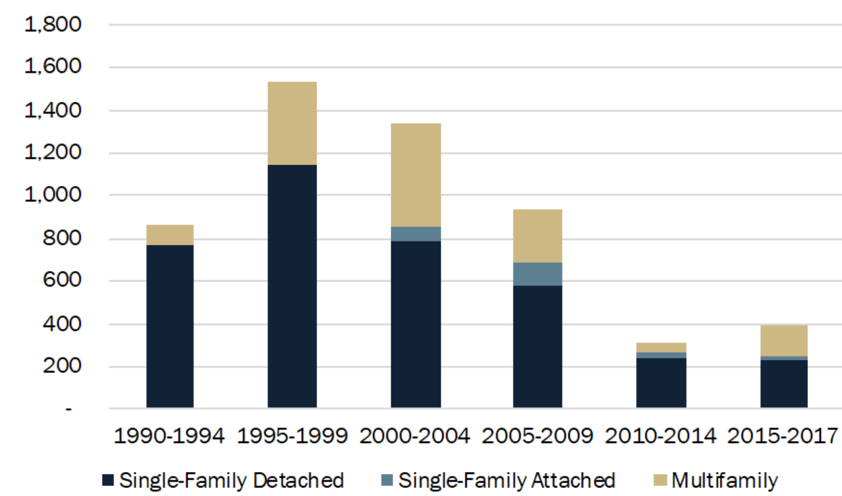
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

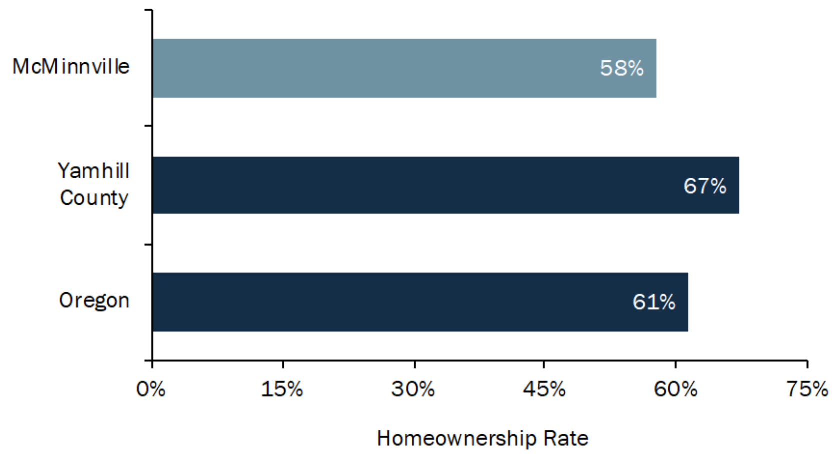
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

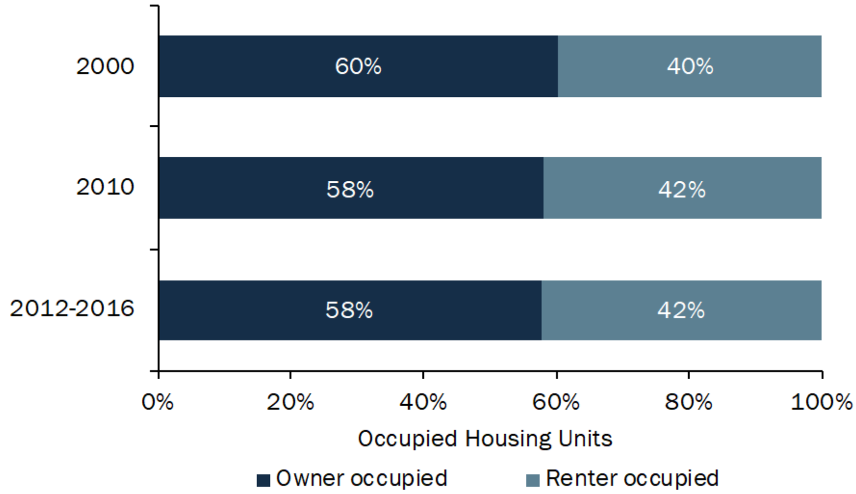
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

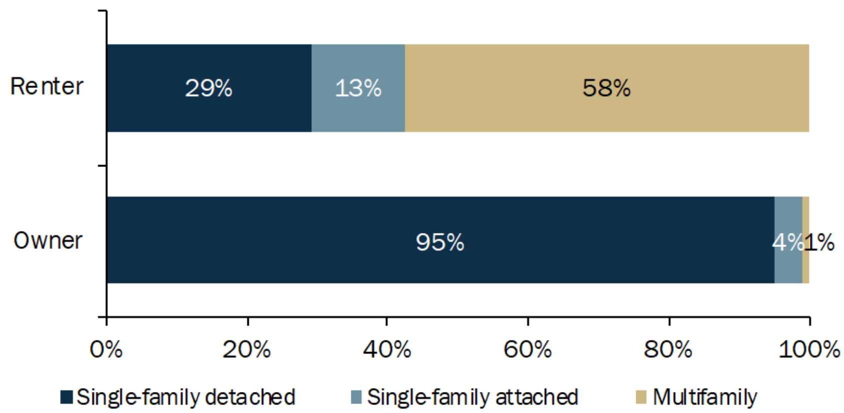
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

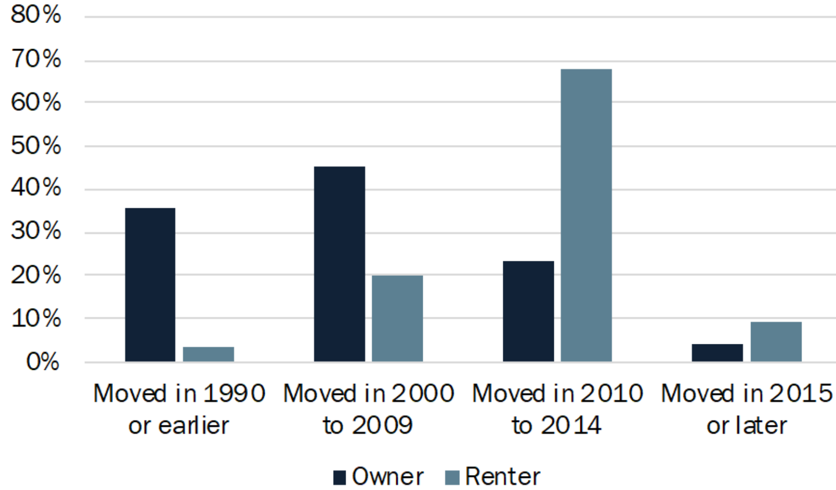
Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

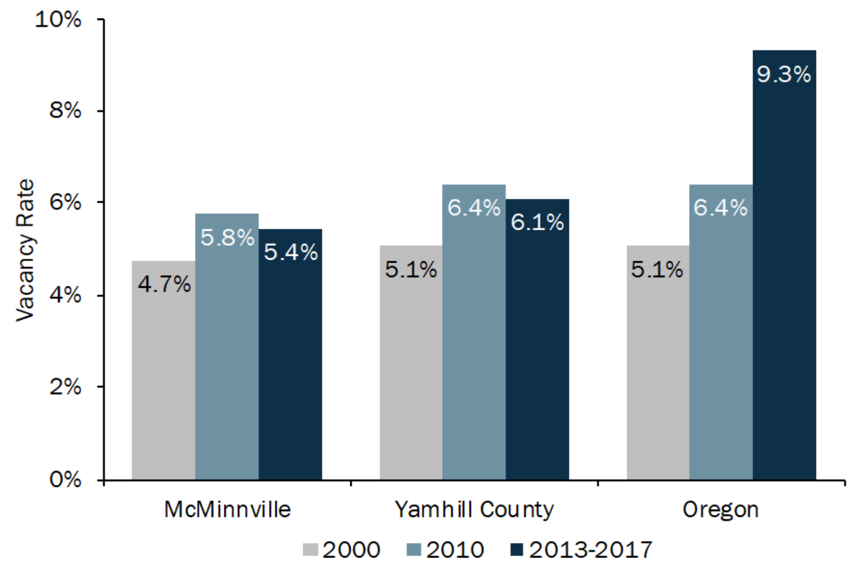
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



Short-Term Rentals and Seasonal Housing

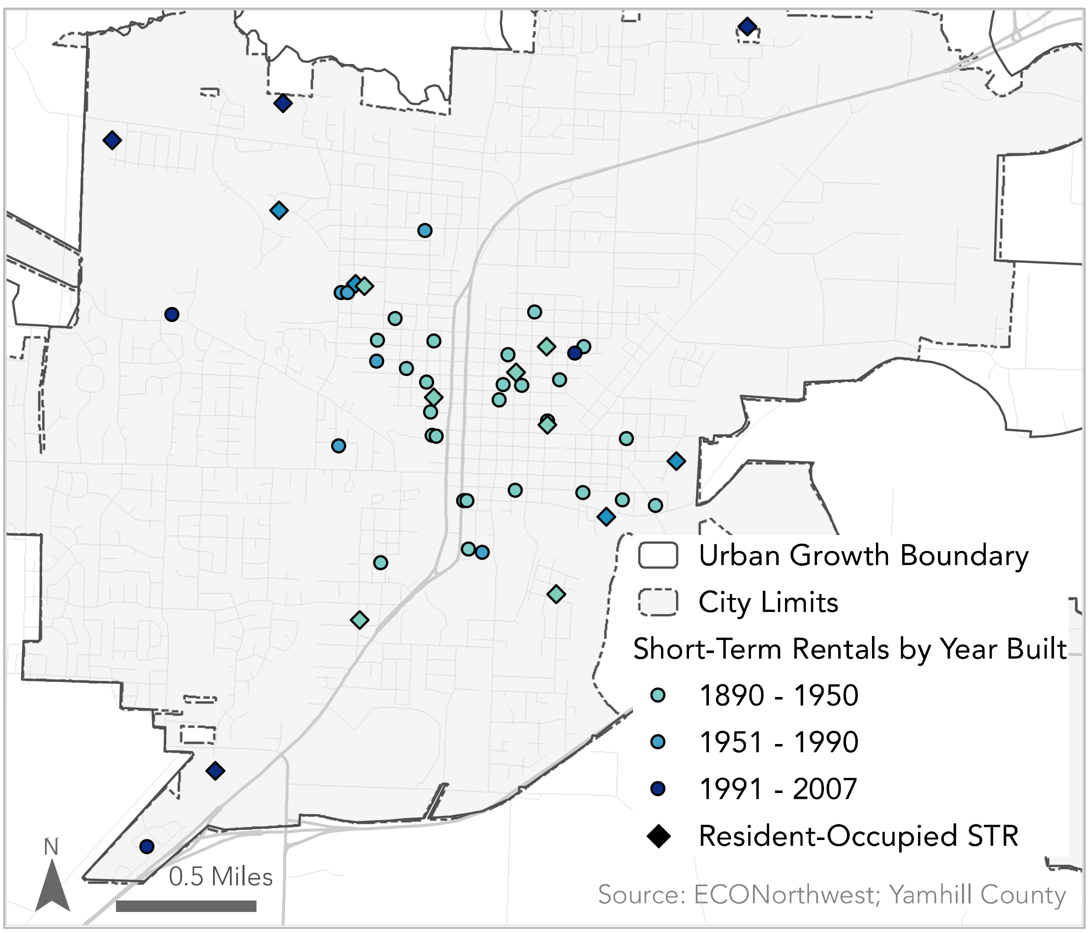
McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

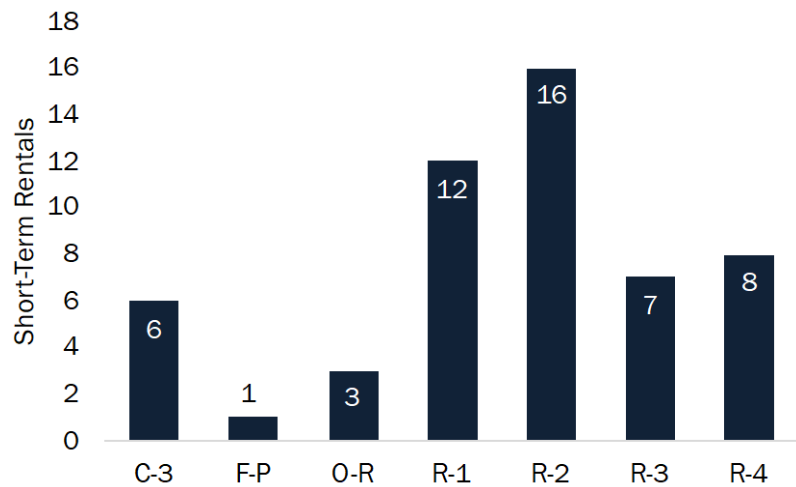


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	52 Units	74 units	222%
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

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[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

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[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
  - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
  - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
  - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
  - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
  - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

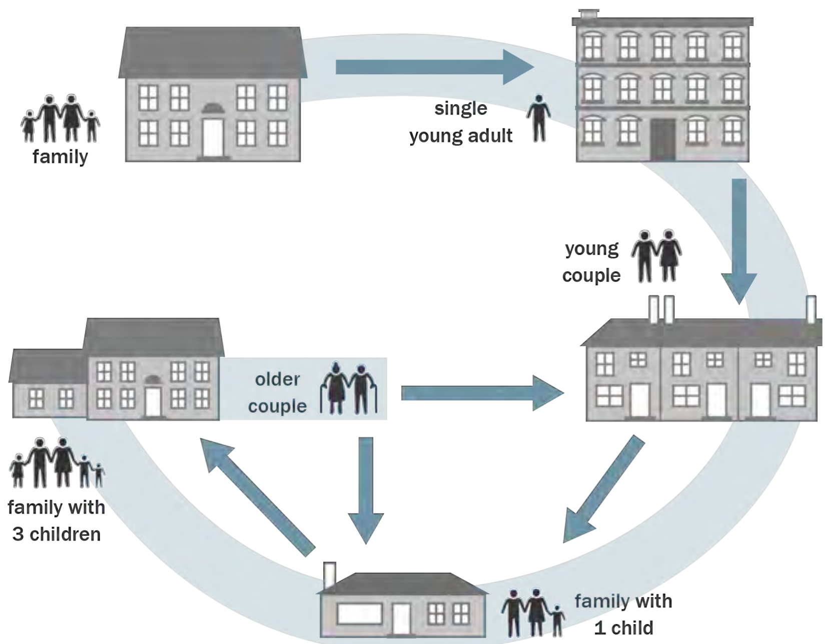
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

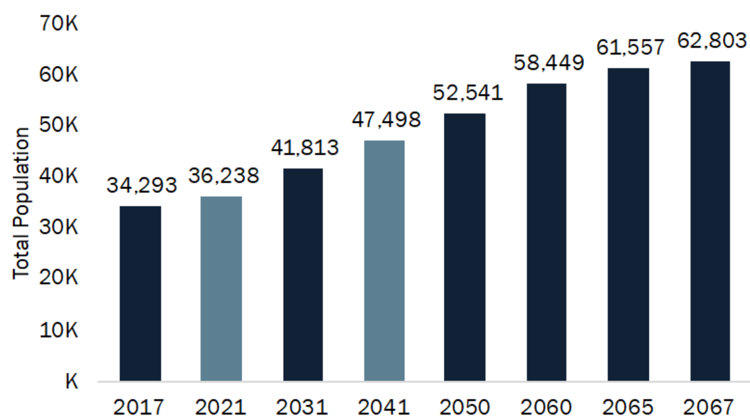
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

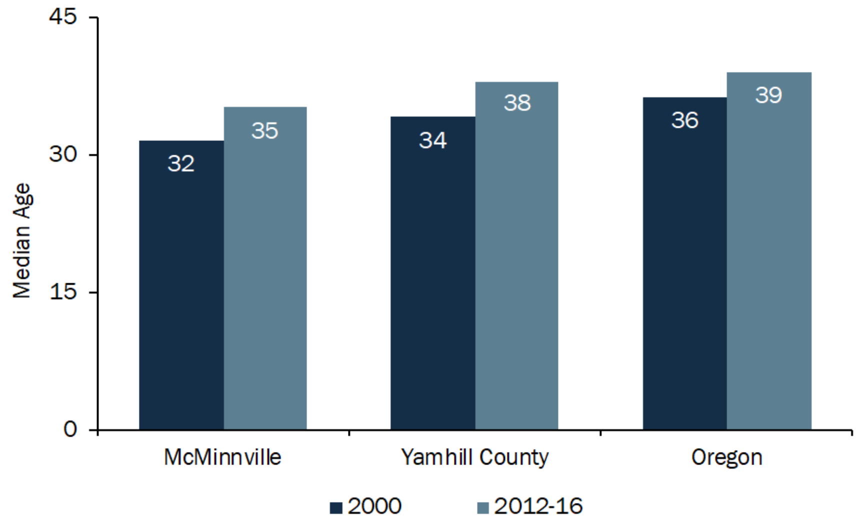
[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.
Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

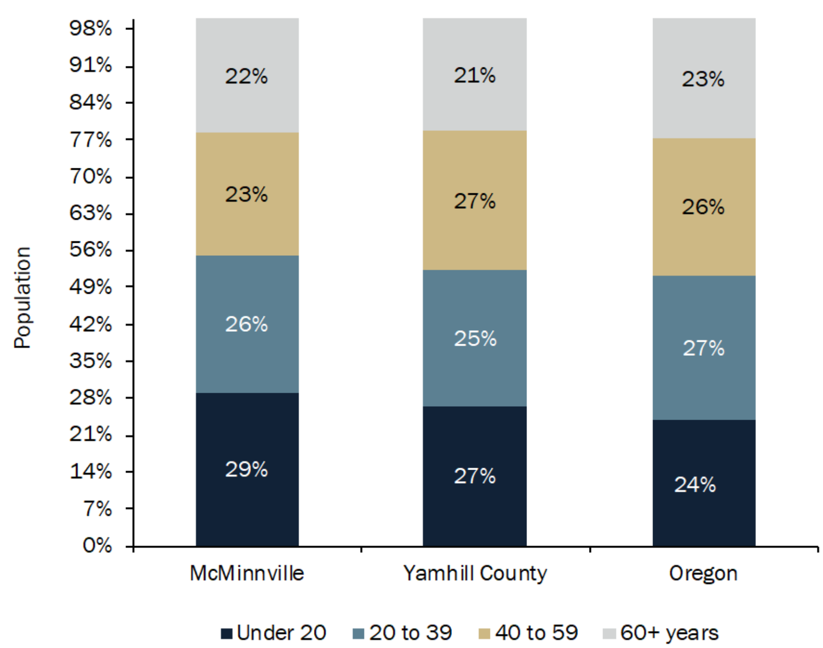
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016

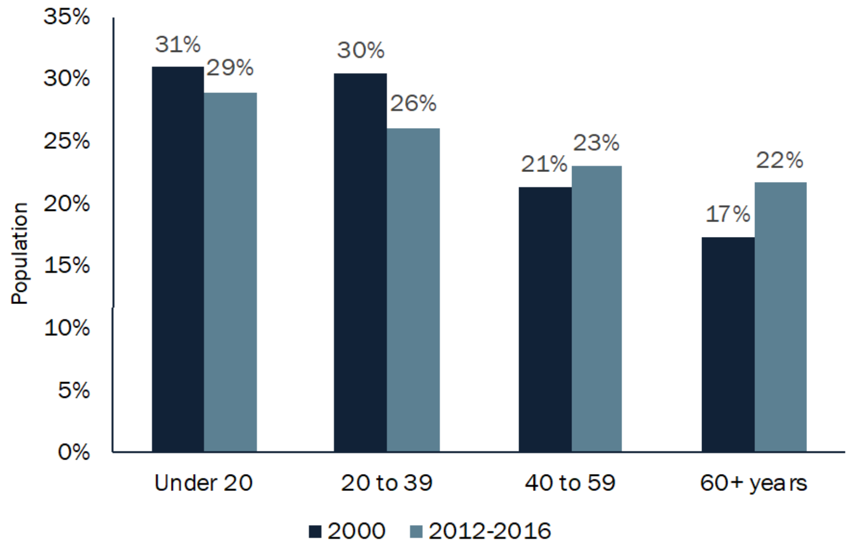
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

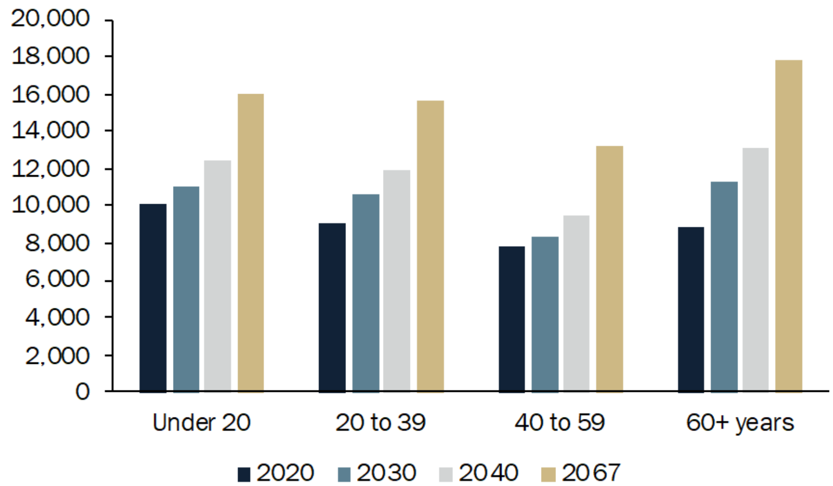
19%	22%	28%	56%
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

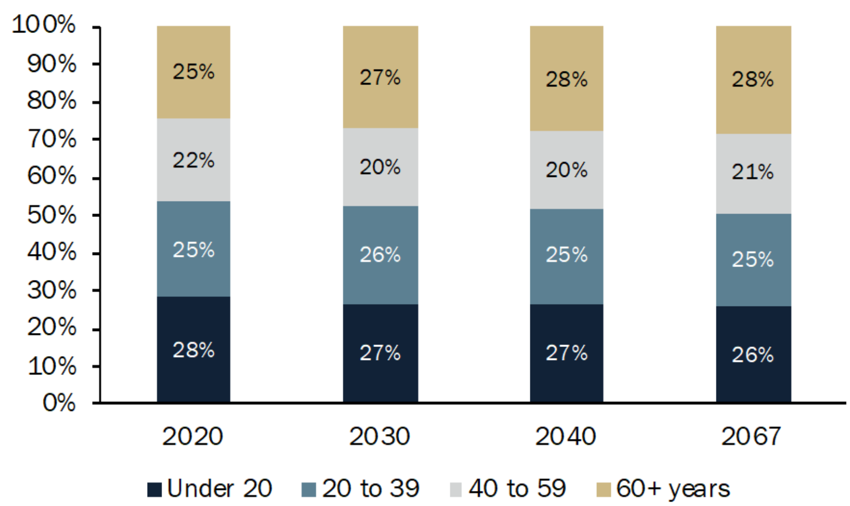
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

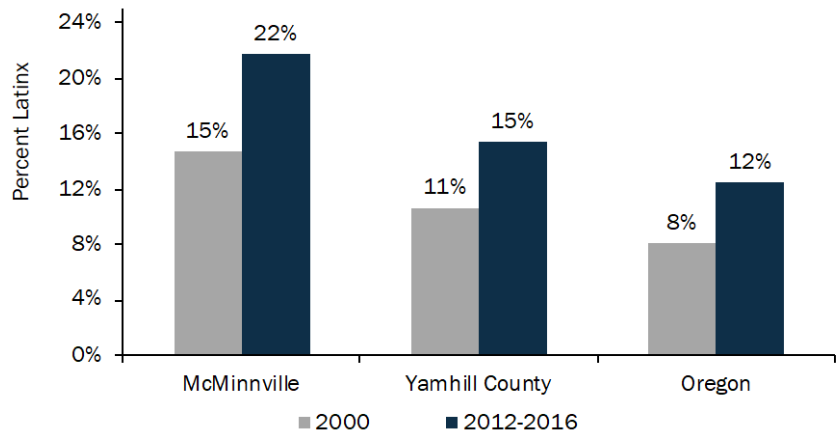
McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	89% White	1% Black/African Am.	2% Asian	8% Other races
Yamhill Co.	89% White	1% Black/African Am.	1% Asian	9% Other races
Oregon	85% White	2% Black/African Am.	4% Asian	9% Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018
Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

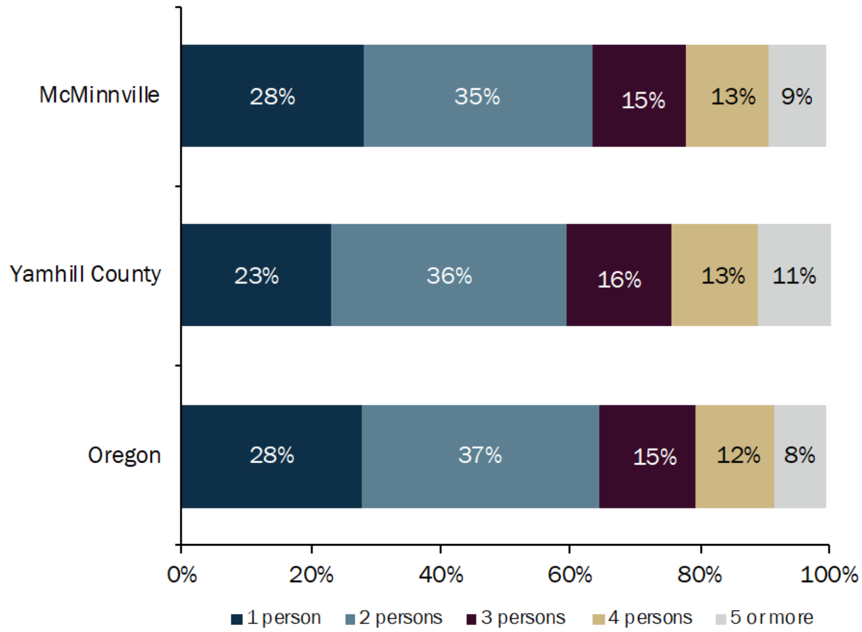
McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

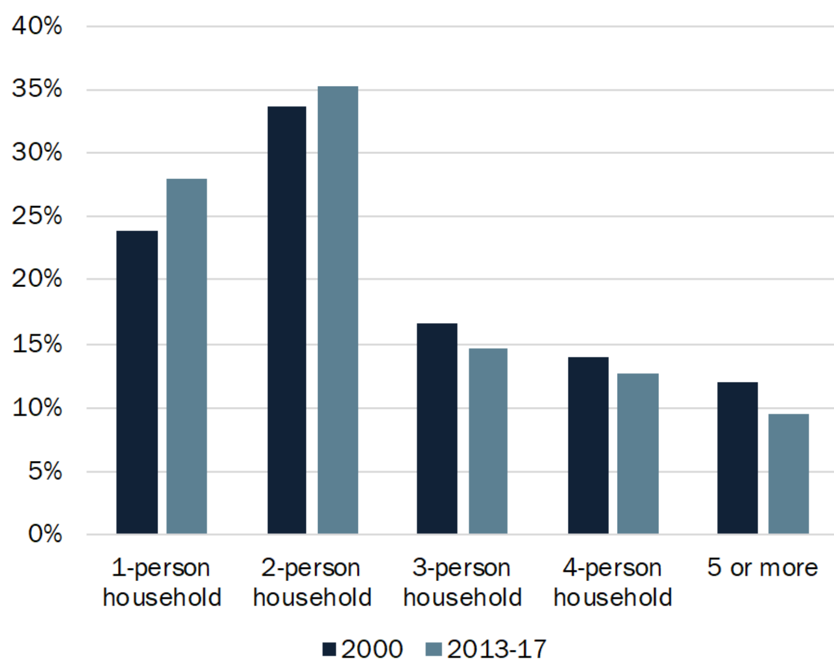
Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B25009



McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17
Source: US Census Bureau, 2013–2017 ACS, Table B25009.

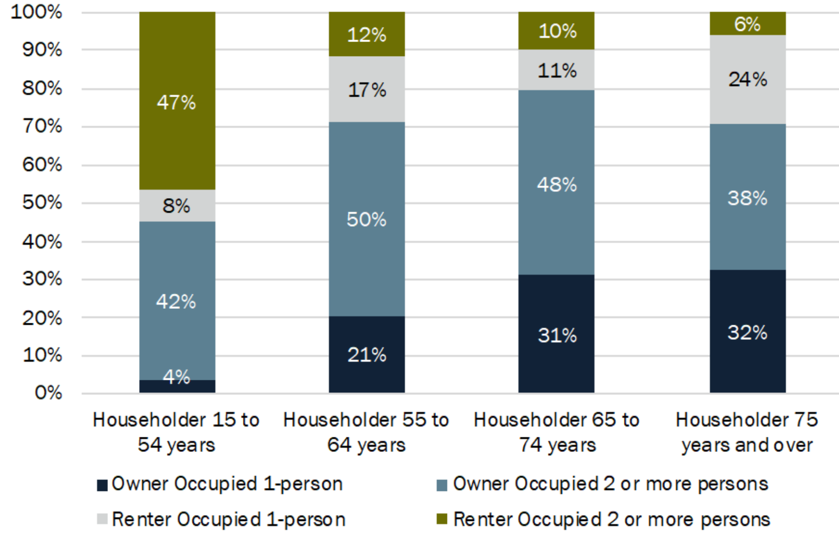


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

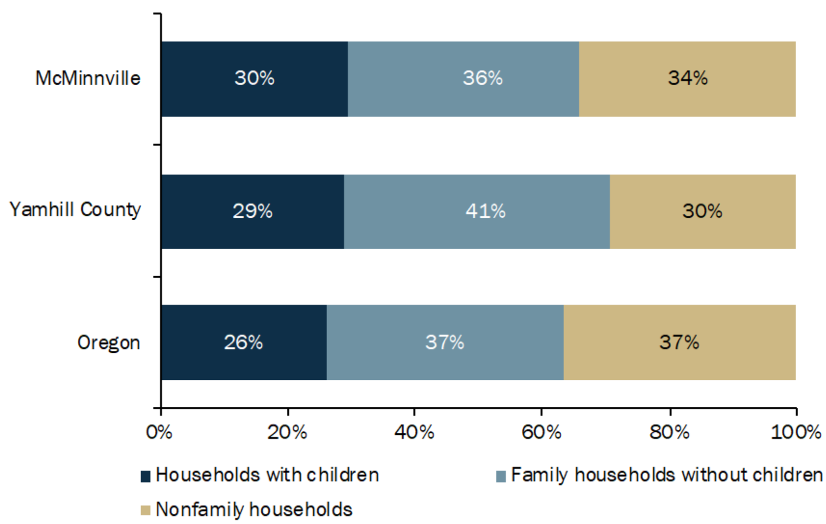


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

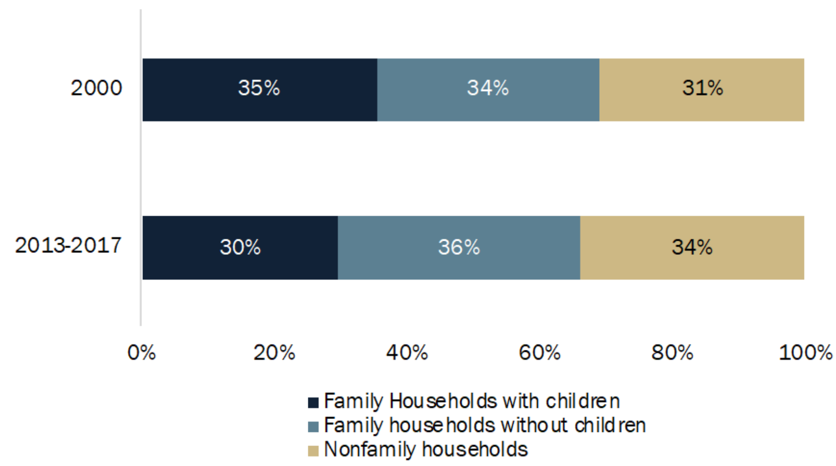
Exhibit 52. Household Composition, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017
Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.

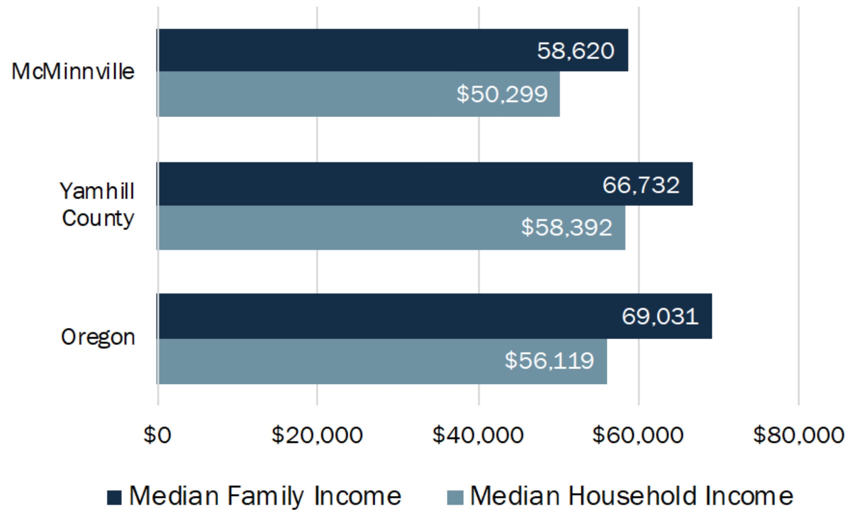


Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

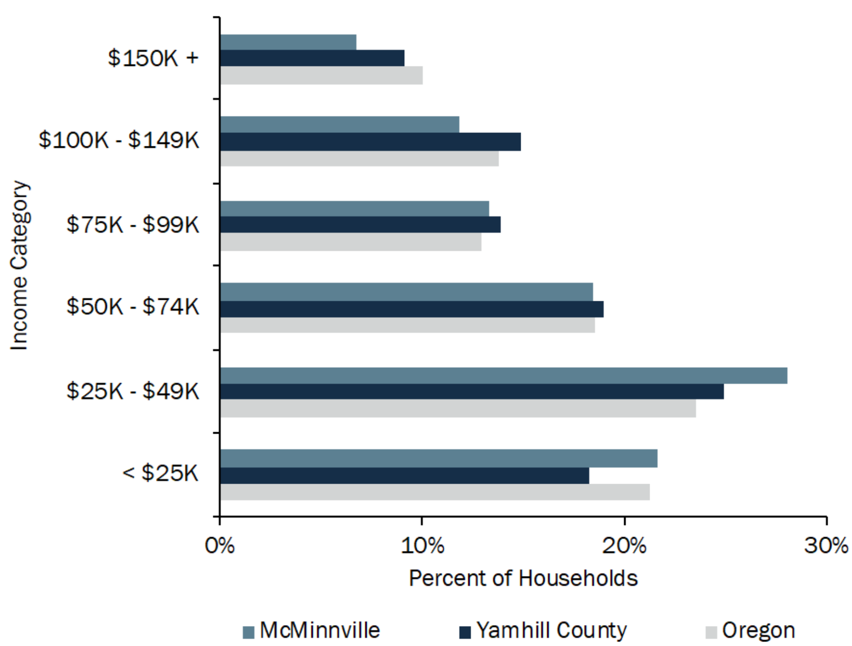
Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.



Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B19001.

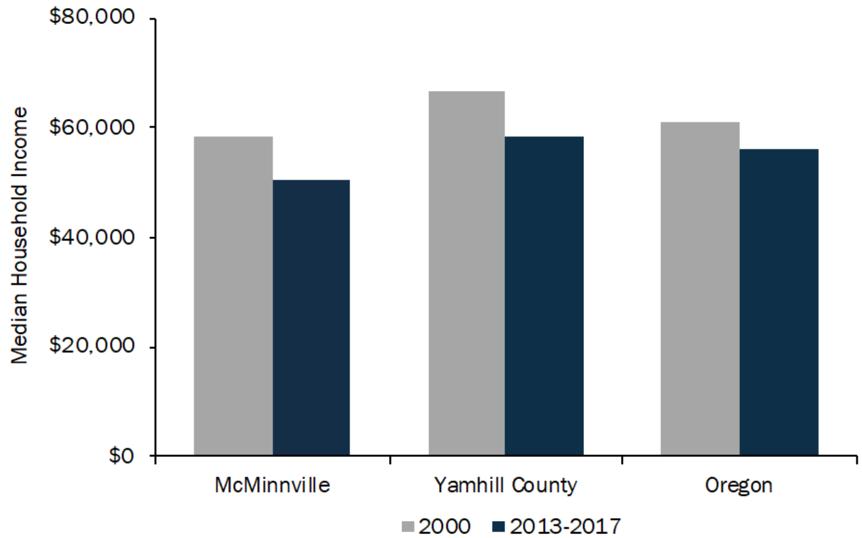


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015
Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015
Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015
Source: US Census Bureau, Census On the Map.

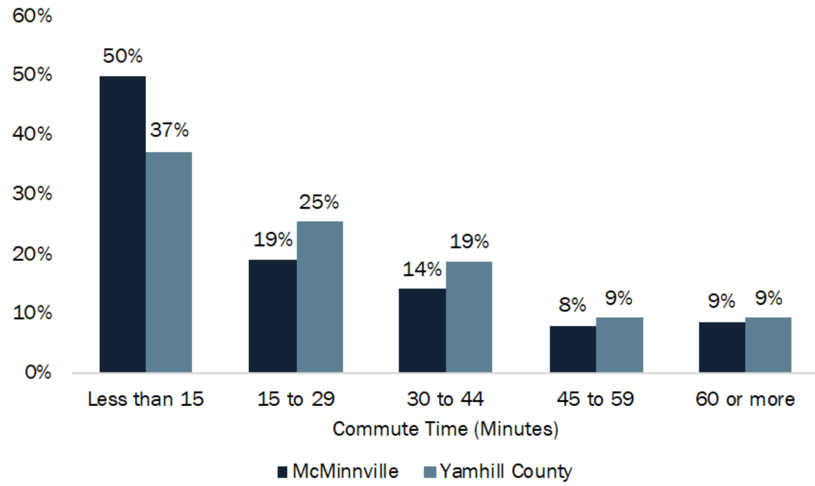
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

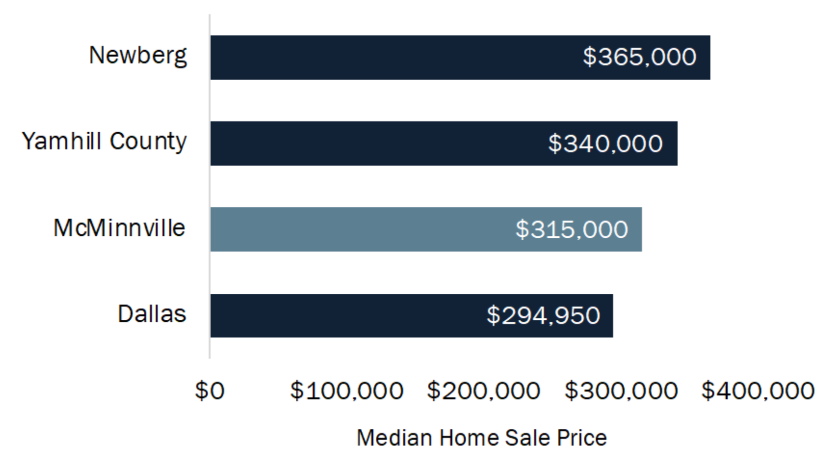
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.

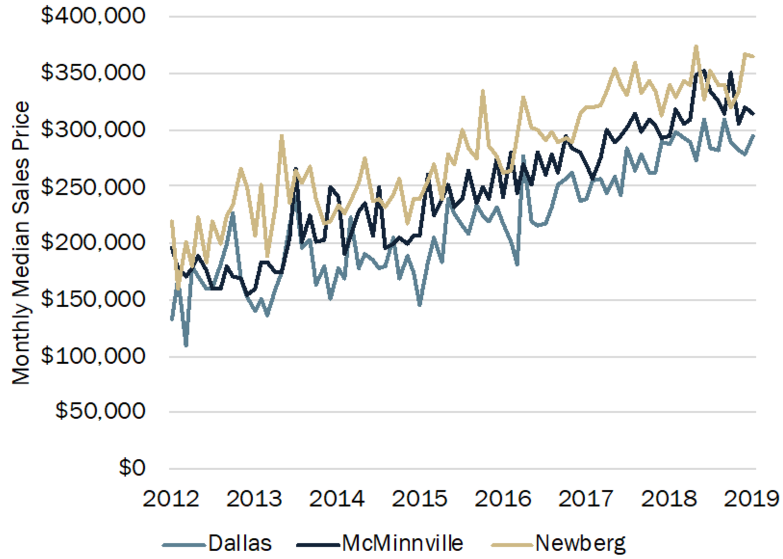


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019

Source: Redfin Median Sales Data 2018.

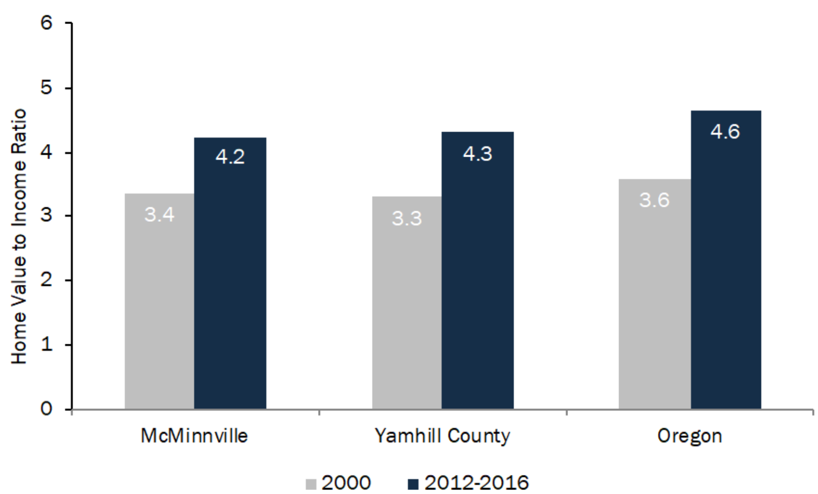


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

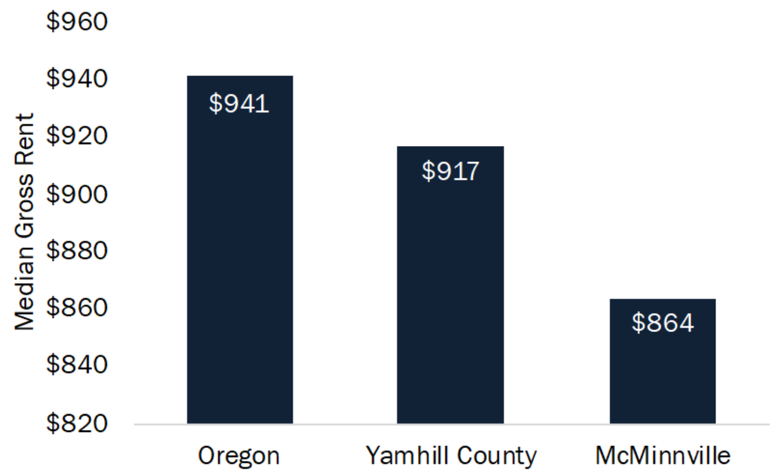
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

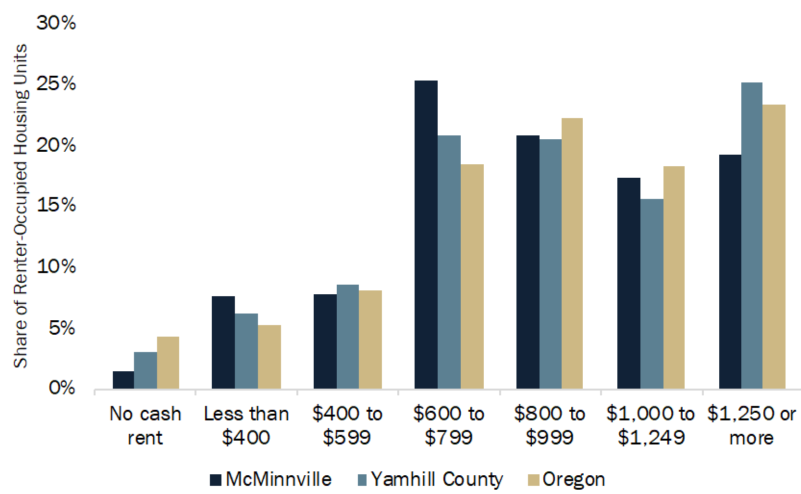


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

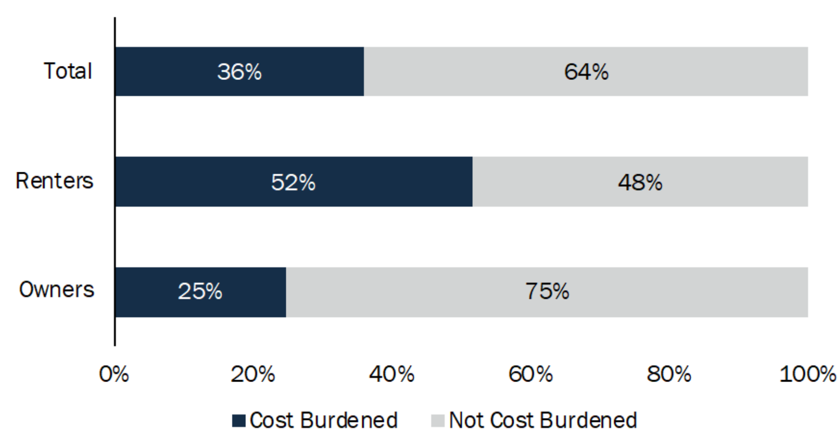
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

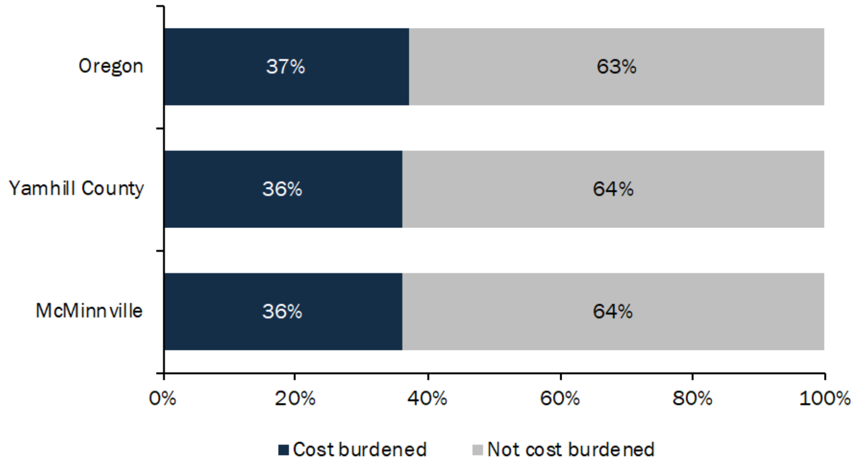
Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



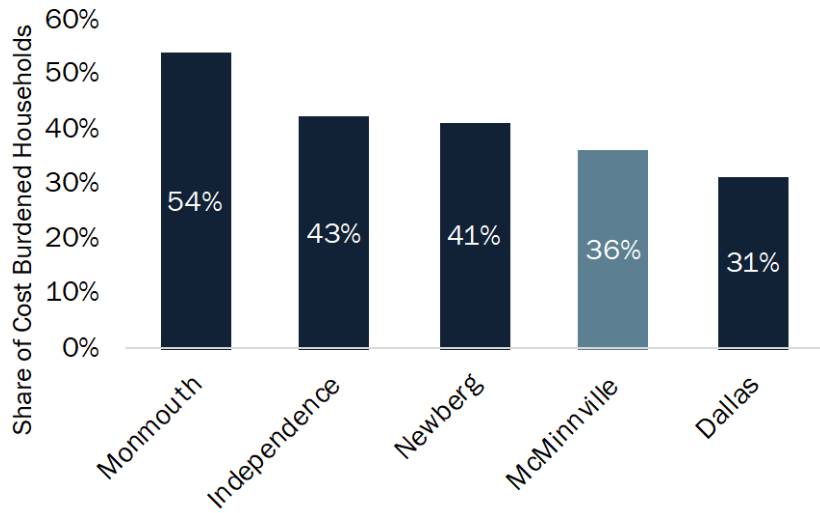
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Other communities in the region have a larger share of cost-burdened households than McMinnville does.

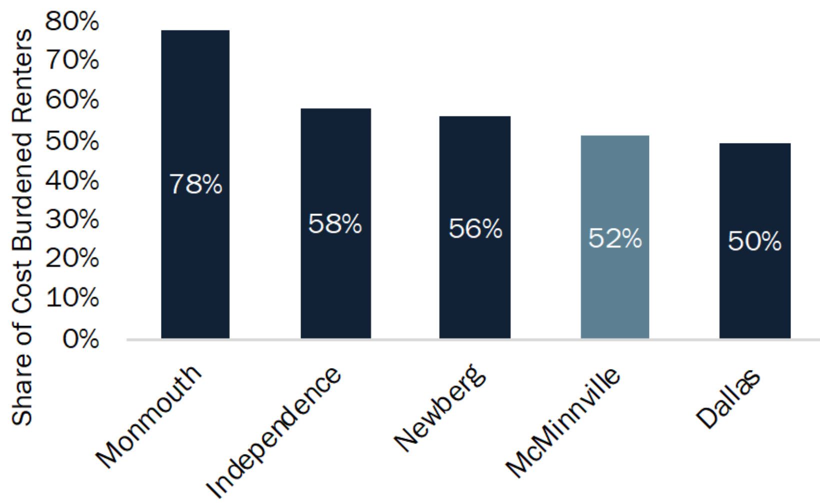
Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016

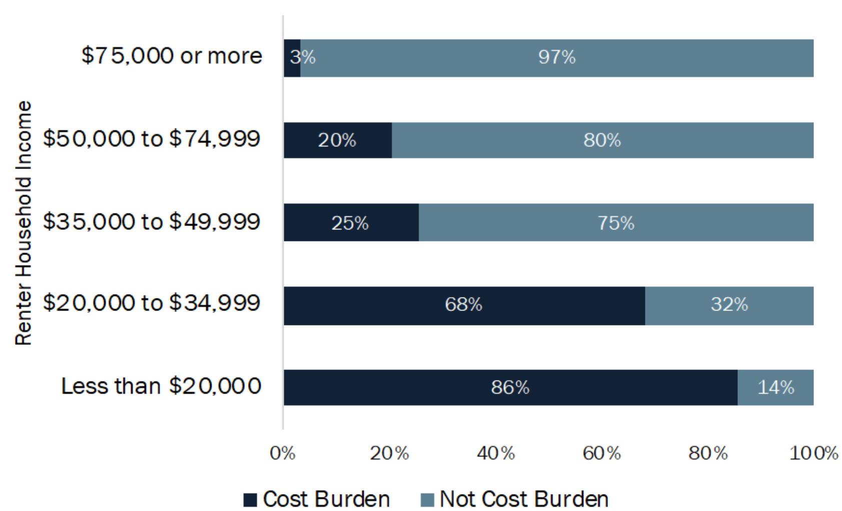
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

$1,026	$1,132	$1,330	$1,935	$2,343
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

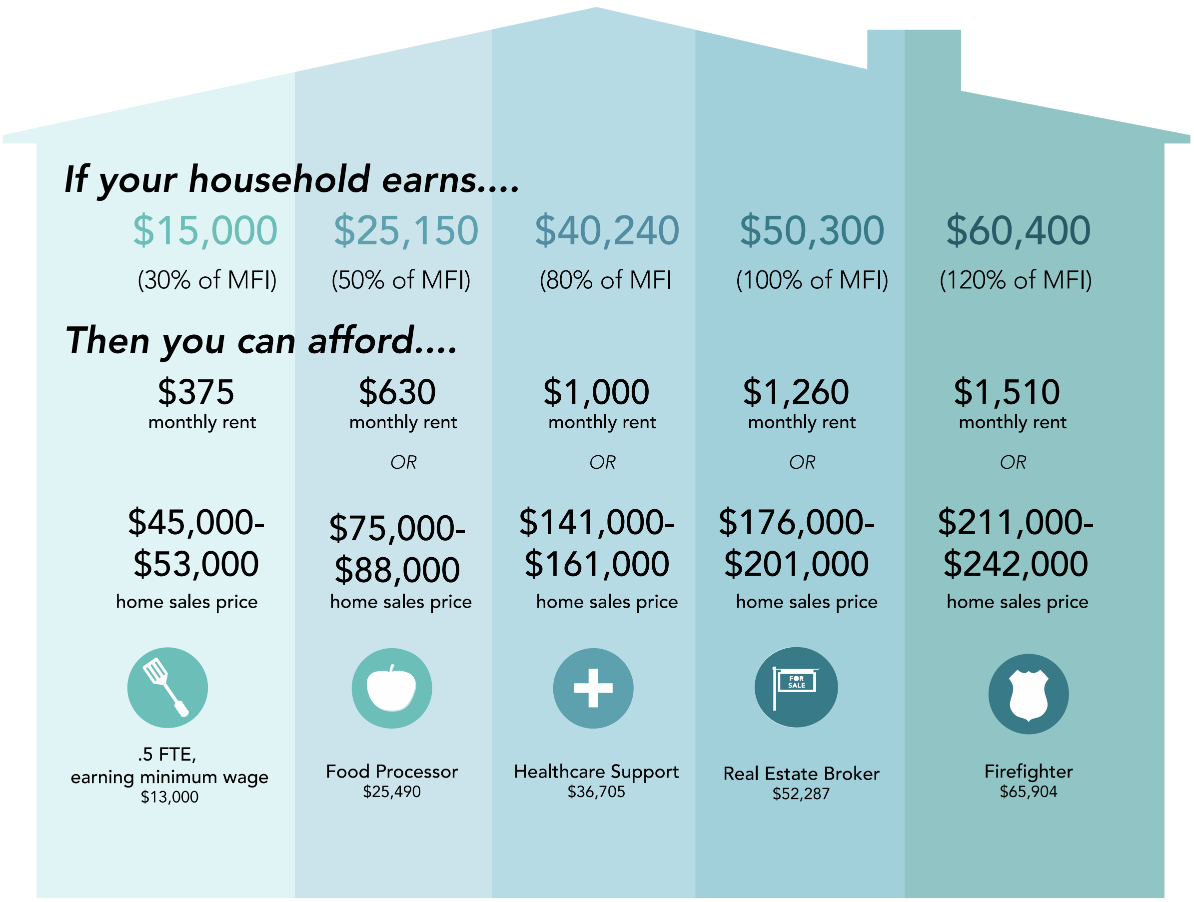
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

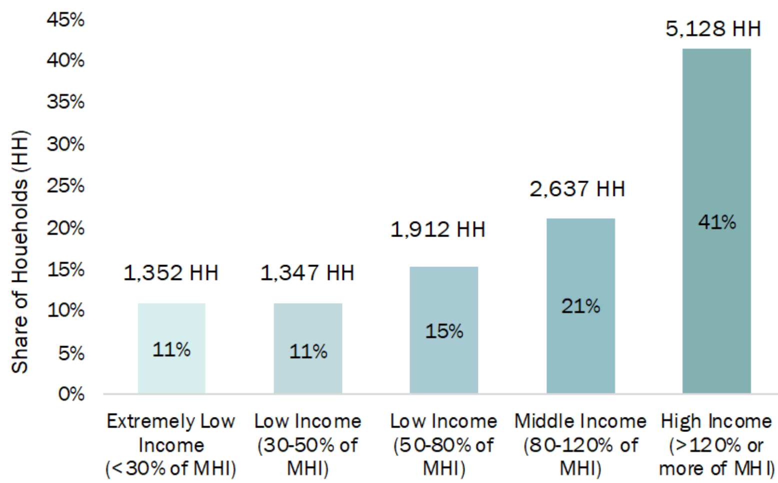
A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

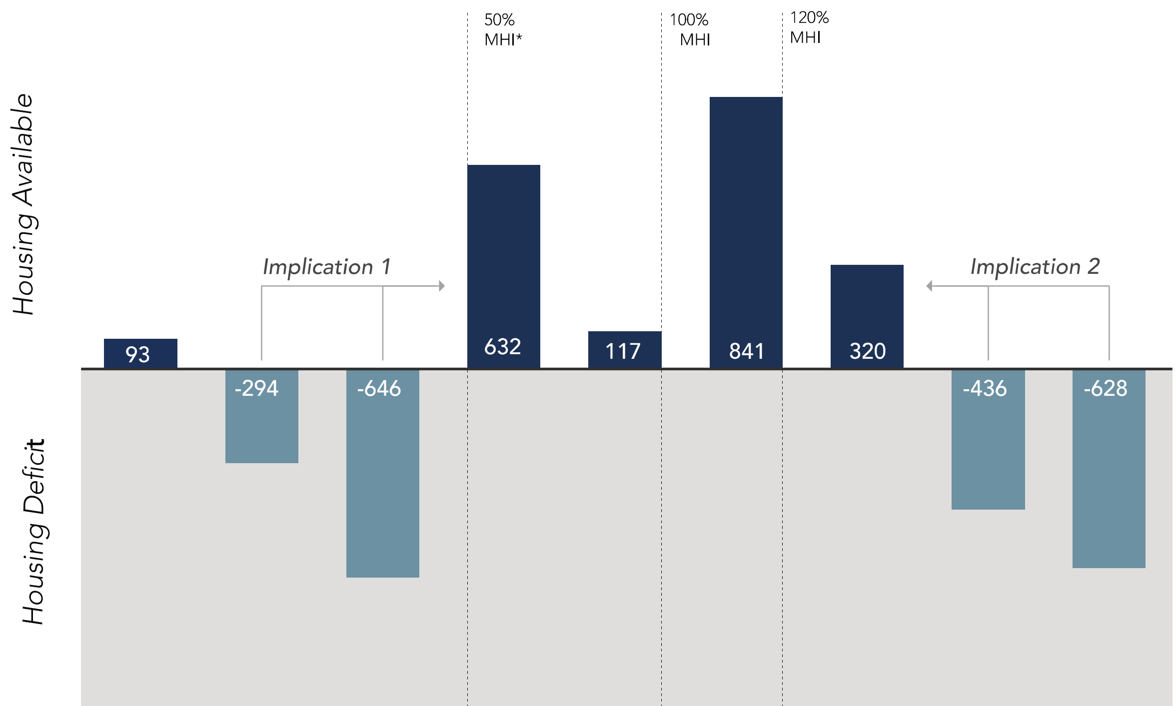
Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017

Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

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[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

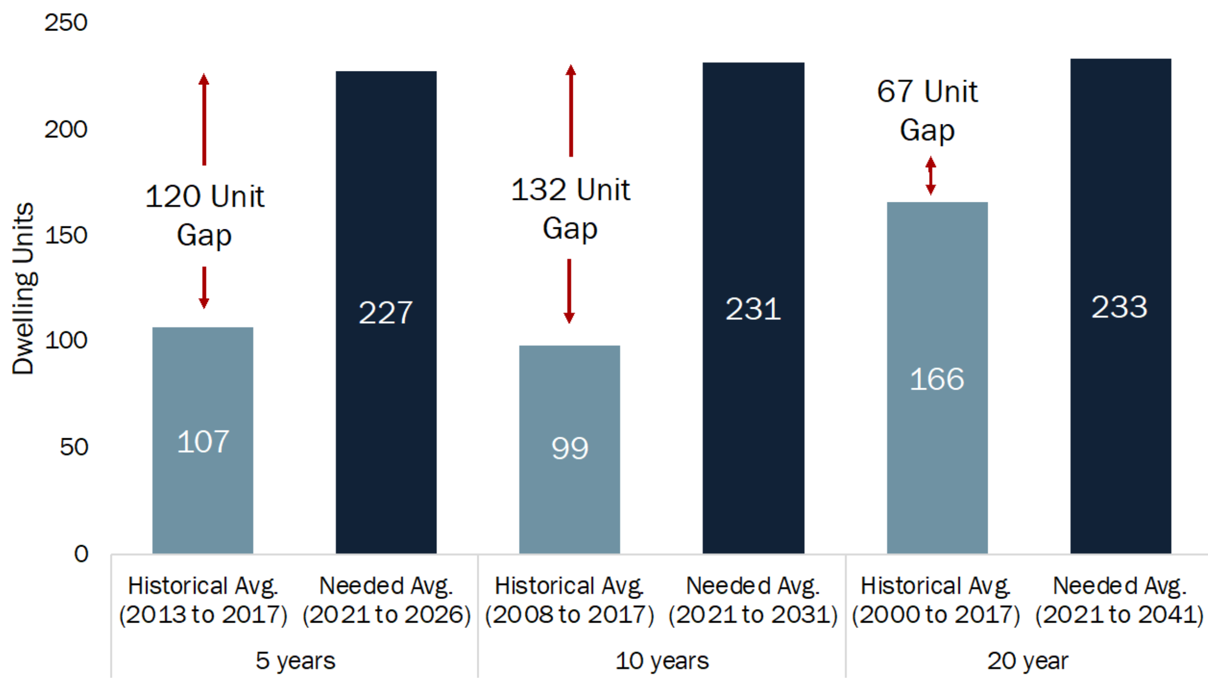
Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:

(A) the number, density, and average mix of housing types of urban residential development that have actually occurred;

(B) trends in density and average mix of housing types of urban residential development;

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

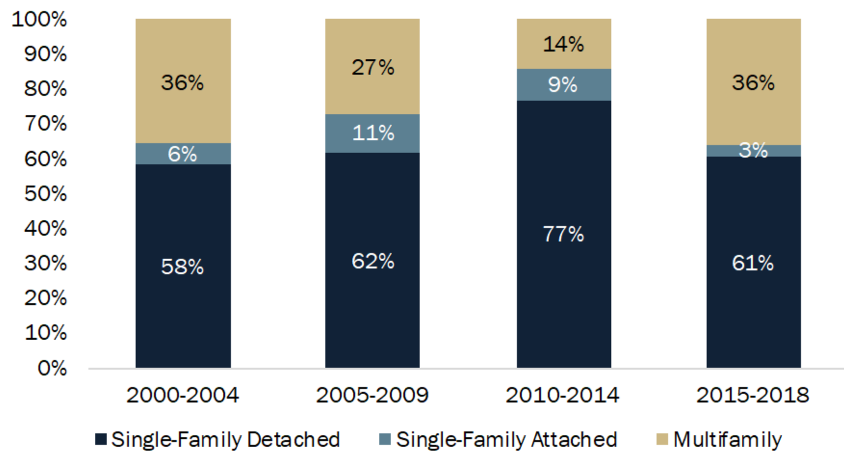
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

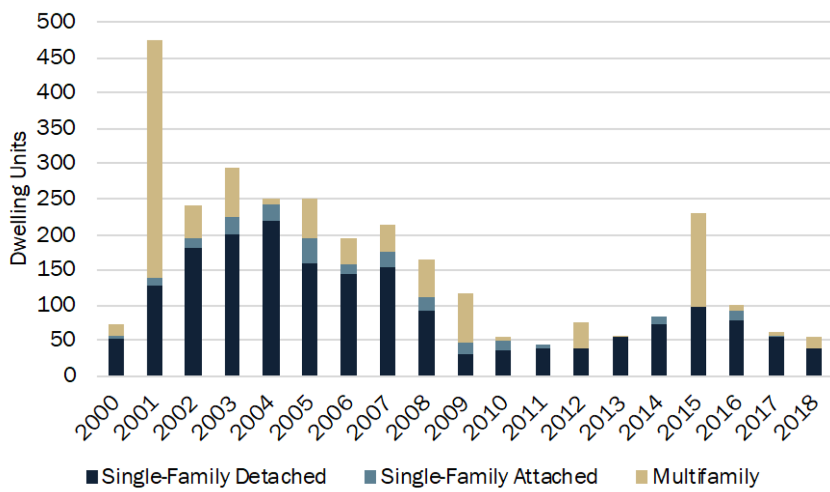
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

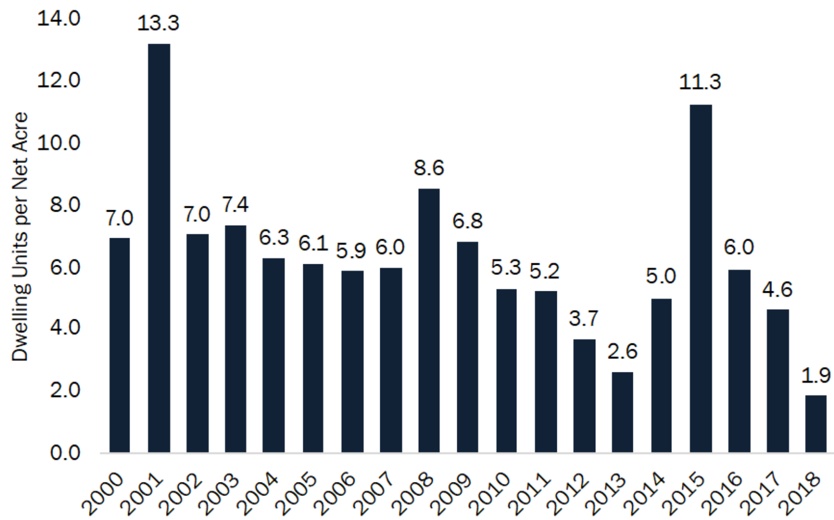
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
    - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
    - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

    - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
  - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
  - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
  - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	**335**
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

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[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

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[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

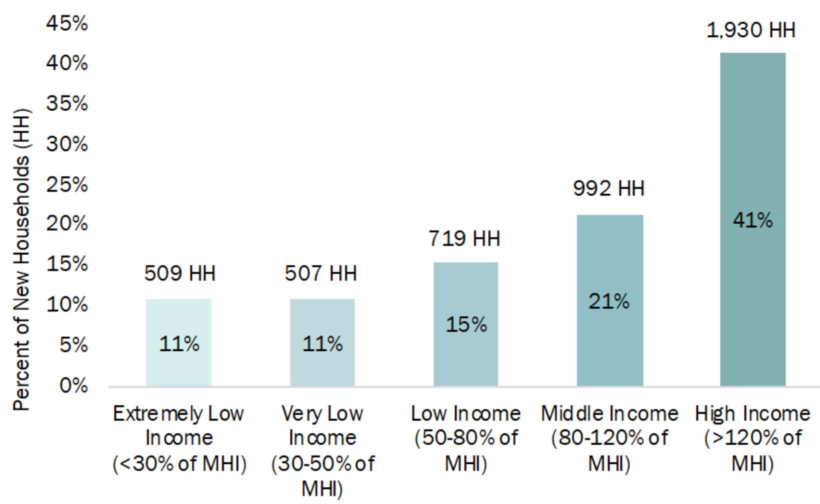

Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
  - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

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[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
    - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

      Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

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[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

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[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

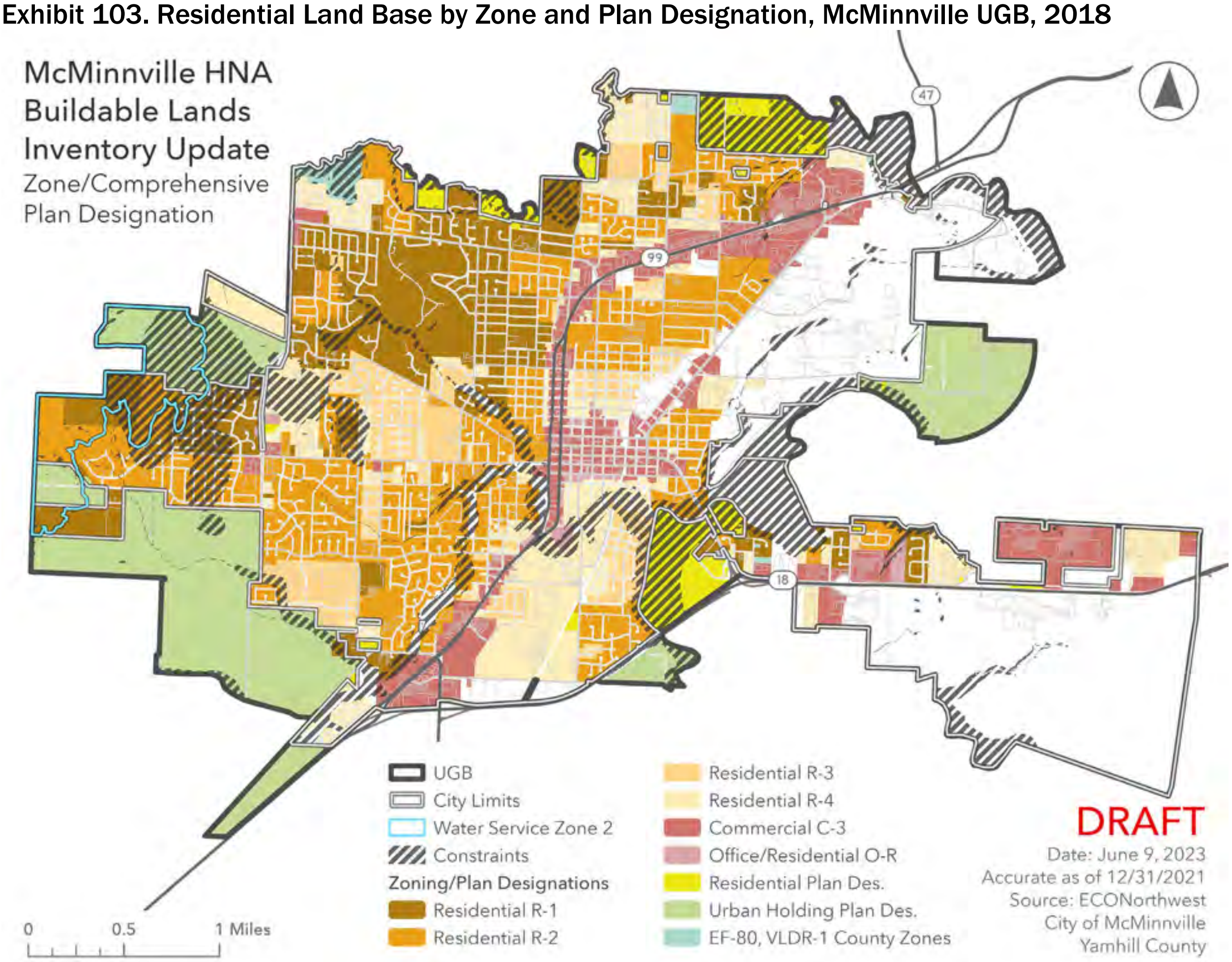
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067

Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041
Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,416	**88**	**575**	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	531	1,283	**88**	**531**	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

City of McMinnville Economic Opportunities Analysis

June 2023

Prepared for:

City of McMinnville

***FINAL* DRAFT REPORT**

ECONorthwest
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Acknowledgments

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to “Planned Development” overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

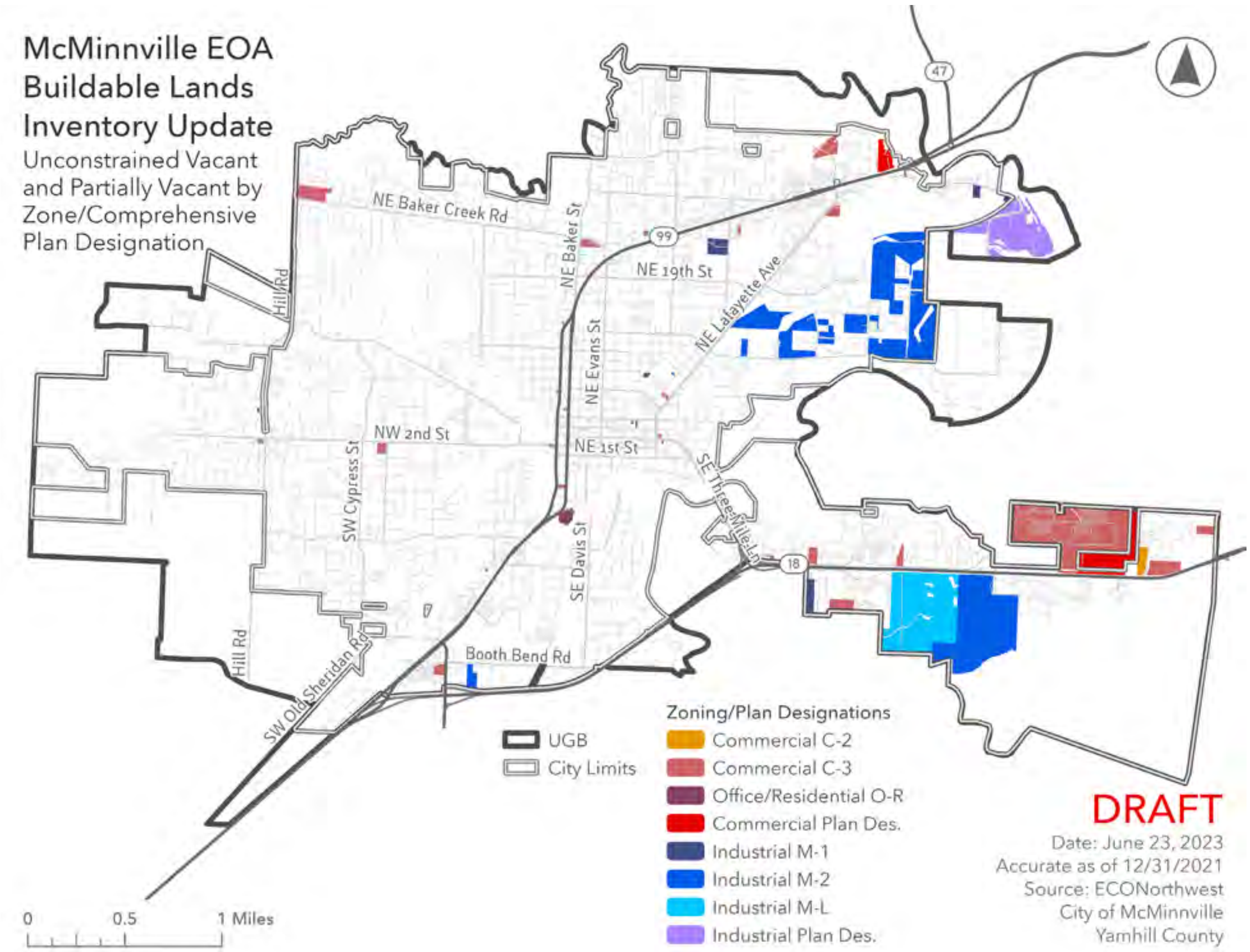
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need: 20-Year (2021-2041)	Additional Land Need: 46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 383 acres. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that

McMinnville's UGB expansion added about 383 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	383	477	(94)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
  - Accounting for land brought into the urban growth boundary in 2020
  - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, “As noted, while always an option for potential consideration, this EOA update assumes that McMinnville’s UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion.” The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville’s UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville’s current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn’t met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

"McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

> Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

> Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.
>
> Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.
>
> Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

> Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.
>
> Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes two appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

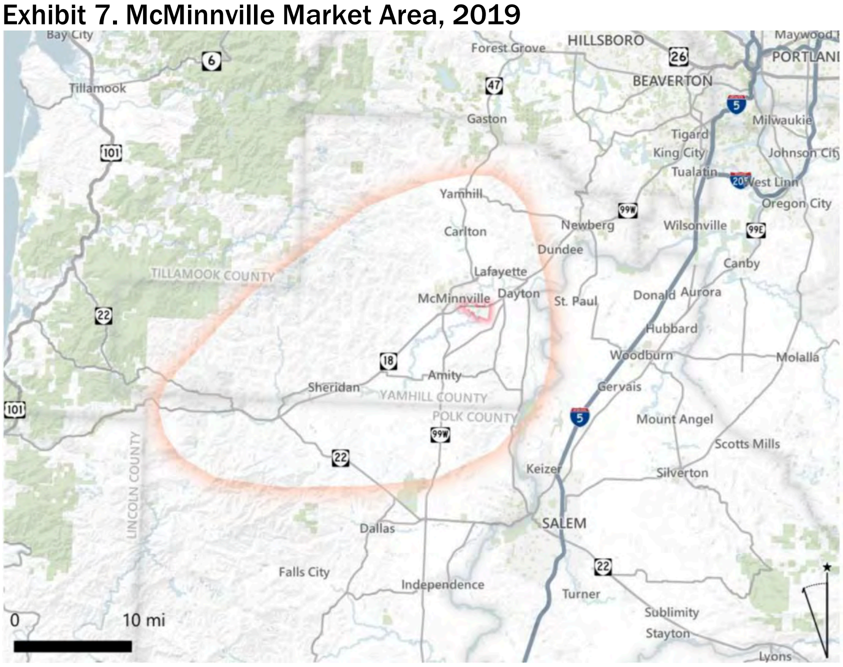
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

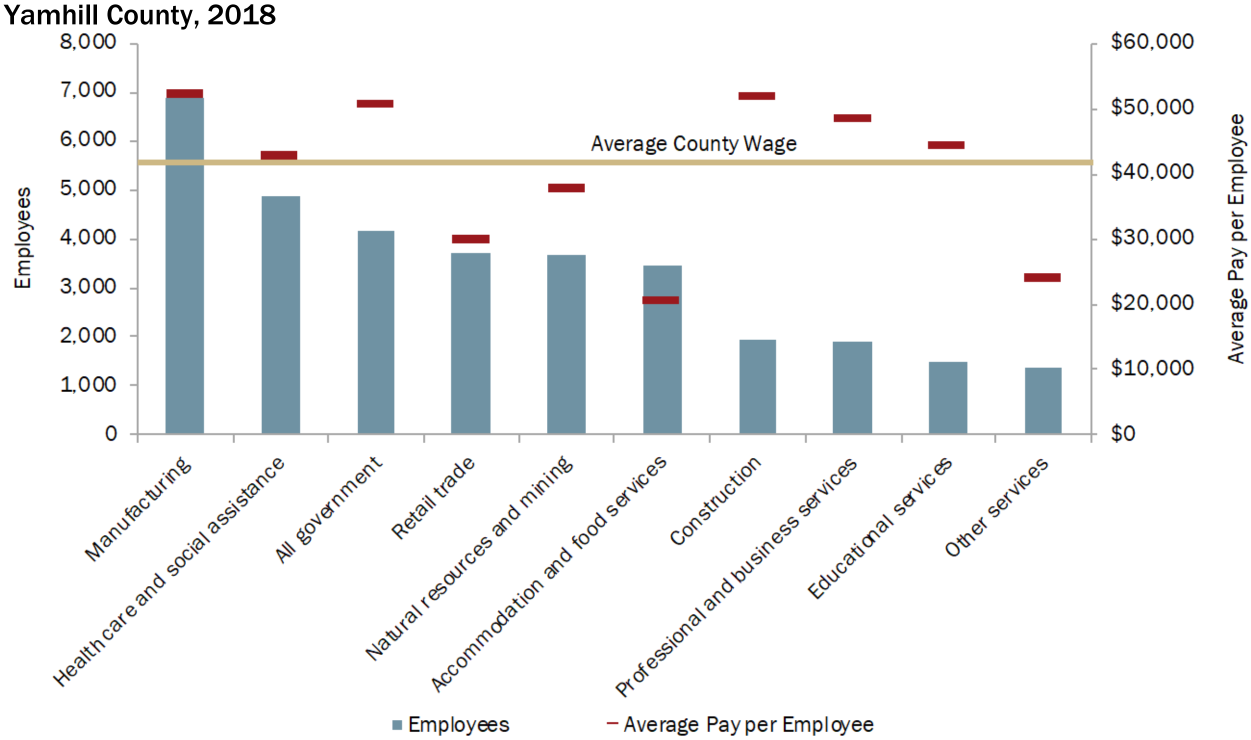
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

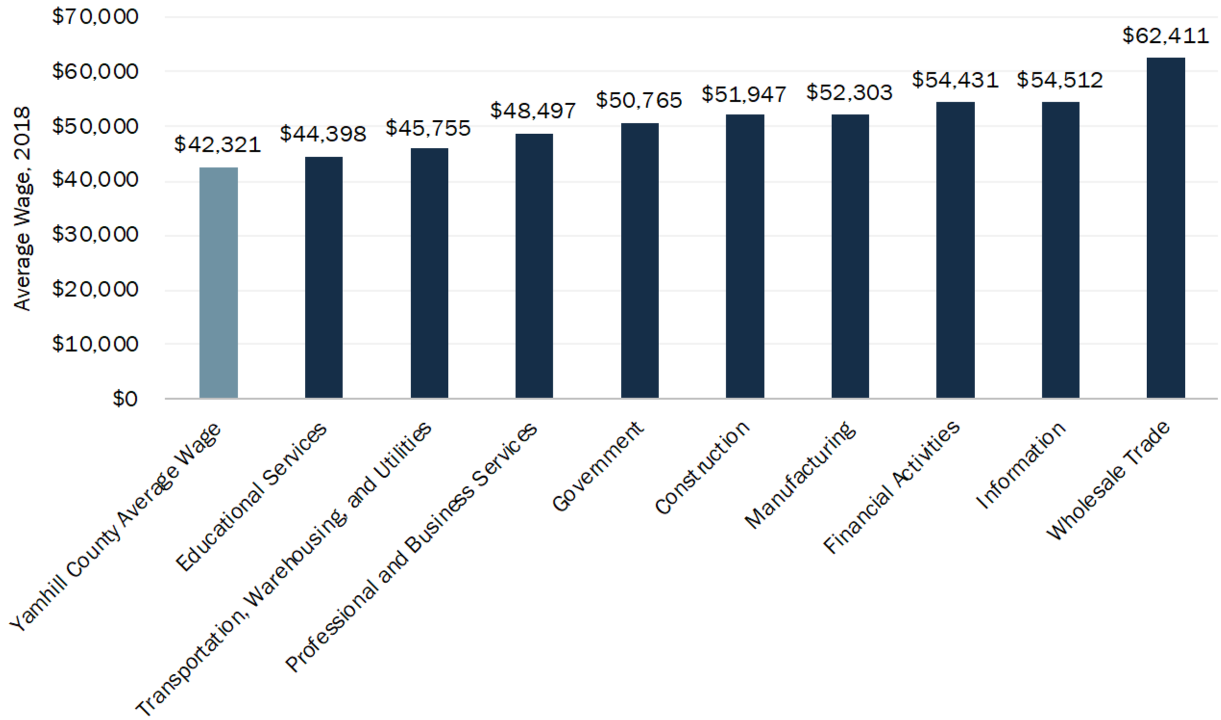
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

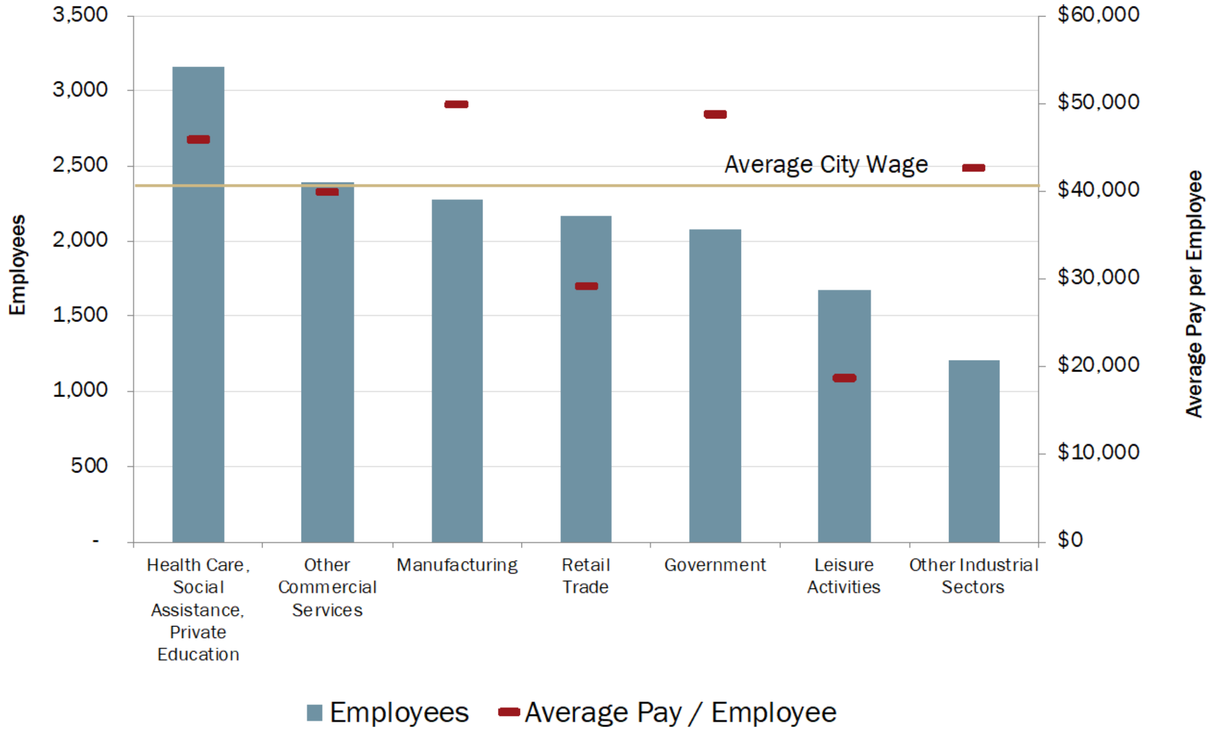
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

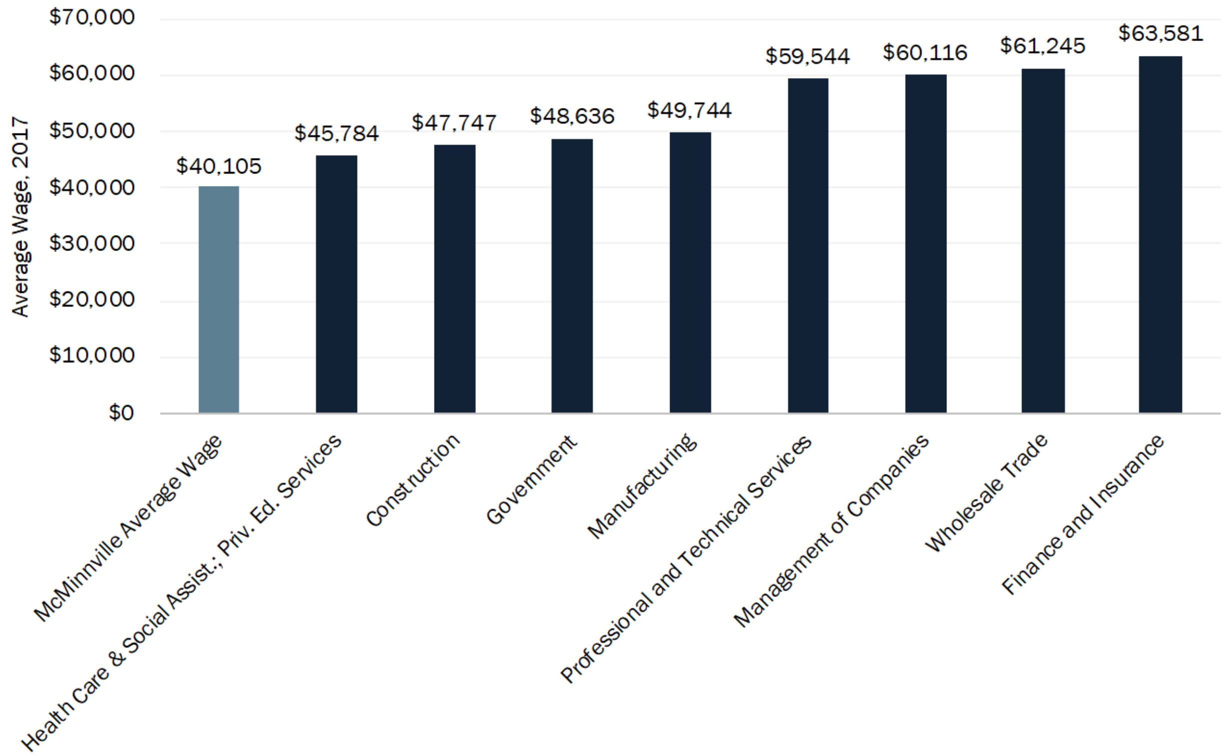
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

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[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

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[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

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[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see,* for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]
- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]
- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

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[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

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[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017. This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017

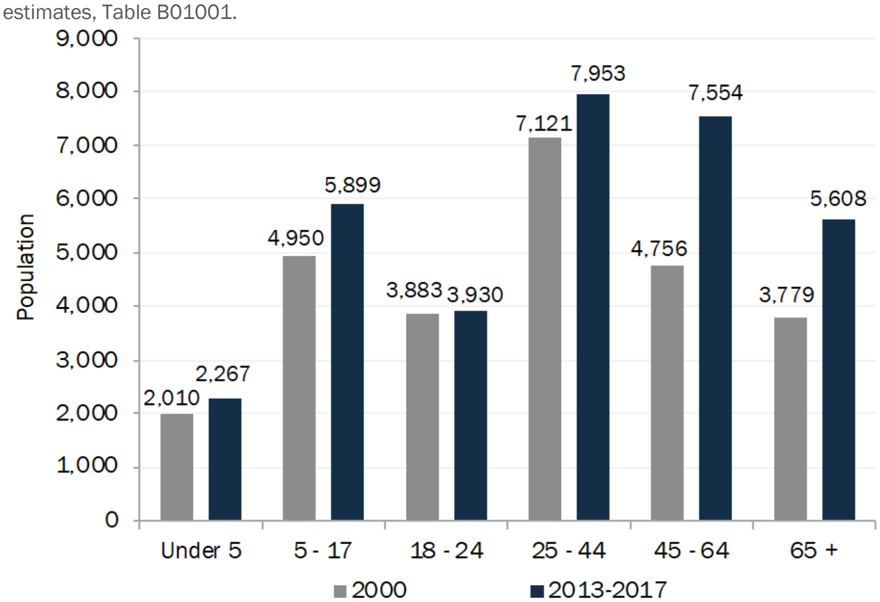
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%). This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017

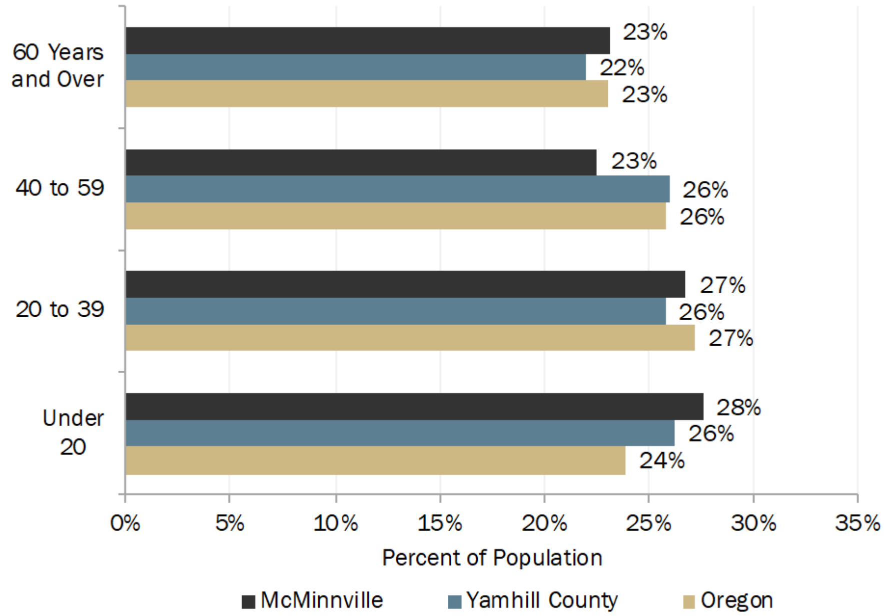
Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.
About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

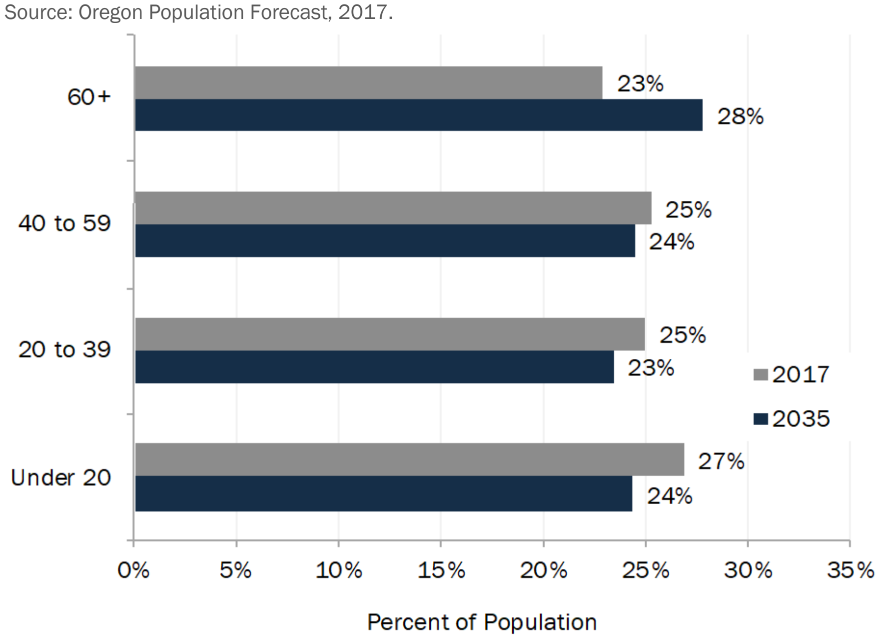
Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.



By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.
The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035
Source: Oregon Population Forecast, 2017.



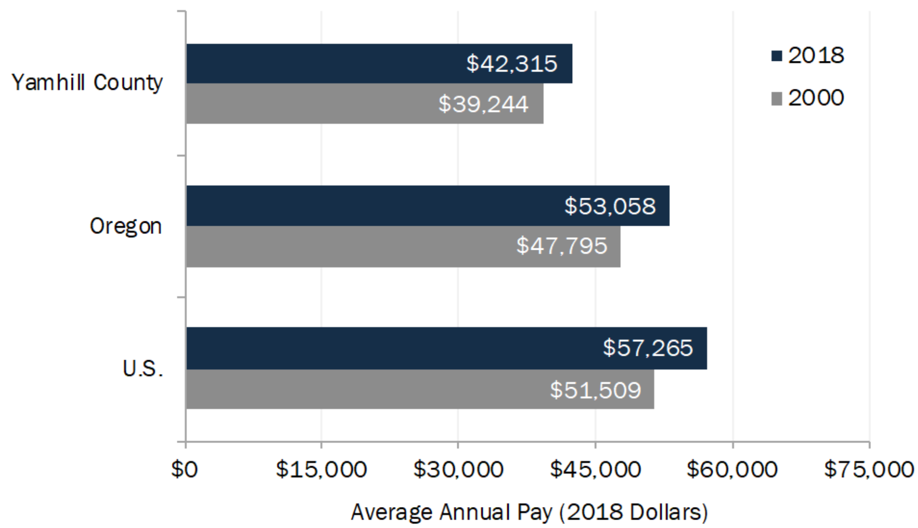
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299	$58,392	$56,119
McMinnville	Yamhill County	Oregon

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017

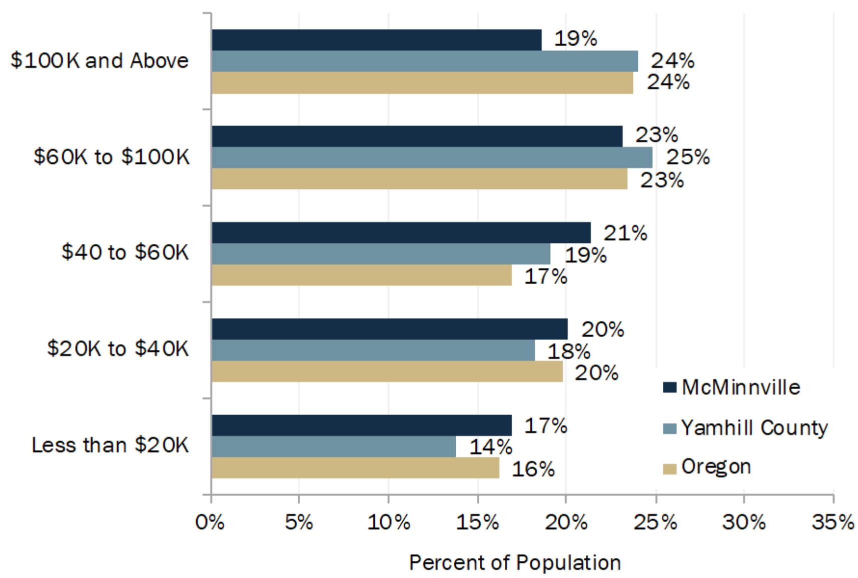
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



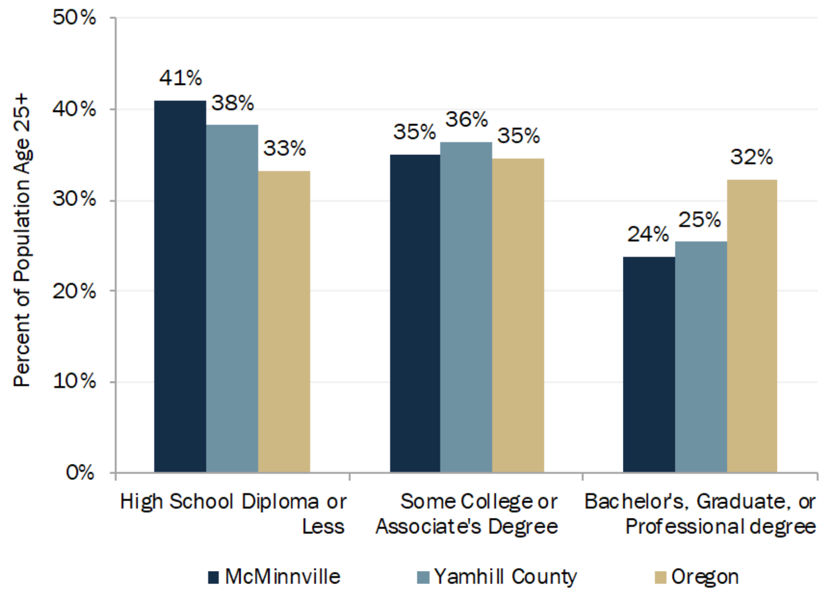
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

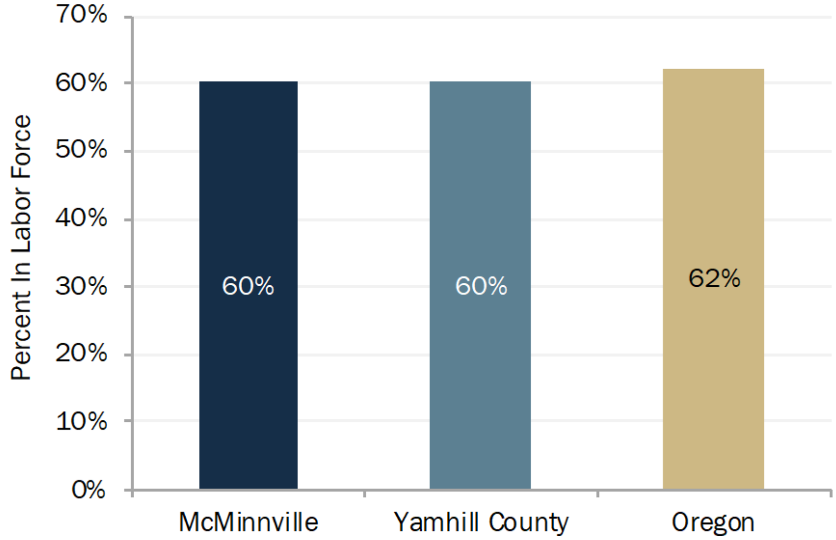
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



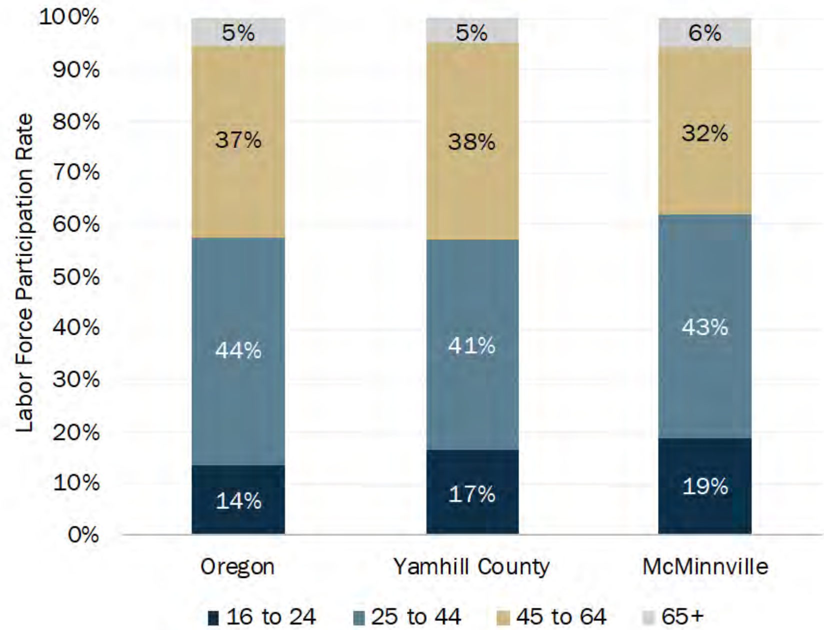
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

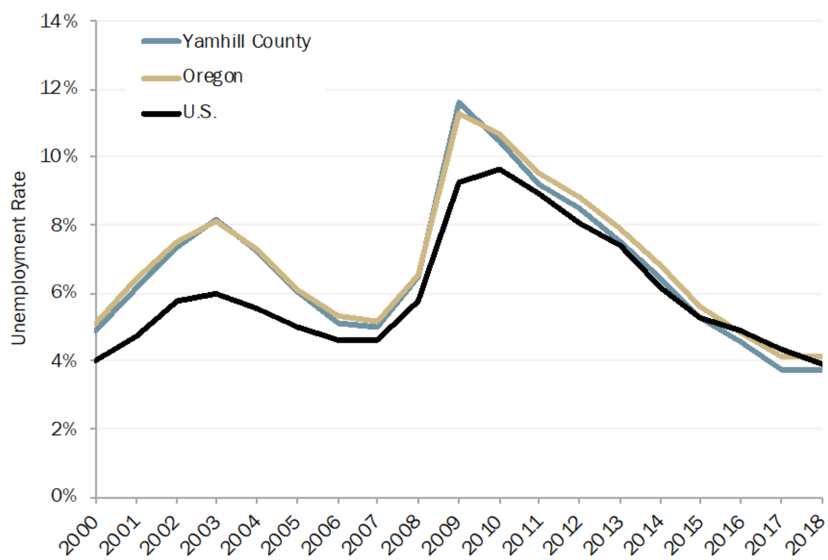


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



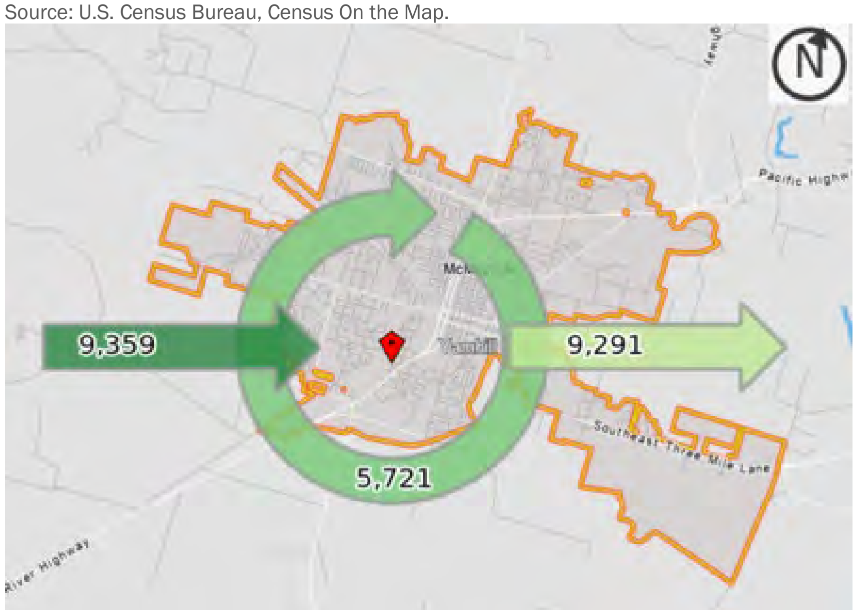
Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.
Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017
Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

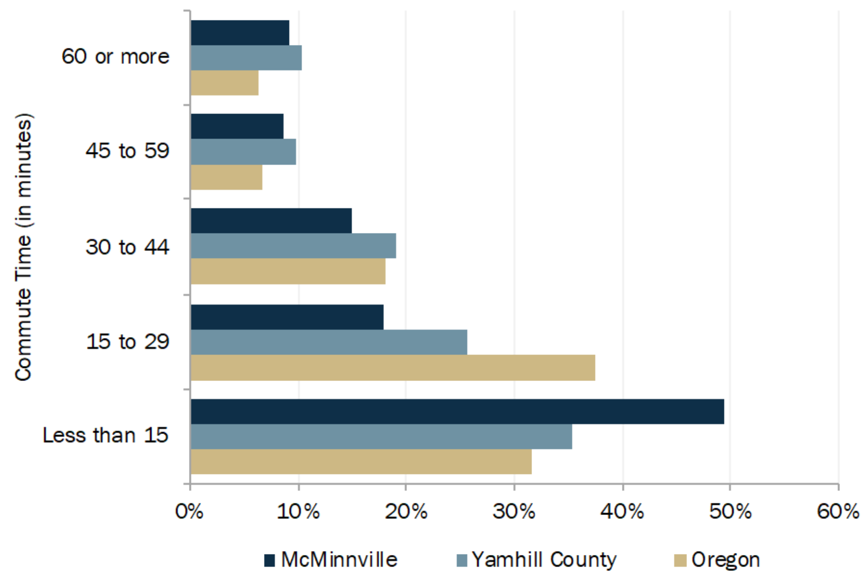
Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

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[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018. The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

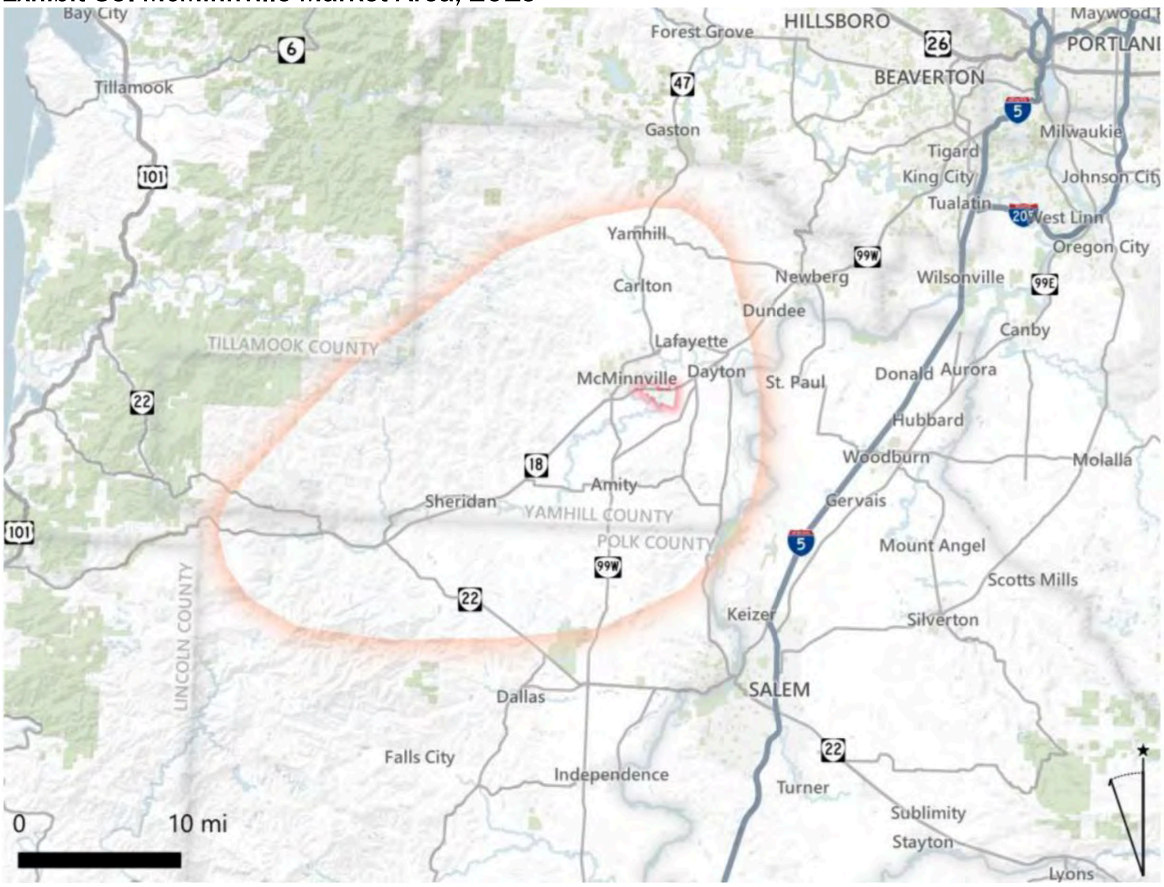
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

> "Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."

- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

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[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

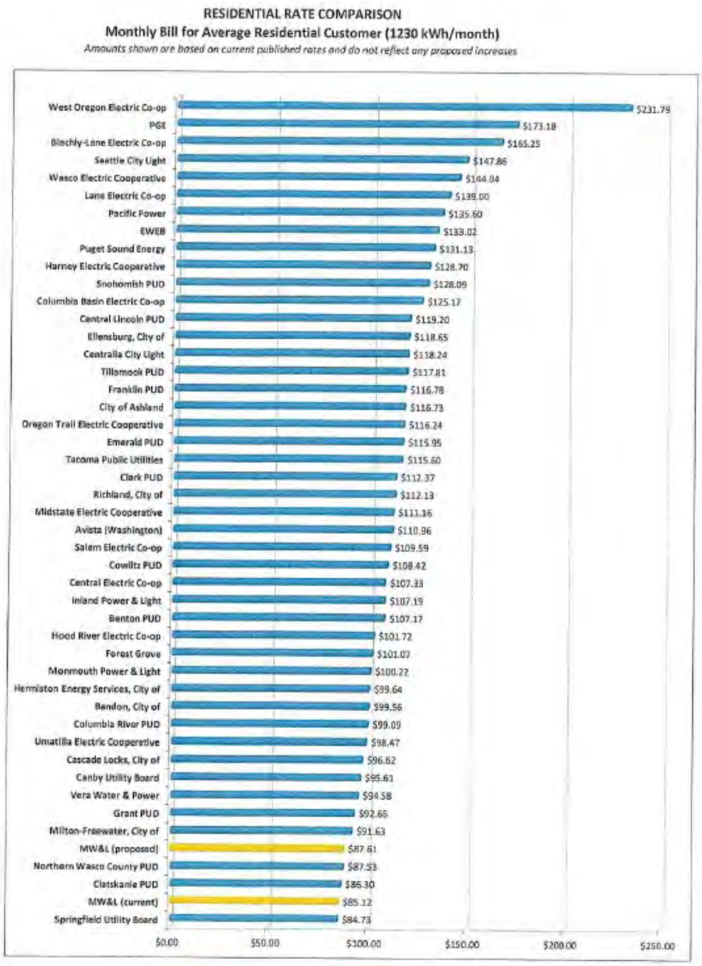
The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*

    - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.

    - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- o *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.

- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.
- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.
- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.
- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.
- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

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[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

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[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.
- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

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[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

Strengths • High quality of life to boast about and attract investment • Strong, widely-recognized downtown • Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors • Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets • Balanced employment across industry sectors • Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College) • Location advantages: • Good location in proximity to major metro area • High quality soils in surrounding areas, climate suited for agriculture • Natural environment assets nearby, including Yamhill River, access to the ocean and mountains • Inexpensive power and water, with sustainable sources • Major infrastructure assets: major highways, freight rail, airport • Various parks and recreational assets • Positive business climate perceptions and a sense of civic leadership	**Weaknesses** • Relatively low educational attainment • A limited labor pool for local companies and those looking to relocate • Difficult access to and from I-5 and no near near-term possibility of a more direct connection • End-of -the-line location for wine country visitors coming from the Portland area • Lack of housing options • Low levels of professional and office office-using employment • Comparatively high poverty rates and low median household income
Opportunities • Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities • Local airport has comparative advantages over other regional airports • Highway 99 bypass : future completion will improve access to McMinnville • A stronger framework for regional collaboration , improved opportunity in surrounding communities • Opportunity sites for new downtown development • New housing development – higher density , diversity of types, live live-work units • Improved connections to the University of Oregon and Oregon State University • Stronger branding and improved gateways into McMinnville • Innovation in agriculture and food systems • Wine -oriented makerspace • Food hub • $6M gift to Linfield College's wine program • Expanded culinary and craft beverage retail offerings	**Threats** • Limited land availability for residential, commercial and industrial development • Regulatory challenges associated with UGB expansion • Worsening housing affordability • Brain drain due to local graduates leaving for other job markets • Absorption of projected growth without detrimental impacts to character, congestion, affordability • Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs • Need to find a sustainable solution to homelessness • Future impacts of climate change on agriculture and related industries, including tourism

Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
  - 4.1 Ensure workforce availability in trades and other mid-skill positions.
    - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
    - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
  - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
  - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
  - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
  - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
  - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
  - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
  - 5.1 Become a place where small and medium technology firms can relocate and grow.
    - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
    - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
    - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
    - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
    - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
    - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
    - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
  - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
  - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
  - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
  - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
  - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
  - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
  - 6.1 Make downtown the best it can be.
    - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
    - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
    - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
    - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
  - 6.2 Become the preferred destination for wine-related tourism.

        - Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
        - Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
        - Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
        - Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville
    - 6.3 Diversify tourism destinations beyond wine.
        - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
        - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
        - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
        - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
        - Become a national destination for bicycle tourism and other recreational and leisure activities.
    - 6.4 Market and promote McMinnville.
        - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
        - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
        - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
    - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

    - Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
    - Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
    - Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
    - Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.
- 7.2 Locate higher job-density food and beverage activities within McMinnville.
    - Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
    - Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
    - Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
    - Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
    - Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
    - Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
    - Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
    - Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
    - In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

- Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
- Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
- Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods

- 7.4 Open new markets for local agricultural products.
  - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
  - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
  - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
- 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
  - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
  - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
  - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
  - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
  - Evaluate alignment of current food cart regulations with community goals.
- 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
  - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
  - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.

    - Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
    - Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
    - Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
    - Foster R&D opportunities for existing and emerging industries.
- 8.4 Improve and expand connections between key institutions and the City of McMinnville.
    - Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
    - Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	**718**	**73%**	**607**	**41%**
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	**265**	**27%**	**888**	**59%**
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	**100%**	**1,494**	**100%**

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

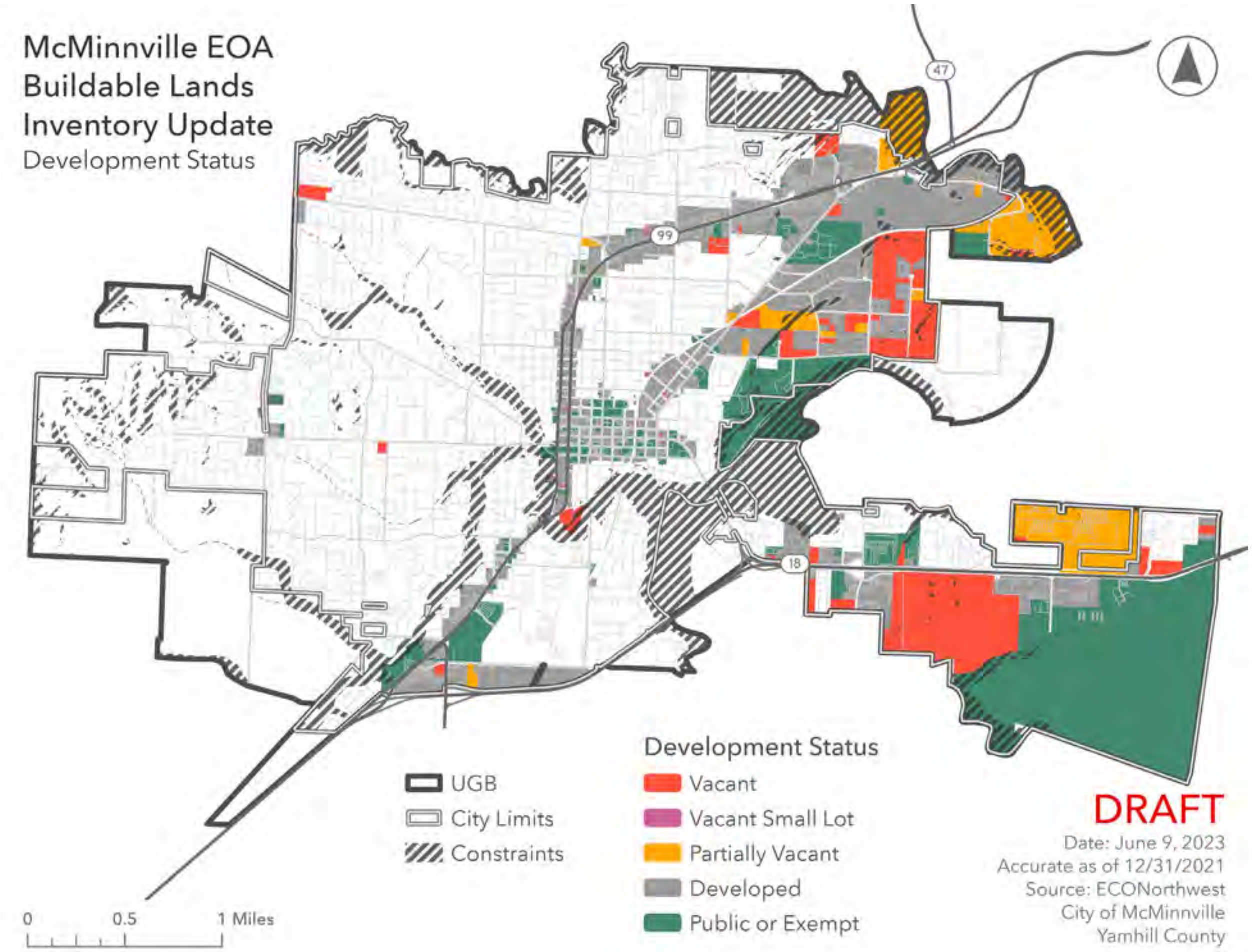
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

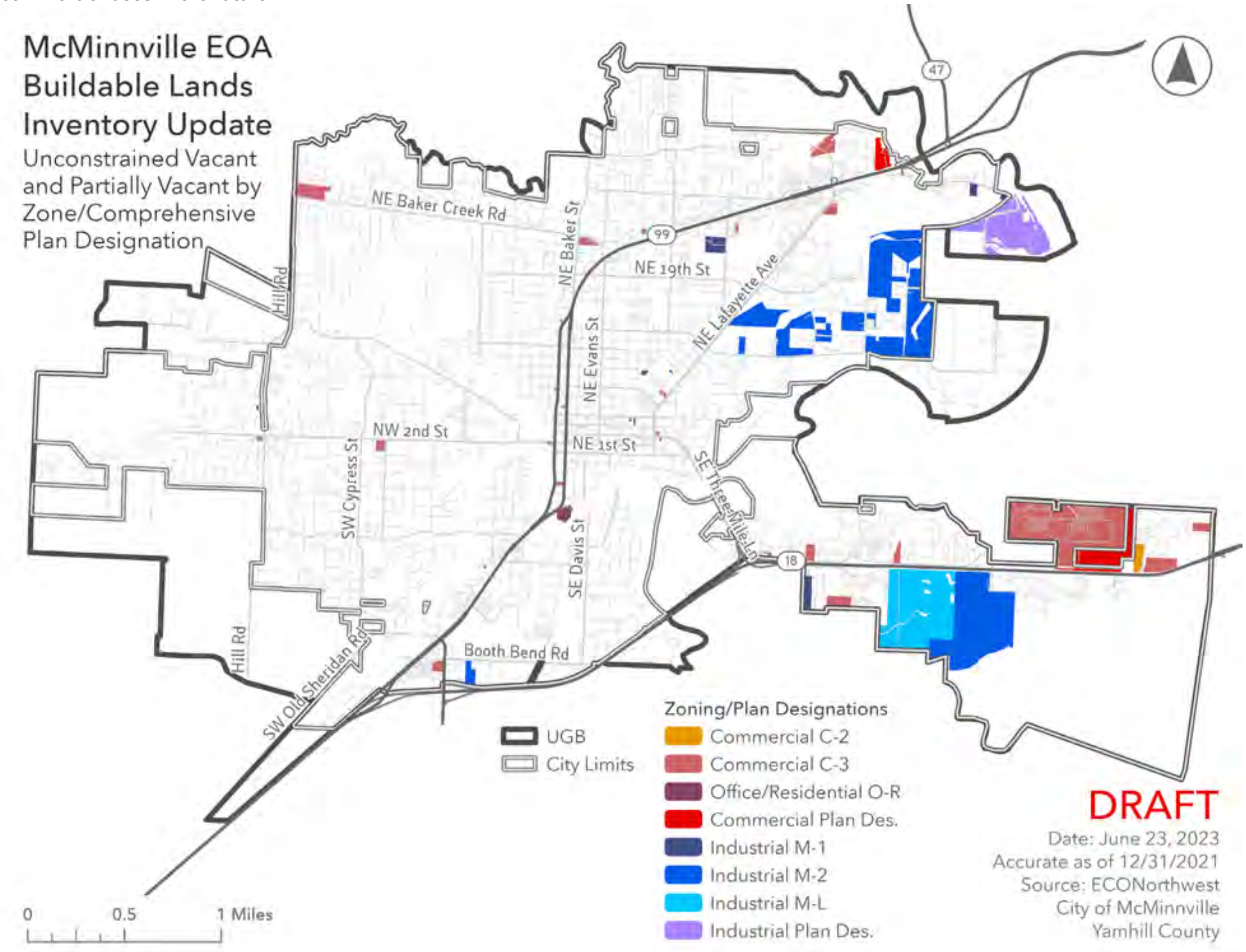
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	**-**	**4.4**	**22.4**	**13.5**	**23.2**	**-**	**-**	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	**-**	**16.8**	**-**	**-**	**-**	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	**-**	**-**	**-**	**-**	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	**-**	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	**-**	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	**-**	**1**	**3**	**1**	**1**	**-**	**-**	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	**-**	**1**	**-**	**-**	**-**	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	**-**	**-**	**-**	**-**	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	**-**	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	**-**	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

Land Use Type	2021		2041		Change
	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

102 Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

[109] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= <u>net increase of 49 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft² of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
	Developed acres size									
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

U.S. Shopping-Center Classification and Typical Characteristics*								
Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience store anchor	N/A	N/A	Convenience store, such as a mini-mart	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertaiment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors, retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

IFA Infrastructure Finance Authority

	CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UAV Manufacturing / Research	Data Center	Rural Industrial
1	GENERAL REQUIREMENTS		Site is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCIMA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 120 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/in 10	w/ in 10	w/in 30	w/in 15	w/in 20	N/A	N/A	w/in 5 (only interstate or equivalent)	w/in 5 (only interstate or equivalent)	N/A	w/in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/in 60	w/ in 60	w/in 60	w/in 30	w/in 60	w/in 30	w/in 60	w/in 60	w/in 60	w/in 30	w/in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/in 300	w/in 300	w/in 300	w/in 100	w/in 300	w/in 100	w/in 300	w/in 300	w/in 300	w/in 100	w/in 300	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Diameter)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Diameter)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1600 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Diameter)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2100 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Diameter)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
##	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical ↑ Less Critical

'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards

'Competitive' significantly increases marketability and is *highly recommended by Business Oregon*. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.

'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled “Need 2” in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			Revised Size Classes and Assignments		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …“Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies.”

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

114 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			**<u>4:</u>**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			**<u>4:</u>**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Light/Flex Industrial</u>			**<u>6:</u>**							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
			1	25-50 ac						1
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					
<u>Warehousing & Distribution</u>			**<u>5:</u>**							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
			3	10-25 ac			1	1	1	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred			(1) 10ac, (1) 15ac, (1) 20ac					

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Specialized</u>			**<u>2:</u>**							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
    - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
    - 2. Provides expansion room for commercial establishments and allows dense residential development;
    - 3. Provides efficient use of land for adequate parking areas;
    - 4. Encourages vertical mixed commercial and residential uses; and,
    - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

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[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name

Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
    - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
    - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

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[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>**Examples:**</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>**Example:**</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	<u>**Master Plan Facilities:**</u> Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for “Evergreen” above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		<u>**Average Annual Employment:**</u> Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 <u>Makerspace: 3</u> **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = <u>**net increase of 49 acres**</u> for other needed sites, over acres calculated from average employees/acre	

Growing McMinnville MINDFULLY

Growing McMinnville MINDFULLY

PART 2

Tonight's Work Session

Review Draft Results of:

- ❖ **Housing Needs Analysis**
- ❖ **Economic Opportunities Analysis**
- ❖ **Public Lands Need Analysis**

Discuss Next Steps

Updates of 2019/2020 Drafts

Tonight's Work Session

Review Draft Results of:

- Housing Needs Analysis
- Economic Opportunities Analysis
- Public Lands Need Analysis

Discuss Next Steps

Updates of 2019/2020 Drafts

State Mandate – HB 2003 (2019 Legislative Session), McMinnville needs to submit a Housing Needs Analysis and updated Buildable Lands Inventory prior to December 31, 2023.

City Strategies

GOAL: HOUSING – Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks and land supply align with market-driven housing needs.

GOAL: GROWTH AND DEVELOPMENT CHARACTER – Guide growth and development strategically, responsively, and responsibly to enhance our unique character.

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

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

Background and History

City of McMinnville

2016 - LONG RANGE PLANNING NEEDS ASSESSMENT

PLANNING DEPARTMENT: REVIEW/STATUS OF LONG RANGE PLANNING PROGRAM

TYPE OF PLAN	PLAN	ADOPTED	UPDATED	PRIORITY (H, M, L)	RISK (H, M, L)	Tax Base ROI	Quality of Life	CASH RESOURCE	STAFF RESOURCE
COMPREHENSIVE PLAN	Community Vision	1981	2001: 15 Years Past Due	H		X	X	$225,000	1.25 FTE for 2 Years
	Comprehensive Comp Plan Update	1981	2001: 15 Years Past Due	H		X	X	$75,000	.5 FTE for 1 Year
	Transportation System Plan	2010	2020	L		X	X	$150,000	.5 FTE for 1 Year
	Public Facility Plan	1995	2005: 10 Years Past Due	M		X	X	$150,000	.5 FTE for 1 Year
	Parks Master Plan	1999	2009: 6 Years Past Due	M		X	X	$75,000	.5 FTE for 1 Year
	Historic Preservation Plan	1987	1997: 20 Years Past Due	H			X	$15,000	.25 FTE for 6 months
	BLI – Housing	2001	2005: 10 Years Past Due	H		X	X	In-House	.5 FTE for 6 months
	BLI – Economic	2012 (2001)	2017	H		X	X	In-House	.5 FTE for 6 months
	Housing Needs Analysis	1998	2008: 8 Years Past Due	H		X	X	$50,000	.5 FTE for 1 Year
	Economic Opportunity Analysis	2014 (2001)	2024	M		X	X	$25,000	.25 FTE for 1 Year
	Urban Reserve Area	NEVER DONE		H		X	X	$500,000	2 FTES for 2 Years
	UGB Amendment	1998 – Never Final	2003: 13 Years Past Due	H		X	X	$500,000	2 FTES for 2 Years
	Add Zones to Comp Plan – Airport, Park, Public Facility	NEVER DONE		H				In-House	.25 FTE for 1 Year

DRAFT

State Law Mandates

Federal Law Mandates

Strategic Planning

Foundational

Documents

- Comprehensive Plan
- Development Code

Slide from January 2017 City Council Meeting

City of McMinnville

2016 - LONG RANGE PLANNING NEEDS ASSESSMENT

PLANNING DEPARTMENT: REVIEW/STATUS OF LONG RANGE PLANNING PROGRAM

TYPE OF PLAN	PLAN	ADOPTED	UPDATED	PRIORITY (H, M, L)	RISK (H, M, L)	Tax Base ROI	Quality of Life	CASH RESOURCE	STAFF RESOURCE
COMPREHENSIVE PLAN	Community Vision	1981	2001: 15 Years Past Due	H		X	X	$225,000	1.25 FTE for 2 Years
	Comprehensive Comp Plan Update	1981	2001: 15 Years Past Due	H				75,000	.5 FTE for 1 Year
	Transportation System Plan	2010	2020					0,000	.5 FTE for 1 Year
	Public Facility Plan							000	.5 FTE for 1 Year
									.5 FTE for 1 Year
	H Pl								.25 FTE for 6 months
	BLI							n-House	.5 FTE for 6 months
	BLI – E					X	X	In-House	.5 FTE for 6 months
	Housing Analysis		ears Past Due	H		X	X	$50,000	.5 FTE for 1 Year
	Economic Opportunity Analysis	2014 (2001)	2024	M		X	X	$25,000	.25 FTE for 1 Year
	Urban Reserve Area	NEVER DONE		H		X	X	$500,000	2 FTES for 2 Years
	UGB Amendment	1998 – Never Final	2003: 13 Years Past Due	H		X	X	$500,000	2 FTES for 2 Years
	Add Zones to Comp Plan – Airport, Park, Public Facility	NEVER DONE		H				In-House	.25 FTE for 1 Year

Comp Plan - 1981
BLI/ Housing – 1999
HNA - 2001
Parks - 1999

State Law Mandates

Federal Law Mandates

Strategic Planning

Foundational

Documents

- Comprehensive Plan
- Development Code

$1,700,000
+ 2 FTES

City of McMinnville

Slide from January 2017 City Council Meeting

WORK SESSION DISCUSSION

Long Range Strategic Planning

PLANNING DEPARTMENT: REVIEW/STATUS OF LONG RANGE PLANNING PROGRAM

TYPE OF PLAN	PLAN	ADOPTED	UPDATED	PRIORITY (H, M, L)	RISK (H, M, L)	Tax Base ROI	Quality of Life	CASH RESOURCE	STAFF RESOURCE
COMPREHENSIVE PLAN	Community Vision	1981	2001: 15 Years Past Due	H		X	X	$225,000	1.25 FTE for 2 Years
	Comprehensive Comp Plan Update	1981	2001: 15 Years Past Due	H		X	X	$75,000	.5 FTE for 1 Year
	Transportation System Plan	2010	2020	L		X	X	$150,000	.5 FTE for 1 Year
	Public Facility Plan	1995	2005: 10 Years Past Due	M		X	X	$150,000	.5 FTE for 1 Year
	Parks Master Plan	1999	2009: 6 Years Past Due	M		X	X	$75,000	.5 FTE for 1 Year
	Historic Preservation Plan	1987	1997: 20 Years Past Due	H			X	$15,000	.25 FTE for 6 months
	BLI – Housing	2001	2005: 10 Years Past Due	H		X	X	In-House	.5 FTE for 6 months
	BLI – Economic	2012 (2001)	2017	H		X	X	In-House	.5 FTE for 6 months
	Housing Needs Analysis	1998	2008: 8 Years Past Due	H		X	X	$50,000	.5 FTE for 1 Year
	Economic Opportunity Analysis	2014 (2001)	2024	M		X	X	$25,000	.25 FTE for 1 Year
	Urban Reserve Area	NEVER DONE		H		X	X	$500,000	2 FTES for 2 Years
	UGB Amendment	1998 – Never Final	2003: 13 Years Past Due	H		X	X	$500,000	2 FTES for 2 Years
	Add Zones to Comp Plan – Airport, Park, Public Facility	NEVER DONE		H				In-House	.25 FTE for 1 Year

THE CITY OF MCMINNVILLE MISSION:

The City of McMinnville is primarily responsible for maintaining a safe and livable environment within the community. This is achieved by providing open governance and efficient delivery of services.

THE PLANNING DEPARTMENT ACHIEVES THIS BY:

Providing excellent customer service, public engagement, and proactive planning programs to promote McMinnville as the most livable and prosperous city in the state of Oregon now and into the future.

Work Product	June 30, 2017	FY 2017-18	FY 2018 – 19	FY 2019 – 2020
Long-Range Plans	• Three Mile Lane • Great Neighborhood Principles • Annexation • BLI – Housing and Economic	• Community Vision • Historic Preservation Plan • Housing Needs Analysis • Economic Development Strategy	• City Center Housing Strategy • Downtown Plan • Urban Reserve Area • Airport Ec Dev Strategy	• UGB Amendment • Parks Master Plan
Comprehensive Plan Amendments	• Citizen Advisory Committee • Airport Zone • Park Zone	• Airport Zone • University Zone • Public Facility Zone	• Housing • Economic Development	• Livability
Zoning Ordinance Amendments	• Travel Commercial Zone • Wireless Facilities • Landscape • Trees • Historic Preservation	• General Procedures • Multi Family • Residential Zone Amendments	• Commercial Zone Amendments • Industrial Zones • Site/Design Review	• Planned Development • Land Division Standards
BUDGET NEEDS		$200,000 Contractual Services	Add One FTE $300,000 Contractual Serices	Add One FTE $300,000 Contractual Services

Slide from January 2017 City Council Meeting

FIVE YEAR WORK PLAN

Work Product	2017-19	2019-21	2021-23
Long-Range Plans	• Three Mile Lane • Great Neighborhood Principles • Annexation • BLI – Housing • Historic Preservation Plan • Housing Needs Analysis / Strategy • Economic Development Strategy	• City Center Housing Strategy • Downtown Plan • Urban Reserve Area • Airport Ec Dev Strategy	• UGB Amendment • Parks Master Plan • Highway 99 Corridor Study
Comprehensive Plan Amendments	• Citizen Involvement • Park Zone • Public Facility Zone	• Airport Zone • University Zone	
Zoning Ordinance Amendments	• Travel Commercial Zone • Wireless Facilities • Steep Streets • Landscape • Trees • Historic Preservation • Multi-Family Site Design Review • Residential Zone Amendments • Neighborhood Meetings • Accessory Dwelling Units • Cottage Code Developments • Sign Code Enforcement	• Commercial Zone Amendments • Industrial Zones • Site/Design Review	• Planned Development • Land Division Standards

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City of McMinnville

FIVE YEAR WORK PLAN

Work Product	2017-19	2019-21	2021-23
Long-Range Plans	• Three Mile Lane • Great Neighborhood Principles • Annexation • BLI – Housing • Historic Preservation Plan • Housing Needs Analysis / Strategy • Economic Development Strategy	• City Center Housing Strategy • Downtown Plan • Urban Reserve Area • Airport Ec Dev Strategy	• UGB Amendment • Parks Master Plan • Highway 99 Corridor Study
Comprehensive Plan Amendments	• Citizen Involvement • Park Zone • Public Facility Zone	• Airport Zone • University Zone	
Zoning Ordinance Amendments	• Travel Commercial Zone • Wireless Facilities • Steep Streets • Landscape • Trees • Historic Preservation • Multi-Family Site Design Review • Residential Zone Amendments • Neighborhood Meetings • Accessory Dwelling Units • Cottage Code Developments • Sign Code Enforcement	• Commercial Zone Amendments • Industrial Zones • Site/Design Review	• Planned Development • Land Division Standards

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City of McMinnville

NEXT SIX MONTHS

Long Range Plans	Comp Plan Amendments	Zoning Ordinance Amendments
Great Neighborhood Principles	Citizen Advisory Committee	Landscape and Tree
Annexation	Airport Zone	Wireless Facilities
BLI – Housing and Employment Lands	Park Zone	Historic Preservation
Three Mile Lane		Travel Commercial Zone

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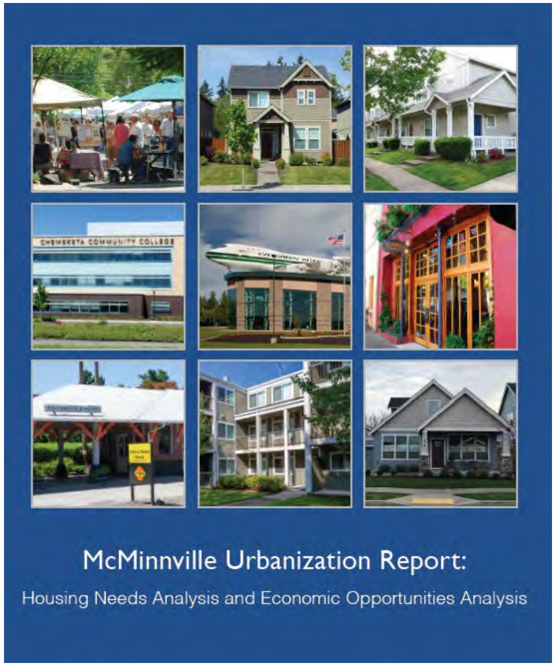
City of McMinnville

DRAFT HNA/EOA AND URBANIZATION STUDY

- **Applied for Grants - 2017**
- **Appointed a Project Advisory Committee – 2017/18**
- **Developed draft documents - 2018/19**
  - ❖ **Housing Needs Analysis**
  - ❖ **Economic Opportunity Analysis**
  - ❖ **Public Lands Analysis**



Planning Commission, 08.03.23

City of McMinnville

DRAFT

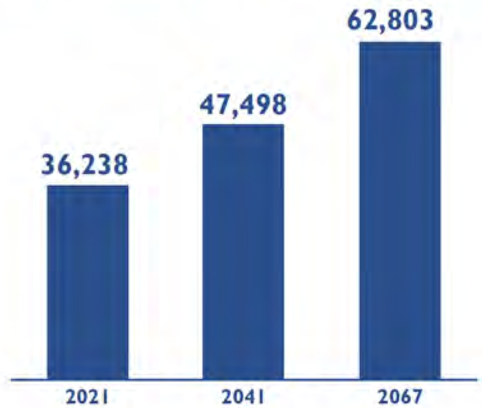
McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

JUNE 2020

ECONorthwest
ECONOMICS • FINANCE • PLANNING

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,561 new dwelling units	559 new dwelling units	1,537 new dwelling units
2021-2067	6,042 new dwelling units	1,318 new dwelling units	3,626 new dwelling units

McMINNVILLE'S FUTURE GROWTH Housing Needs

Extremely Low Income	Very Low Income	Low Income	Middle Income	High Income
<30% MEDIAN HOUSEHOLD INCOME	30%-50% MEDIAN HOUSEHOLD INCOME	80% MEDIAN HOUSEHOLD INCOME	80%-120% MEDIAN HOUSEHOLD INCOME	>120% MEDIAN HOUSEHOLD INCOME
11% NEW HOMES	11% NEW HOMES	15% NEW HOMES	21% NEW HOMES	41% NEW HOMES
509 HOMES	507 HOMES	719 HOMES	992 HOMES	1,930 HOMES

Growing McMinnville MINDFULLY

CONCLUSION:
MCMINNVILLE HAS NEED FOR ADDITIONAL LAND SUPPLY

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing in the 2021 to 2041 period. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment during the 2021 to 2041 period.

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(576)	(1,481)
Public or Institutional	(473)	(780)
Industrial	(70)	(70)
Commercial	(280)	(494)
Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

SHOULD McMINNVILLE GROW...

Up?

HIGHER DENSITY RESIDENTIAL DEVELOPMENT

(apartment complexes, smaller lots, duplexes & triplexes)

NO URBAN GROWTH BOUNDARY EXPANSION

Out?

MAINTAIN THE EXISTING MIX OF HOUSING TYPES

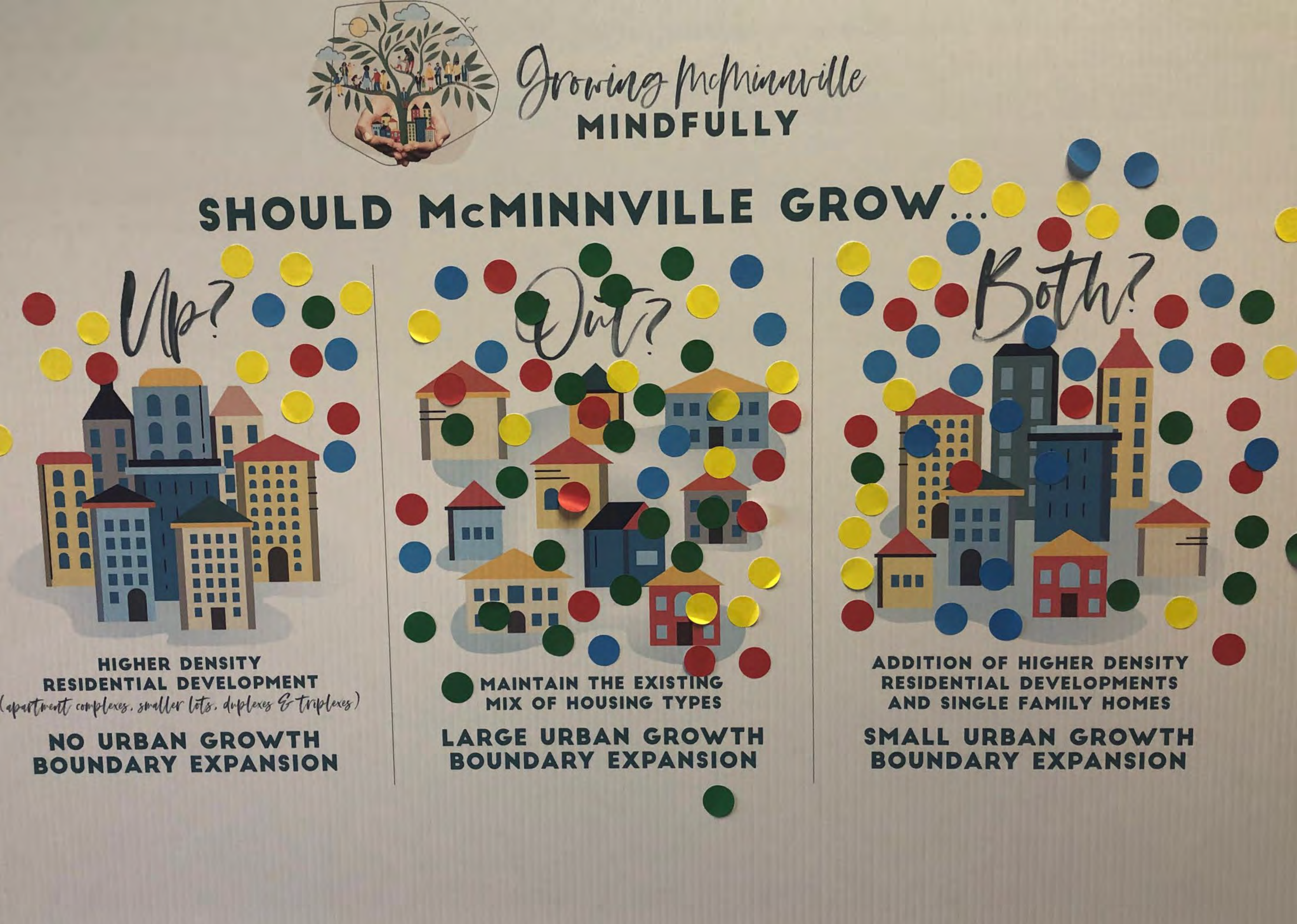
LARGE URBAN GROWTH BOUNDARY EXPANSION

Both?

ADDITION OF HIGHER DENSITY RESIDENTIAL DEVELOPMENTS AND SINGLE FAMILY HOMES

SMALL URBAN GROWTH BOUNDARY EXPANSION

Growing McMinnville
MINDFULLY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MIX OF HOUSING TYPES
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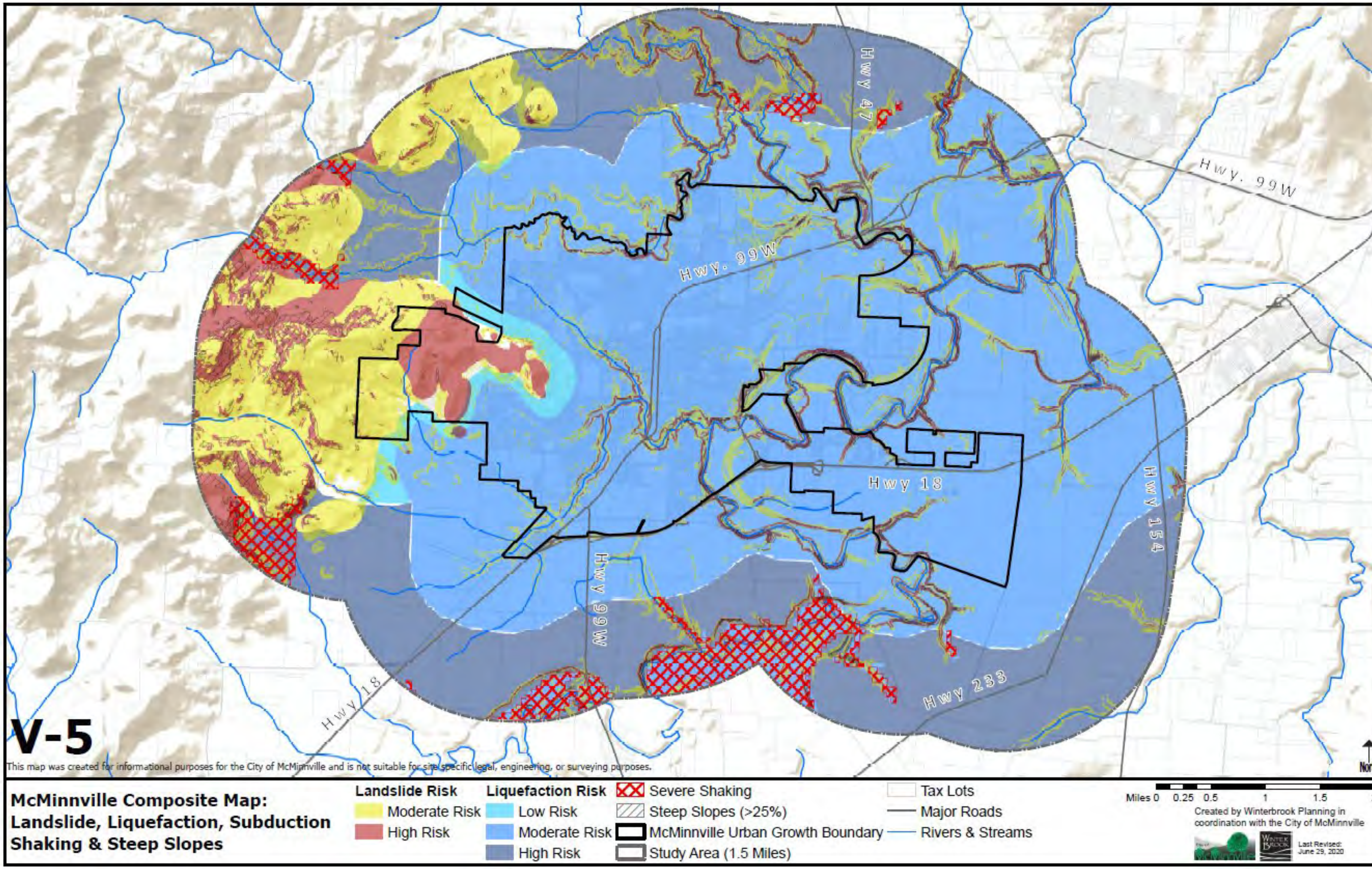
BOUNDARY EXPANSION
Both?
ADDITION OF HIGHER DENSITY
RESIDENTIAL DEVELOPMENTS
AND SINGLE FAMILY HOMES
SMALL URBAN GROWTH
BOUNDARY EXPANSION

COMPOSITE HAZARD MAP – URA STUDY BOUNDARY



CONCLUSION:
MCMINNVILLE HAS NEED FOR ADDITIONAL LAND SUPPLY

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing in the 2021 to 2041 period. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment during the 2021 to 2041 period.

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
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Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

McMinnville Urbanization Report: Housing Needs Analysis and Economic Opportunities Analysis • 3

January, 2020, Land supply was quickly dwindling and the PAC conversations were demonstrating opposition, so we went back to City Council ….

January 21, 2020 CC Discussion

How do we move forward?

Is there a path for McMinnville that makes sense?

City Council Direction . . . .

POTENTIAL PATHS FORWARD

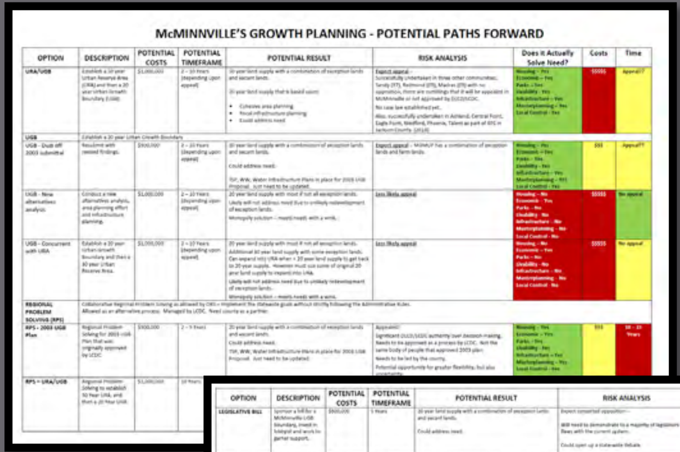
1. URA/UGB
2. UGB
   a. Dust off 2003 Submittal, resubmit with revised findings
   b. New alternatives analysis
   c. Concurrent with URA
3. REGIONAL PROBLEM SOLVING
   a. RPS – 2003 UGB Plan
   b. RPS – URA/UGB
4. LEGISLATIVE BILL
5. QUASI-JUDICIAL UGB AMENDMENTS
6. DO NOTHING (Wait for a state-wide fix)
7. NEGOTIATE A DEAL

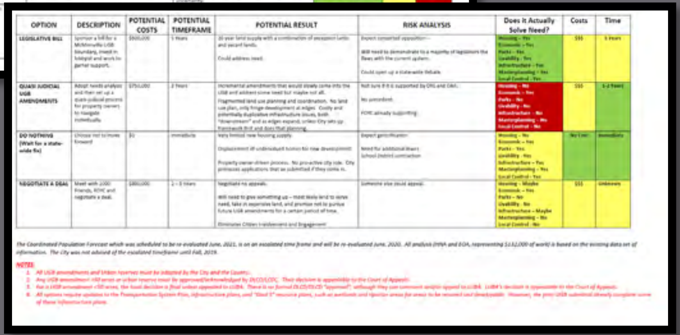
City Council Work Session, 01.21.20

City of McMinnville

DECISION MAKING FILTER

1. DOES IT ACHIEVE SUCCESS – Reality not Monopoly
   a. Housing
   b. Economy
   c. Parks
   d. Livability
   e. Infrastructure
   f. Master planning
   g. Local Control
2. ACHIEVEMENT OF GOALS
3. COSTS
4. TIME





City Council Work Session, 01.21.20

City of McMinnville

CITY COUNCIL DIRECTED STAFF TO:

EVALUATE RESPONDING TO THE 2013 REMAND OF THE 2003 MGMUP

City Council Work Session, 01.21.20

City of McMinnville

MCMINNVILLE'S UGB REMAND RESPONSE:

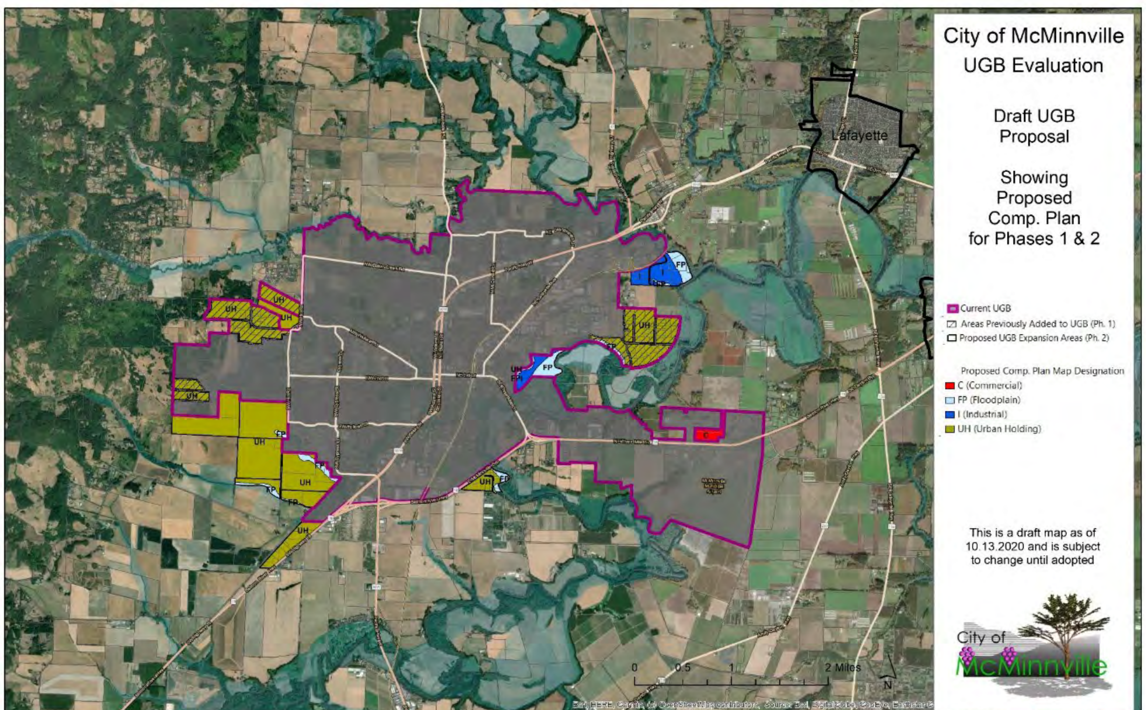
We responded to the LCDC remand to the City of McMinnville for the MGMUP 2003-2023, first submitted in 2003 and modified in 2005.

Planning Commisson Work Session, 08.03.23

City of McMinnville

MCMINNVILLE UGB AMENDMENT

Comprehensive Plan Designation	Phase I (2003)	Phase II (2020)	Gross Buildable Acres (to satisfy land need)
Urban Holding	259.00	595.40	854.40
Commercial		26.70	26.70
Industrial[1]		40.30	40.30
Total	259.00	662.40	921.40

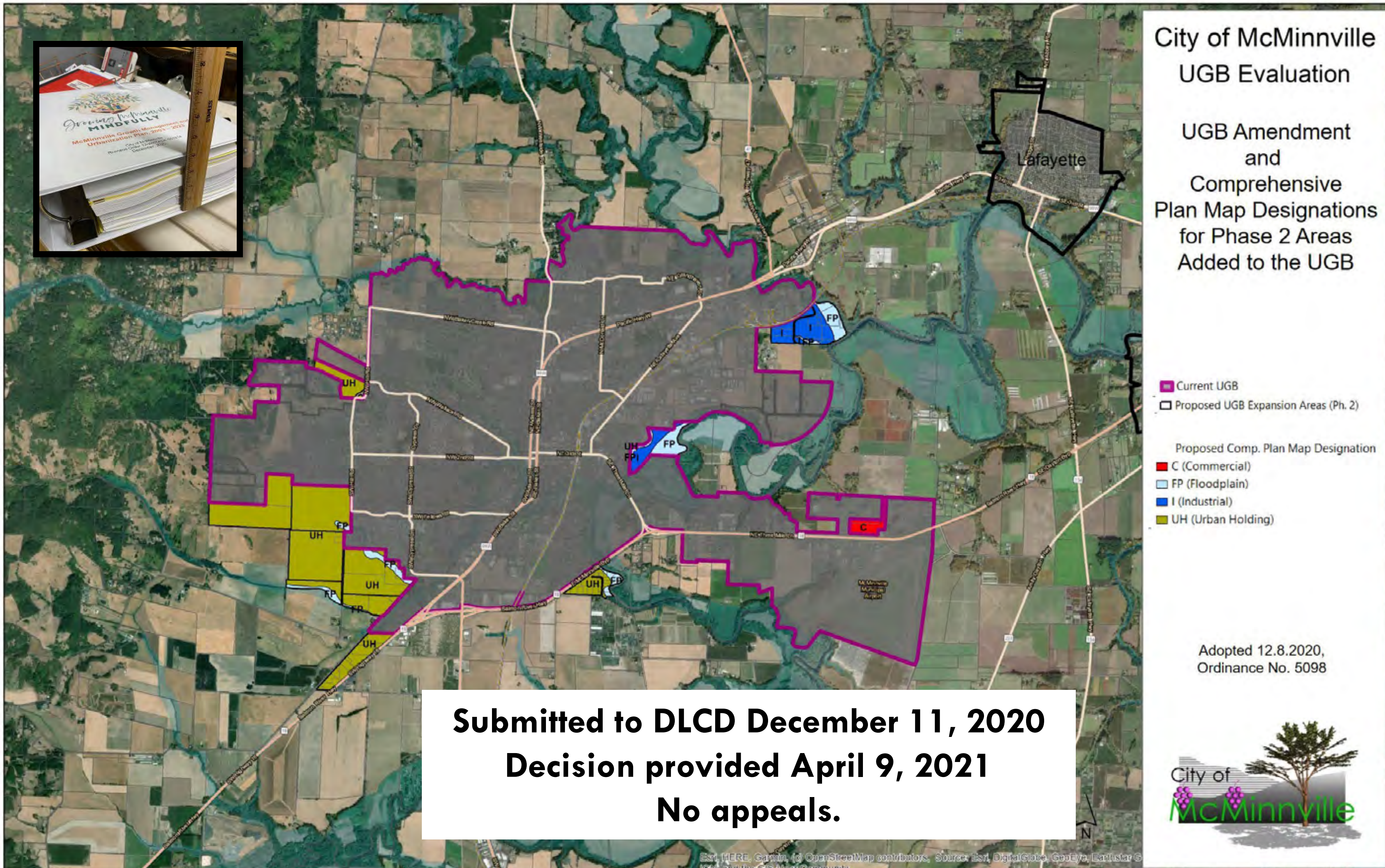


921.40 gross buildable acres

To serve a future population of 44,055 people.

Approximately 2,511 dwelling units, 254 acres of park land, 106 acres of employment land, and 121 acres of other public and semi-public uses.

MGMUP 2020 UGB AMENDMENT



Submitted to DLCD December 11, 2020
Decision provided April 9, 2021
No appeals.

May, 2020

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

Adopt a new HNA and BLI by December, 2023

WE HAD A DECISION TO MAKE . . . .

Do we preserve the draft work that we had recently completed and use it for compliance with HB 2003, understanding that we would need to update it for:

- **The new UGB land that was added in April 2021**
- **Missing Middle Housing Density Assumptions – Add Capacity (HB 2001)**
- **Undeveloped One and Two-Acre Lots of Rural Residential Lands – Less Capacity**

Or . . . .

Do we wait for the new population forecast and start over again?

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Or . . . .

Do we wait for the new population forecast and start over again?

We met with legal counsel, DLCD staff and state legal counsel and agreed that preserving the work we had done made the most sense.

PRESERVING THE WORK

Noticed DLCD for a May 20, 2021, Planning Commission public hearing to adopt the 2020 HNA/EOA and Urbanization Study Drafts.

Open and continued that public hearing to May 18, 2023, providing the proper notice to DLCD and the reasons why.

Continued the May 18, 2023, public hearing to September 7, 2023.

Then, we discussed what if we needed more land . . .

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing in the 2021 to 2041 period. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment during the 2021 to 2041 period.

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Total	259.00	662.40	921.40

We might have to do another UGB?!!?

OPTION #1 – HB 2003 COMPLIANCE

OPTION	TIMEFRAME	COSTS	NOTES
1. Adopt draft HNA/EOA and BLI, and submit UGB Amendment by December, 2023 **2 – 3 Years** **$440,000**	TOTAL = 2 – 3 Years 18 Months for 660-008-0045 compliance 12 months for URA	$15,000 FY 20/21 HNA Refresh $175,000 FY 21/22 Efficiency Measures and UGB Analysis $175,000 FY 22/23 UGB Development FY 23/24 $75,000 URA	Gets it done. Can use data from most recent UGB. Likely to be contested in appeals. However probably resolved by the time that the current UGB runs out of land. URA – can start on URA immediately afterwards using the same data and documents. Will need to invest in consultants due to timeframe and other workload issues associated with the UGB Remand entitlement work.

OPTION #2 – AMEND OAR TO EXTEND DEADLINE TO 2027

OPTION	TIMEFRAME	COSTS	NOTES
2. Request that the LCDC amend the Exhibit in 660-008-0045 to put McMinnville in 2027 **7 Years** **$825,000**	TOTAL = 7 Years Would need to start the work in 2023.	$200,000 in FY 23/24 HNA/EOA $300,000 in FY 25/26 Efficiency Measures and UGB Data $250,000 in FY 26/27 UGB Development FY 27/28 $75,000 URA	Defers the work but the city loses all of the work that it has done to this point and will need to reinvest. Can use new population forecast and new census data. Likely contested in court. Land supply would become constrained again as City fights the proposal in court, creating a similar scenario to today. URA – can start on URA immediately afterwards using the same data and documents.

OPTION #3 – SEQUENTIAL UGB

OPTION	TIMEFRAME	COSTS	NOTES
3. Adopt existing draft HNA/EOA and BLI in 2021, but ask to participate in the sequential UGB program (OAR 660-025-0040). **Work with DLCD to put together a work program that would allow for two years to do efficiency measures and two years to UGB amendment.** **5-6 Years** **$390,000**	6 months for first step. Seq UGB – try to negotiate for five years for two additional steps – efficiency measures and UGB amendment TOTAL = 5 – 6 Years	FY 20/21 $15,000 to refresh the document – in current budget. FY 22/23 $50,000 for efficiency measures FY 23/24 $150,000 UGB Amendment FY 24/25 $100,000 UGB Amendment FY 25/26 $75,000 URA TOTAL = $390,000	Allows City to use existing investment in data for HNA/EOA and BLI, conduct the efficiency measures and then defer work for a UGB amendment if necessitated over the following 2 - 3 years, spreading out costs and workload. Would satisfy HB 2003 requirement. UGB submittal prior to absorption of current buildable land. 8 year sequence in HB 2003 would start from 2023. Likely contested in court. URA – can start on URA immediately afterwards using the same data and documents that we have in existing draft information.

SEQUENTIAL UGB

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Picking Up Where We Left Off

City of McMinnville

DOCUMENT UPDATES

- ❖ Housing Needs Analysis
- ❖ Economic Opportunities Analysis
- ❖ Public Lands Need Analysis

Updates of 2019/2020 Drafts

Update Buildable Lands Inventory:

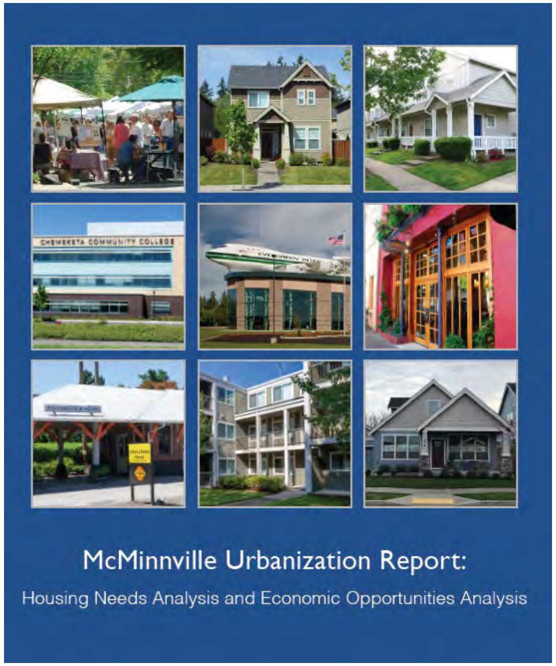
- Include new UGB amendment (662.40 acres)
- Include development through 12/31/21

Update Housing Capacity:

- HB 2001 – Missing Middle (Increase density assumptions)
- Rural Residential (Decrease density assumptions)

UPDATE HNA/EOA AND URBANIZATION STUDY

- **Applied for Grants - 2022**
- **Appointed a Project Advisory Committee – 2023**
- **Hired ECONorthwest**
- **Updated draft documents - 2023**
    - ❖ **Housing Needs Analysis**
    - ❖ **Economic Opportunity Analysis**
    - ❖ **Public Lands Analysis**



Planning Commission, 08.03.23

City of McMinnville

Housing Needs Analysis

City of McMinnville

GOAL 10 - HOUSING

Goal 10, ORS 197.296, and OAR 660-008 require:

- **Housing needs analysis**
  - **Analysis of national, state and local trends**
  - **Historical density and mix**
  - **Needed housing by price and type**
- **20-year supply of buildable land**

COMPONENTS OF HOUSING NEEDS ANALYSIS

- **Determining Planning Horizon (2021 – 2041, 2041 – 2067, plus a five and ten-year look)**
- **Determining Population Forecast**
- **Buildable Lands Inventory – what is available**
- **Housing Capacity – how much housing can be built on current land inventory.**
- **Housing Need – how much more land is needed to meet housing supply for planning horizon and project population growth.**

POPULATION FORECAST

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

Buildable Lands Inventory

City of McMinnville

STEPS IN THE BUILDABLE LANDS INVENTORY

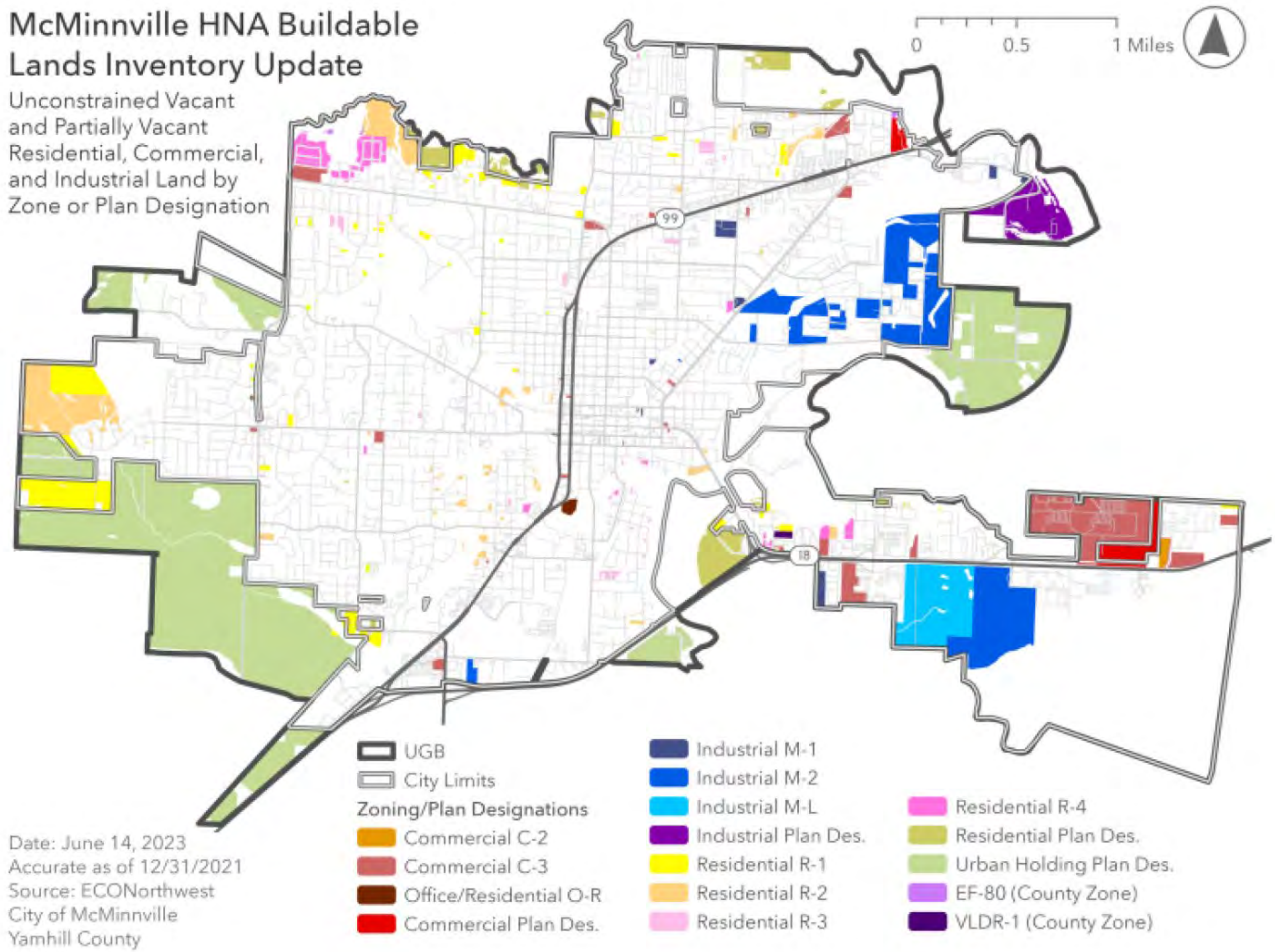
1. Gather and Assemble Data
2. Classify Land
3. Identify Constraints
4. Identify Redevelopment Potential
5. Verification
6. Summarize Results

Figure 1. Framework for land and constraint classification in a buildable land inventory.

<table>
<tr><td colspan="3" rowspan="2"></td><td colspan="2">Presence of Improvements</td></tr>
<tr><td>Developable</td><td>Developed</td></tr>
<tr><td rowspan="4">Constraining Conditions</td><td rowspan="2">Prohibitively constrained</td><td>Committed</td><td colspan="2">No Capacity</td></tr>
<tr><td>Protected</td><td colspan="2">No Capacity</td></tr>
<tr><td colspan="2">Partially Constrained</td><td>Partial Capacity</td><td rowspan="2">Potential Infill/ Redevelopment Capacity</td></tr>
<tr><td colspan="2">Unconstrained</td><td>Full Capacity</td></tr>
</table>

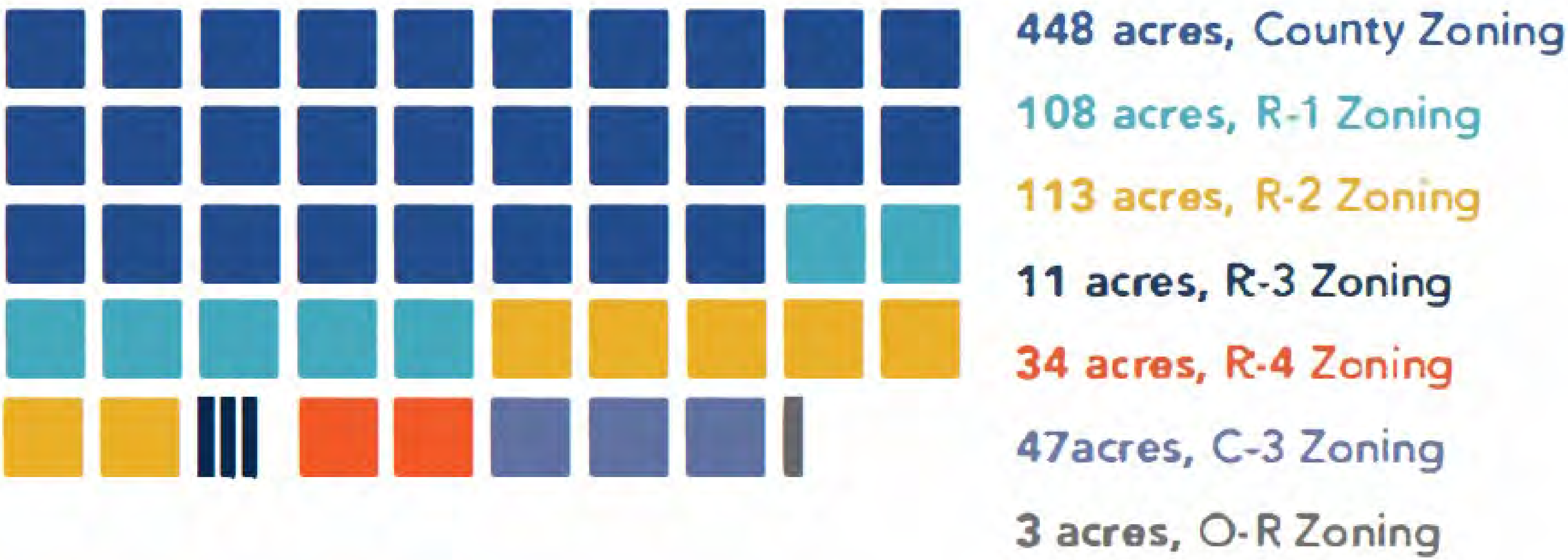
McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023

763 total acres   1 square represents 16 acres



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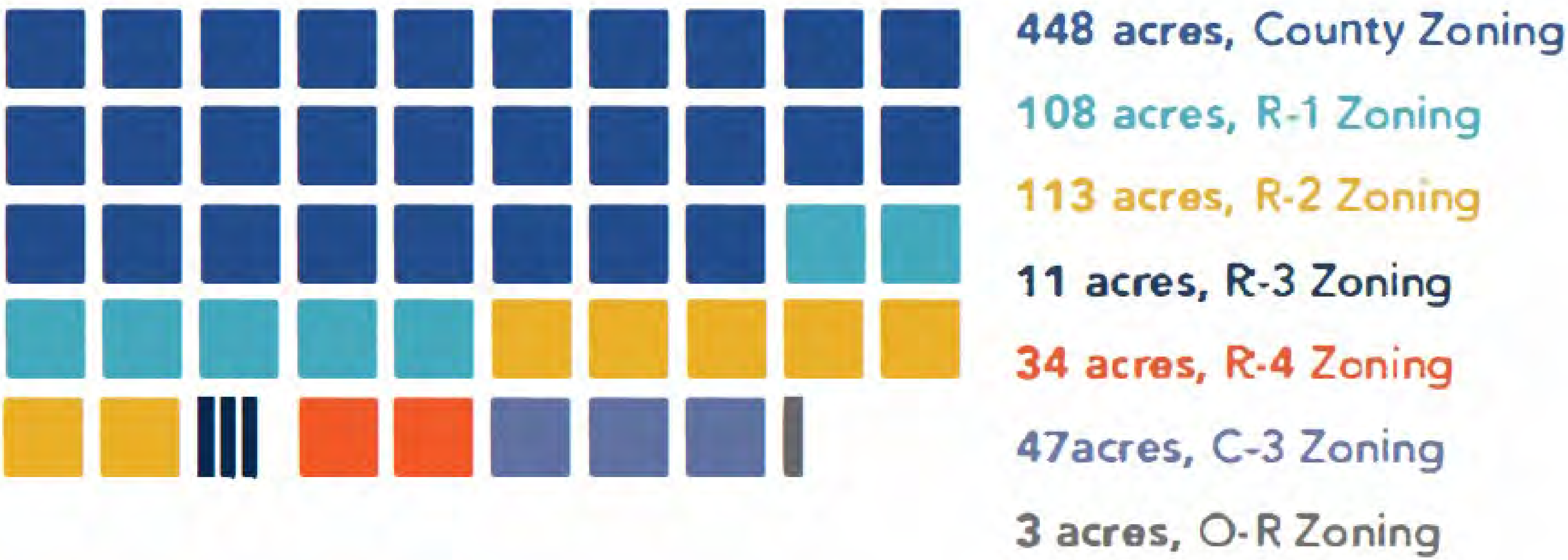

763 acres of vacant or partially vacant land. 448 acres (59%) are in county zoning. 131 acres (17%) are in Water Zone 2. 184 acres (24%) are in city zoning and have water service.

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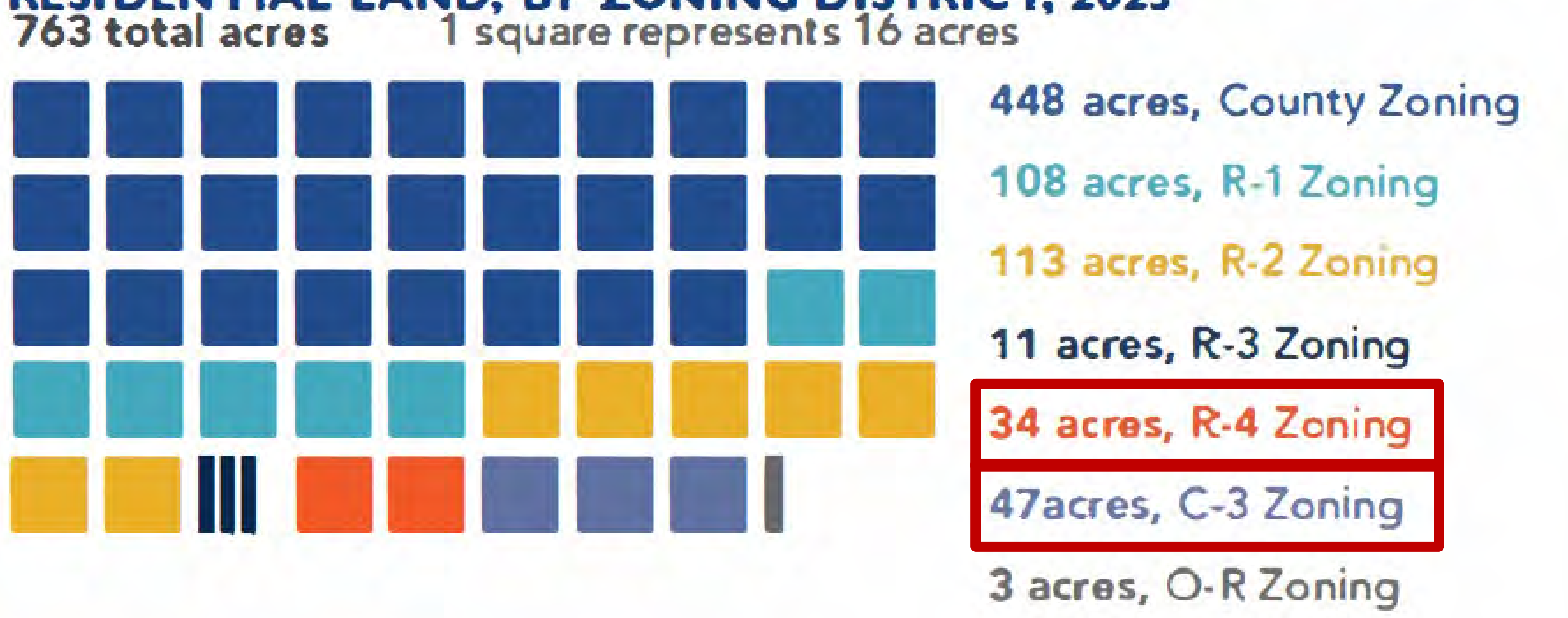

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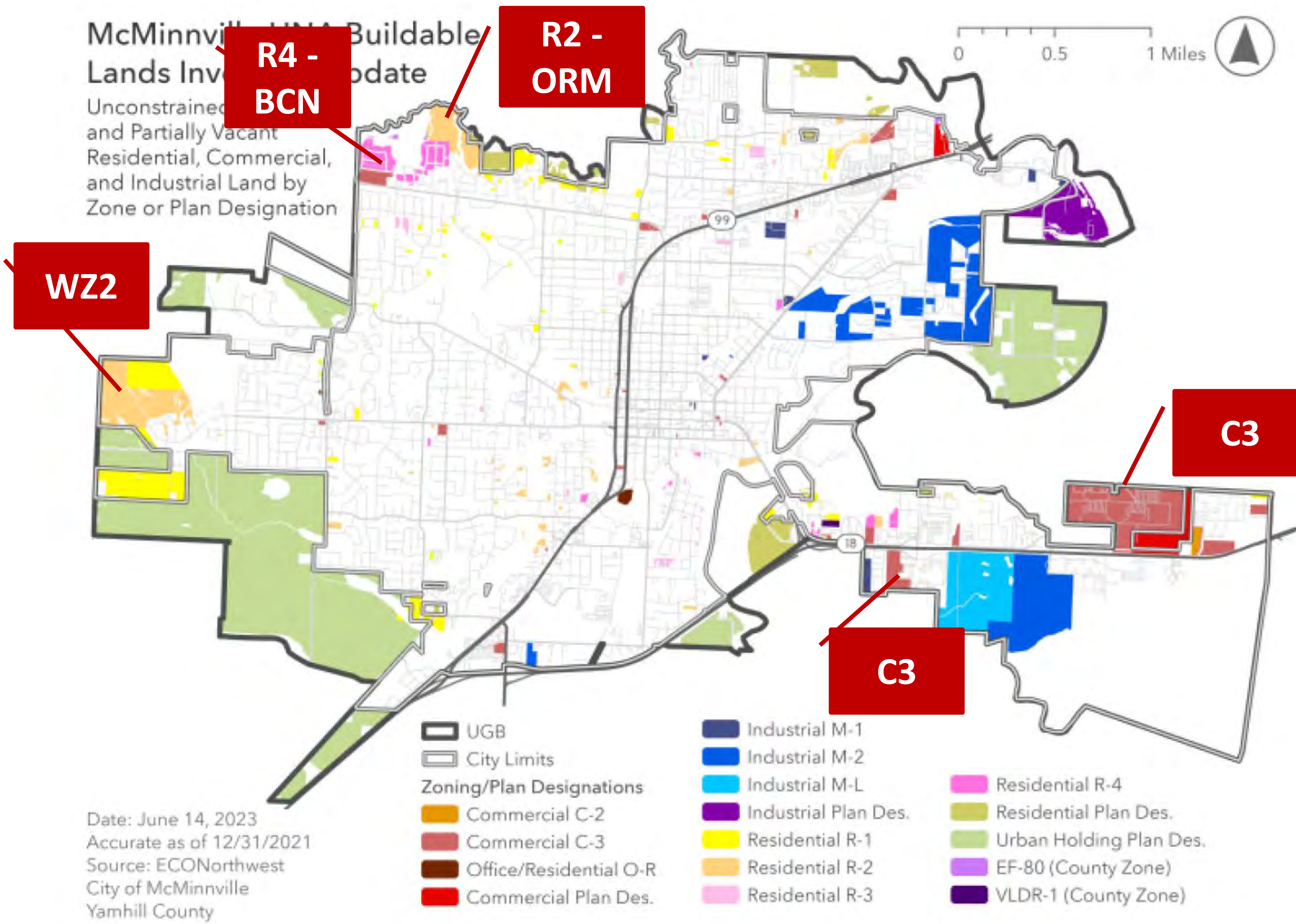
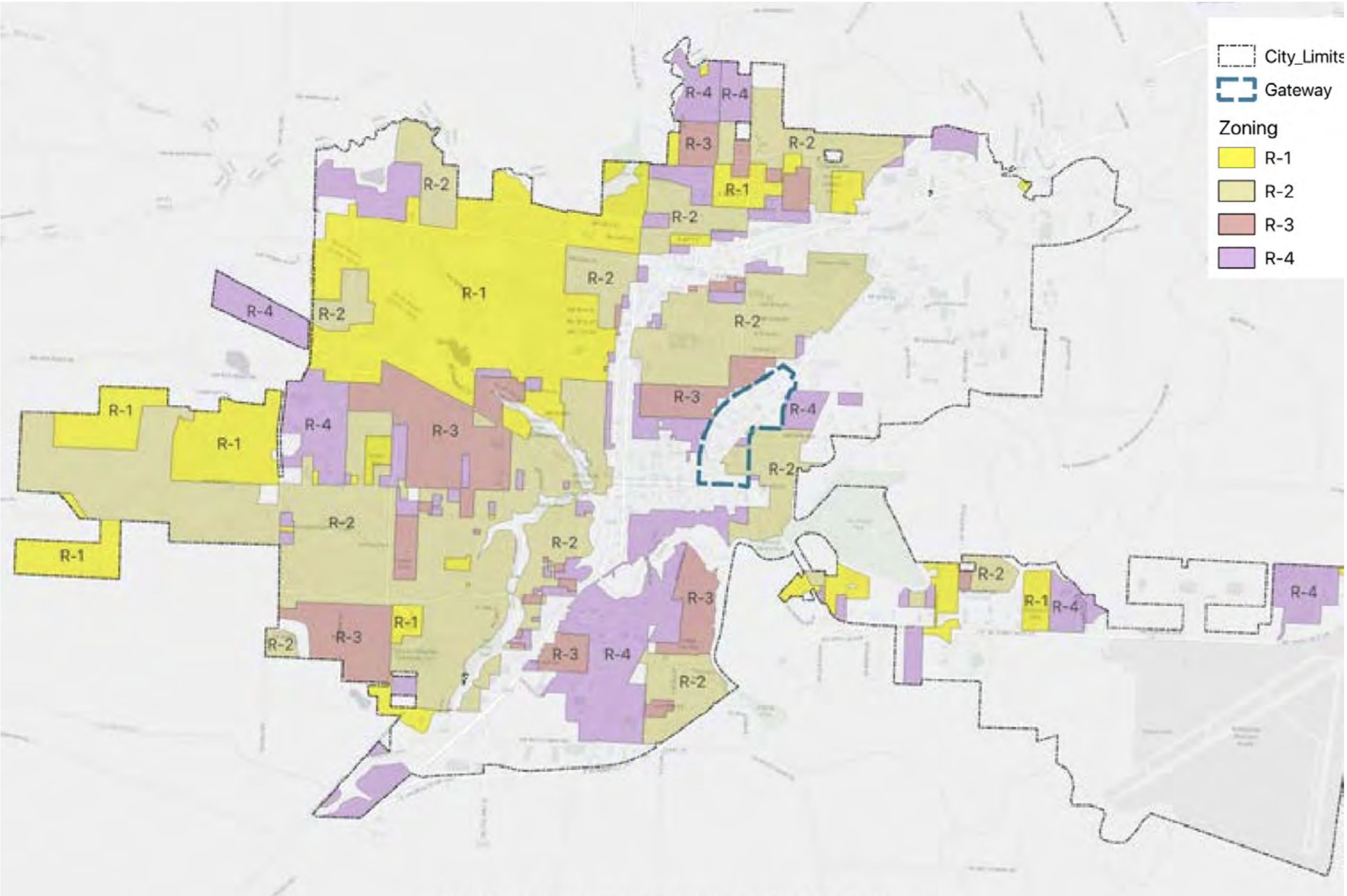


HOUSING CAPACITY

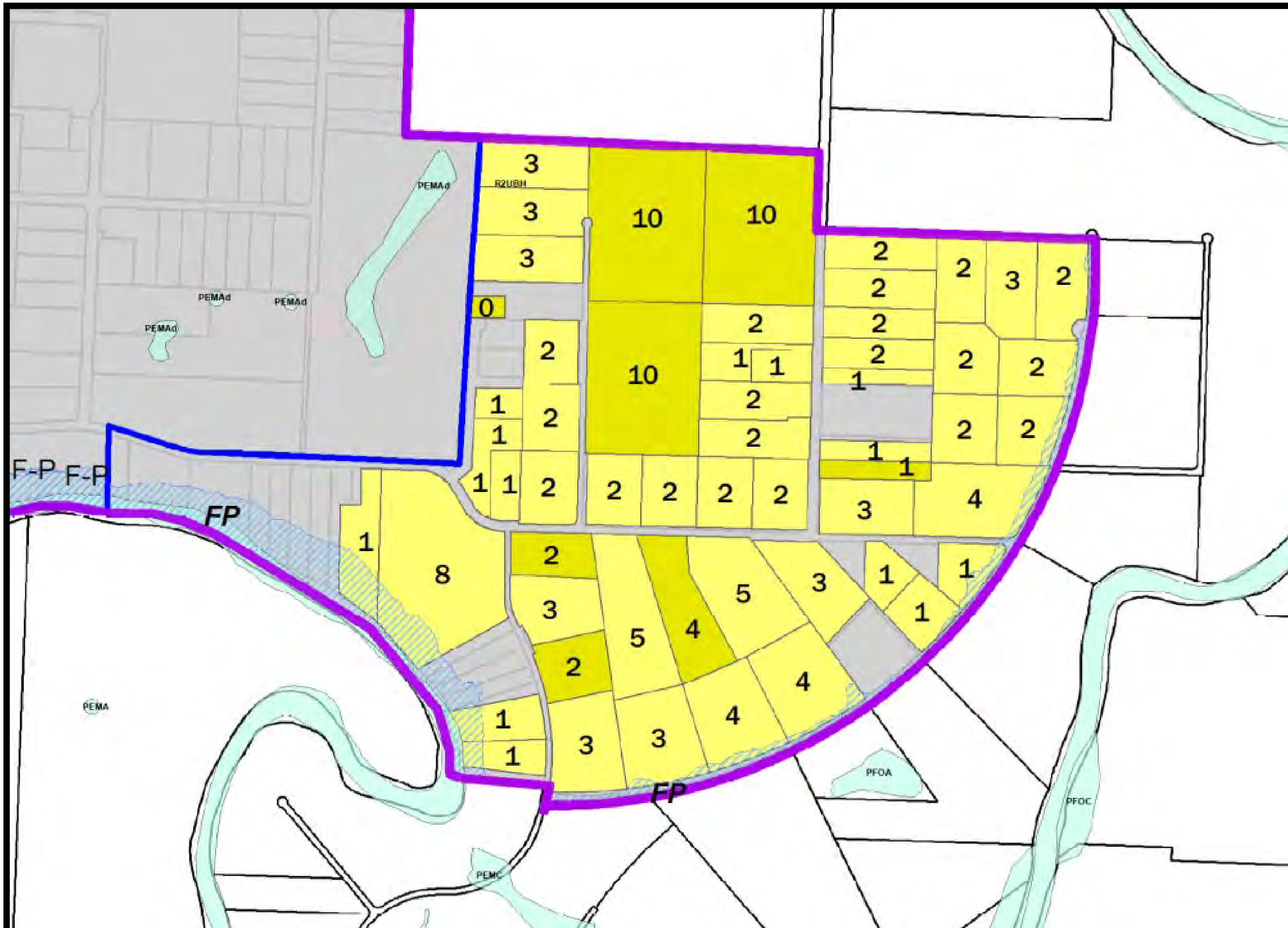
City of McMinnville

HB 2001 Code Amendments – 3% More Capacity



City of McMinnville: HB2001 Applicable Zones

Rural Residential Reduced Capacity



VALUES THAT SHAPE OUR HOUSING STRATEGIES

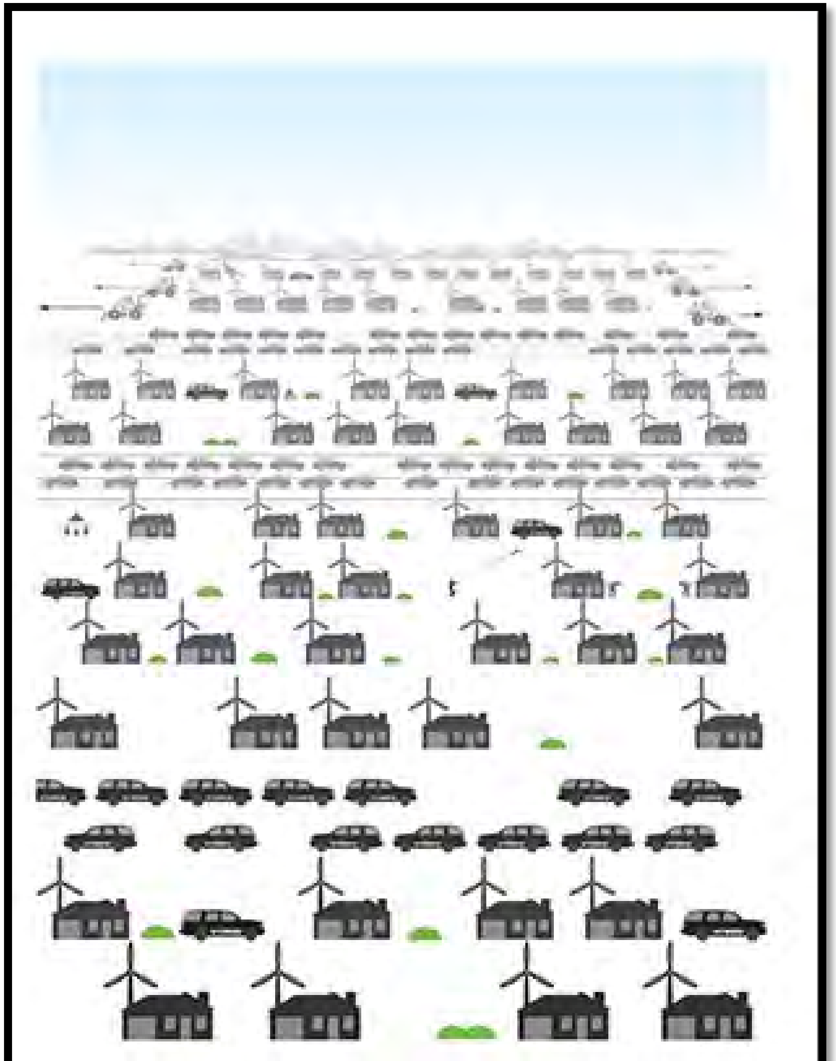
EVERYBODY DESERVES TO LIVE IN A GREAT NEIGHBORHOOD

<u>Great Neighborhood Principles:</u>

Great neighborhoods must have . .

- Variety of housing types serving a variety of household incomes.
- Variety of housing types attractive to a variety of generations.
- Human Scale Design
- Unique and Integrated Design Elements

WE DON'T LIKE SPRAWL BUT WE DON'T LIKE HIGH DENSITY



WE SHOULD NOT ASSUME THAT ALL MULTI-FAMILY HOUSING IS LOW INCOME

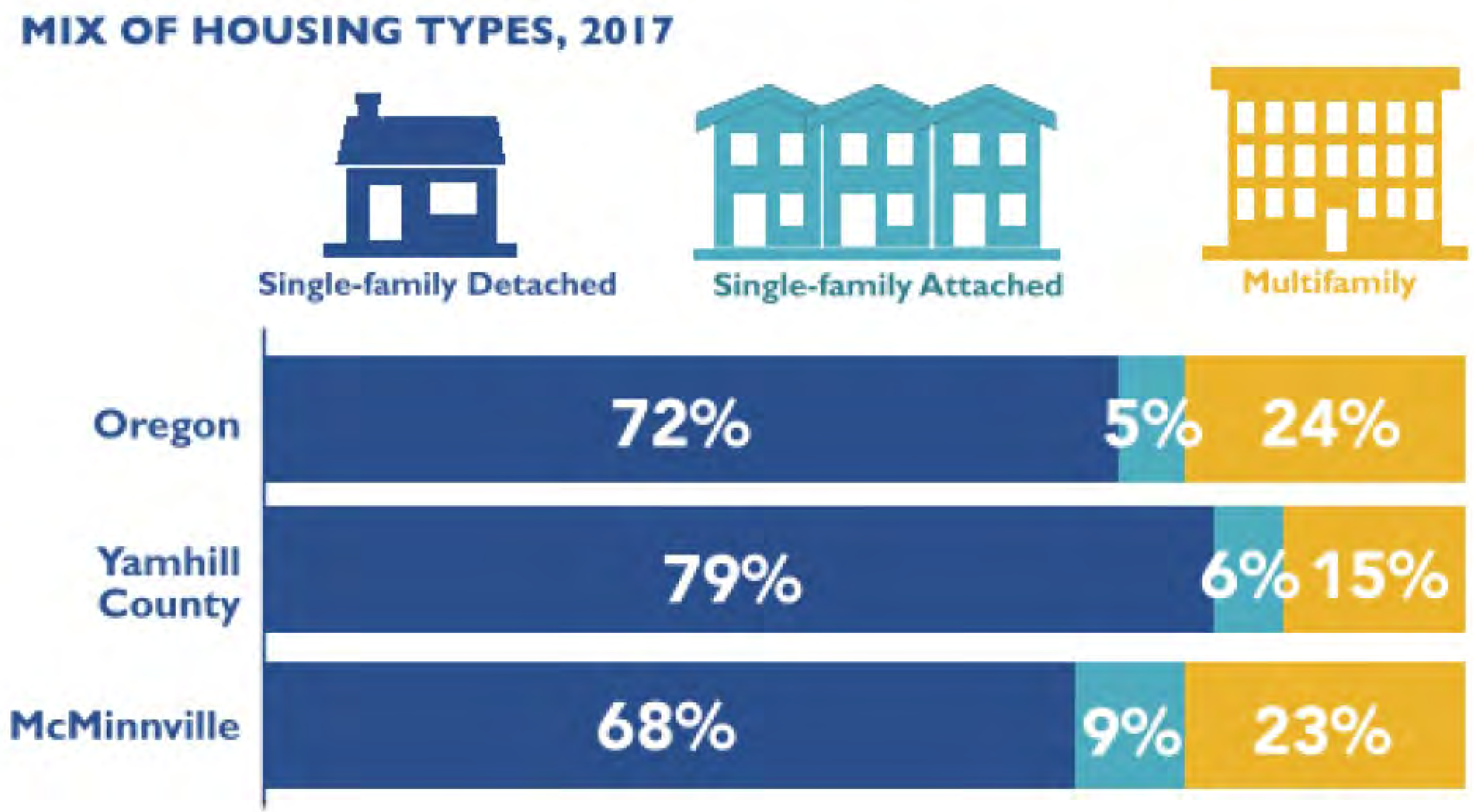
WE SHOULD NOT PUSH ALL LOWER INCOME HOUSEHOLDS INTO MULTI-FAMILY HOUSING

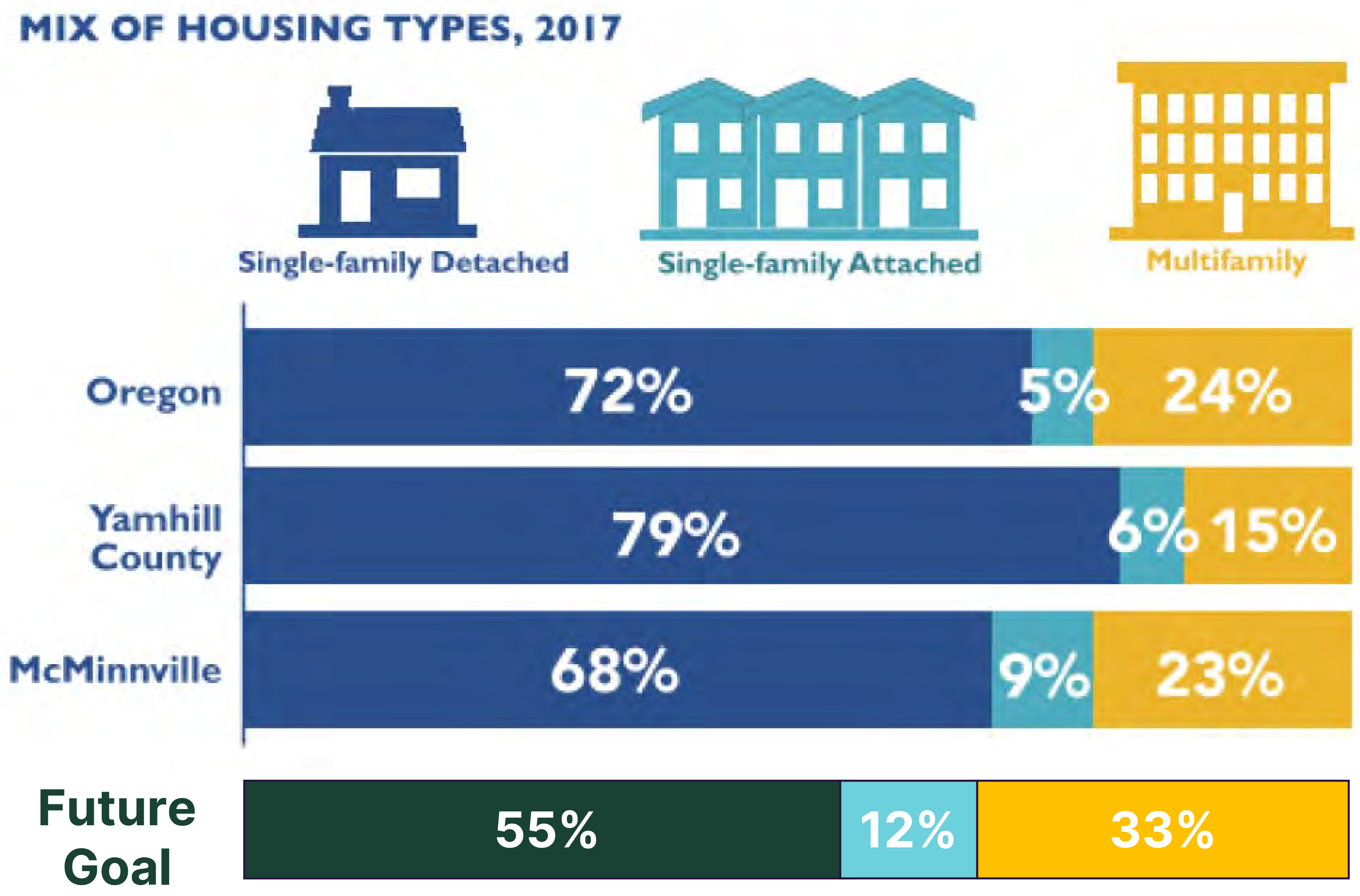
HOUSING CHOICE IS IMPORTANT

Figure 2:

	Extremely Low Income (≤ 30% of MHI) **483 HH** in 20 Year Forecast **11%** of total units	**Very Low Income** (30 – 50% of MHI) **482 HH** in 20 Year Forecast **11%** of total units	**Low Income** (50-80% of MHI) **683 HH** in 20 Year Forecast **15%** of total units	**Middle Income** (80 - 120% of MHI) **943 HH** in 20 Year Forecast **21%** of total units	**High Income** (≥ 120% of MHI) **1,833 HH** in 20 Year Forecast **41%** of total units
Single Family Detached	Tiny Home Villages Mobile Homes	Tiny Home Villages Mobile Homes Manufactured Homes Single Family Detached – Habitat and CHB, Section 8	Tiny Home Villages Mobile Homes Manufactured Homes Cottage Clusters Small Lot Subdivisions Single Family Detached – Habitat and CHB, Section 8	Single Family Detached Cottage Clusters Small Lot Subdivisions	Single Family Detached Cottage Clusters Small Lot Subdivisions
Single Family Attached		Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes Townhomes	Common Wall Duplexes Townhomes
Multi-Family	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes Triplexes Quadplexes Apartments Condos	High End Duplexes High End Triplexes High End Quadplexes Apartments Condos

AS LOTS GET SMALLER, ACCESS TO OPEN SPACE IS MORE IMPORTANT


MIX OF HOUSING TYPES, 2017
Single-family Detached
Single-family Attached
Multifamily
Oregon
72%
5%
24%
Yamhill County
79%
6%
15%
McMinnville
68%
9%
23%



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Single-family Attached
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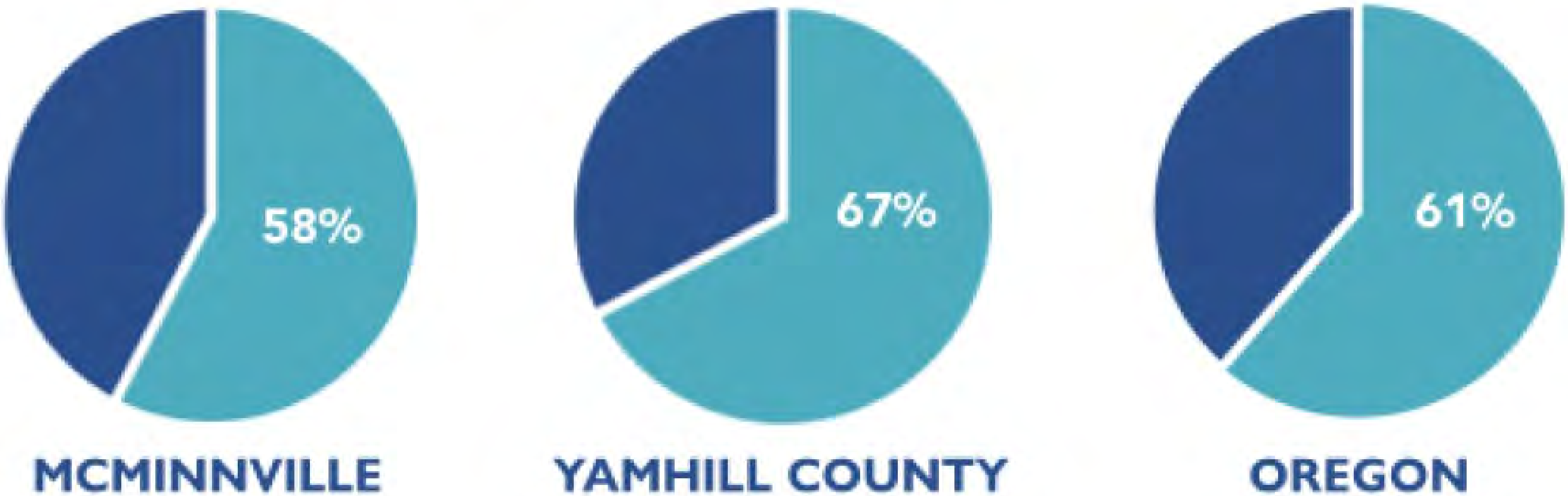
15%
McMinnville
68%
9%
23%
Future Goal
55%
12%
33%

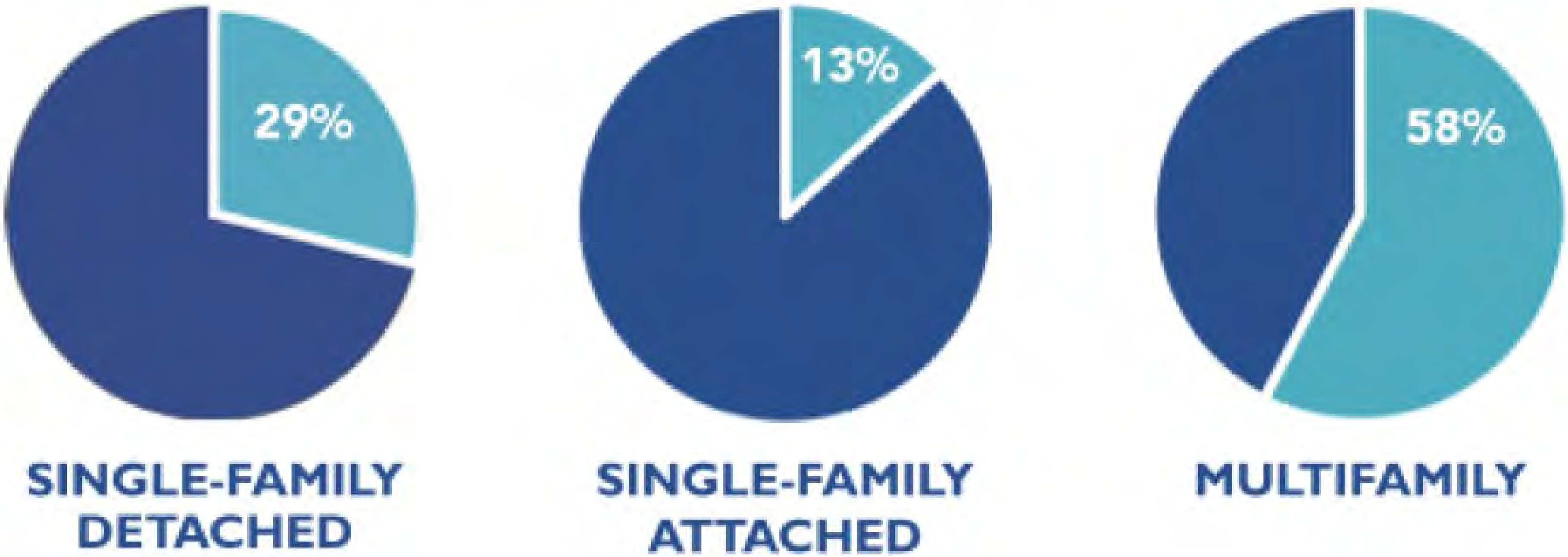
EXISTING HOUSING CONDITIONS

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

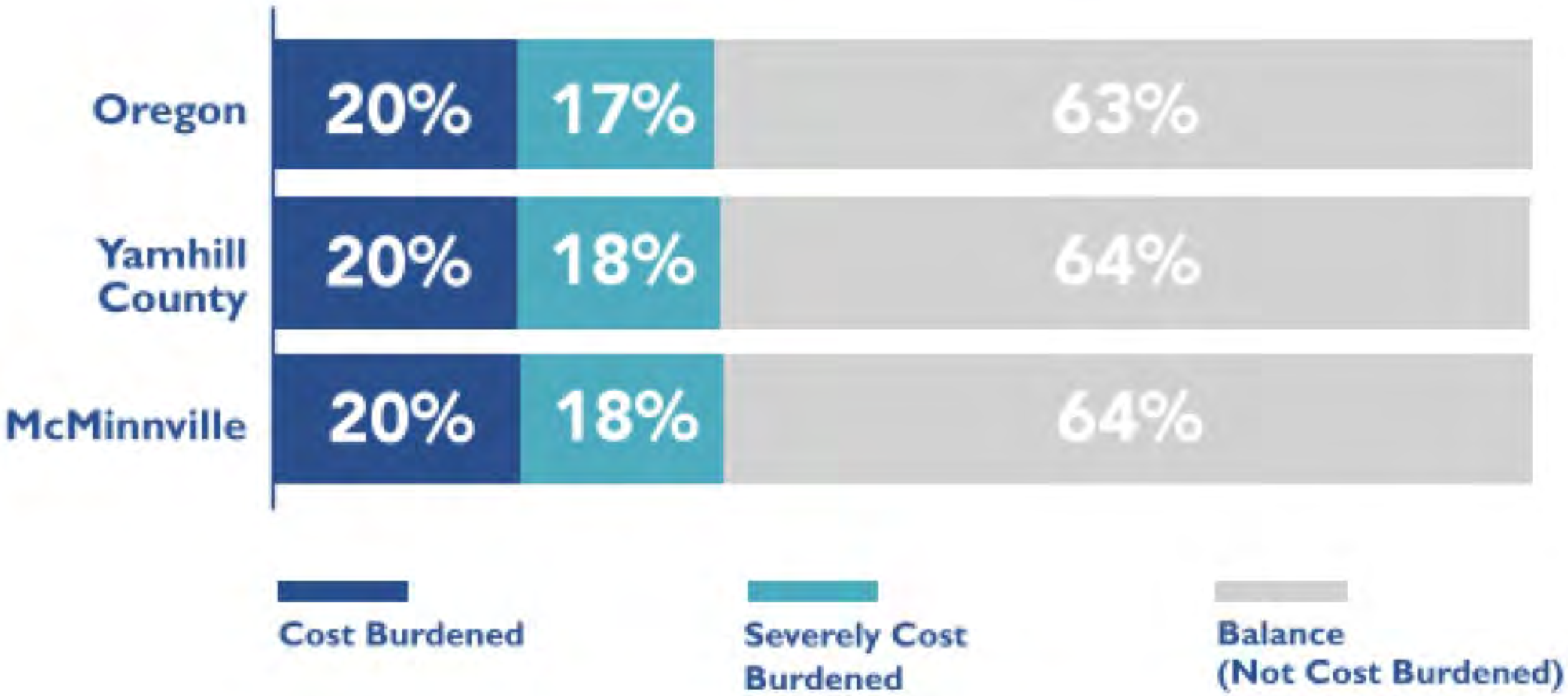
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016



A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



2021 ACS shows that 26.5% of McMinnville households (1,184) are severely cost burdened, putting McMinnville in a new category of housing distress statewide.

Other Cities that are Severely Rent Burdened		Cities that are not Severely Rent Burdened	
Corvallis	37.7%	Springfield	24.8%
Happy Valley	35.8%	Silverton	24.6%
Klamath Falls	32.3%	Redmond	24.7%
Monmouth	33.2%	Astoria	24.6%
Gresham	33.1%	Lincoln City	23.9%
Baker City	31.5%	Albany	23.7%
Ashland	31.0%	Milwaukie	23.6%
Cottage Grove	31.0%	Molalla	23.5%
Troutdale	30.5%	Oregon City	23.5%
Eugene	30.5%	Canby	23.4%
Sandy	30.3%	Keizer	23.3%
Forest Grove	29.9%	Newport	23.2%
Grants Pass	28.6%	Sweet Home	21.0%
Lake Oswego	28.5%	Coos Bay	22.7%
The Dalles	27.4%	Coos Bay	22.7%
Medford	27.2%	Independence	22.6%
Wilsonville	27.2%	Beaverton	22.3%
Salem	27.1%	Newberg	21.9%
McMinnville	**26.5%**	Prineville	20.5%
West Linn	26.0%	Roseburg	19.3%
Tigard	25.8%	Cornelius	19.1%
Tualatin	25.8%	Fairview	18.2%
Woodburn	25.8%	Central Point	17.1%
La Grande	25.6%	Ontario	17.7%
Bend	25.5%	Hillsboro	15.0%
Gladstone	25.5%	North Bend	15.0%
Lebanon	25.3%	St Helens	13.8%
Pendleton	25.3%	Sherwood	13.7%
Portland	25.2%	Hermiston	10.6%

Affordability is critical and an increasing problem in McMinnville

$55,400

If your household earns....

$15,000	$25,150	$40,240	$50,300	$60,400
(30% of MFI)	(50% of MFI)	(80% of MFI	(100% of MFI)	(120% of MFI)

Then you can afford....

$375 monthly rent	$630 monthly rent	$1,000 monthly rent	$1,260 monthly rent	$1,510 monthly rent
	OR	OR	OR	OR
$45,000- $53,000 home sales price	$75,000- $88,000 home sales price	$141,000- $161,000 home sales price	$176,000- $201,000 home sales price	$211,000- $242,000 home sales price
.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

$55,400

If your household earns....

$15,000	$25,150	$40,240	$50,300	$60,400
(30% of MFI)	(50% of MFI)	(80% of MFI	(100% of MFI)	(120% of MFI)

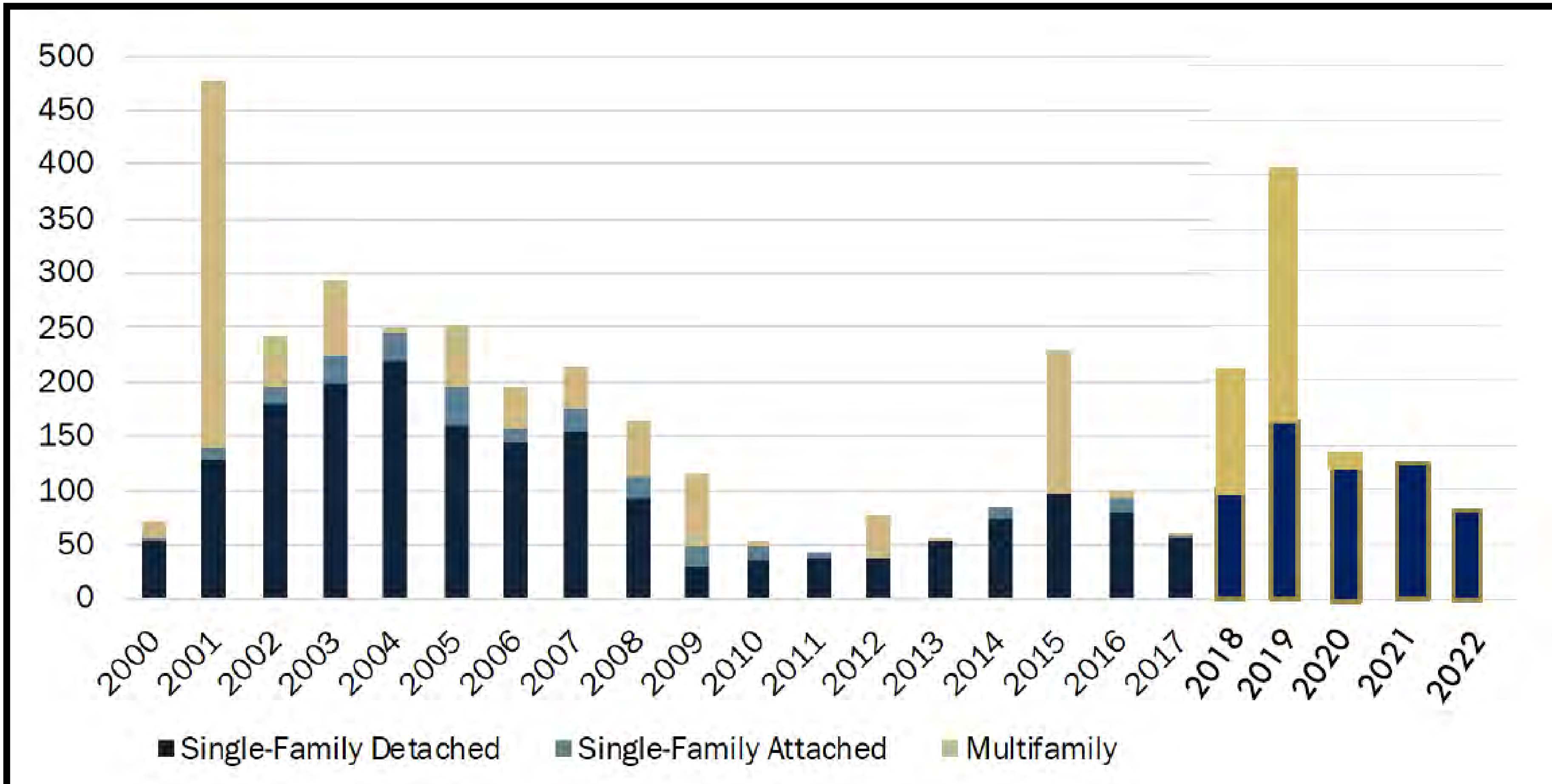
Then you can afford....

$375 monthly rent	$630 monthly rent	$1,000 monthly rent	$1,260 monthly rent	$1,510 monthly rent
	OR	OR	OR	OR
$45,000-$53,000 home sales price	$75,000-$88,000 home sales price	$141,000-$161,000 home sales price	$176,000-$201,000 home sales price	$211,000-$242,000 home sales price
.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

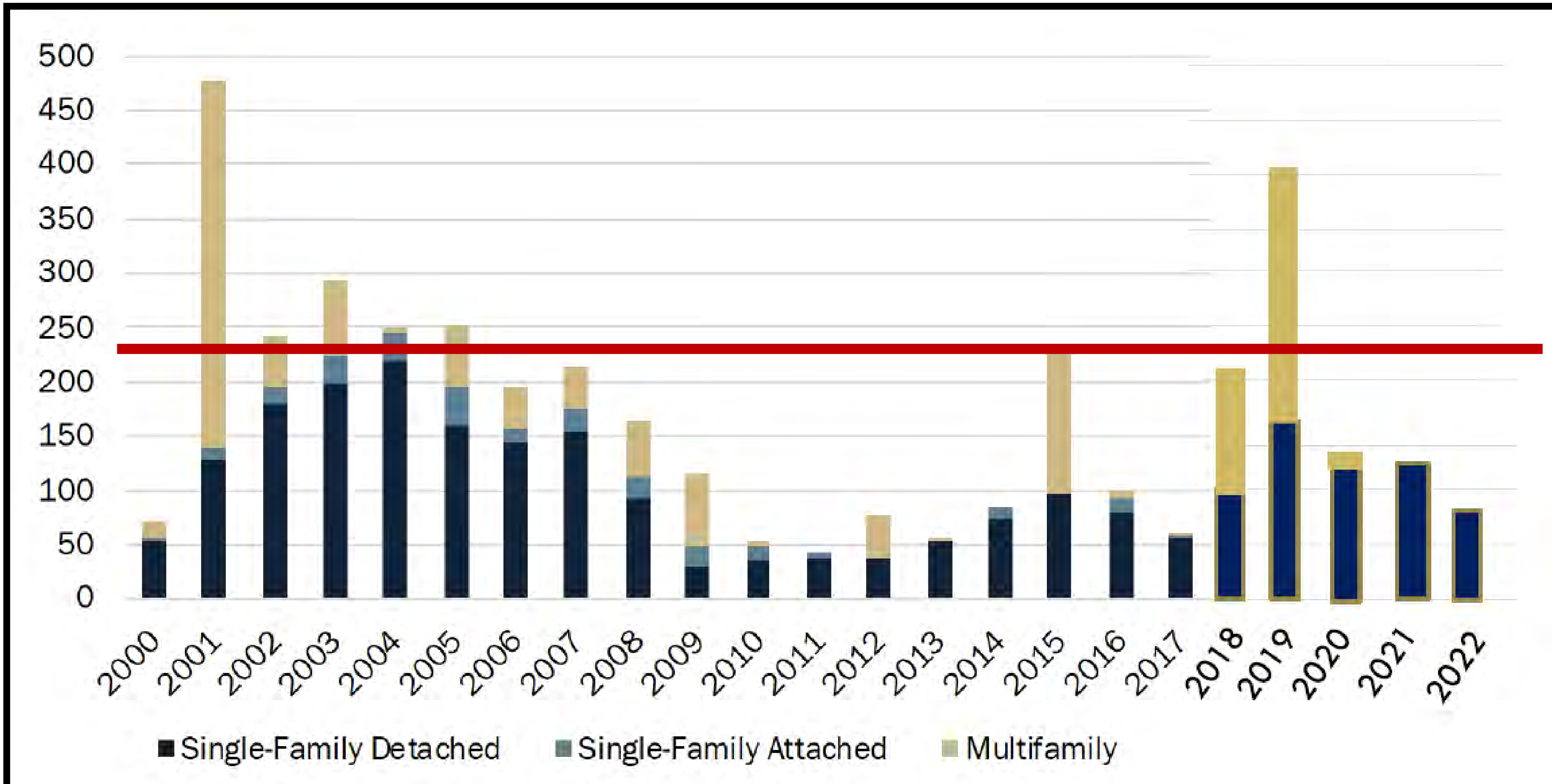
Average Home Sales Price = $398,200

Housing supply contributes to affordability and supply is an increasing problem

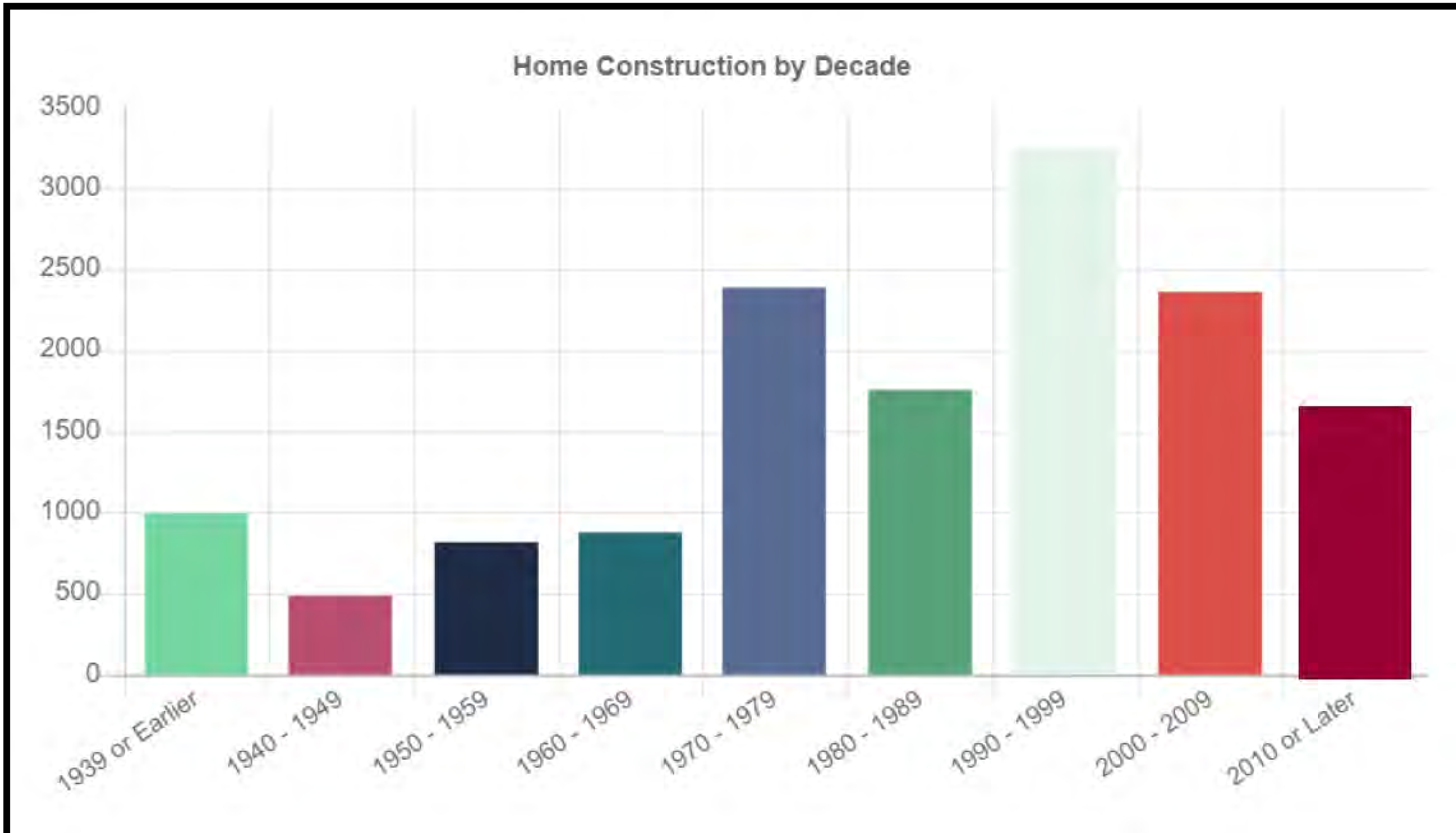
Building Permits – Housing



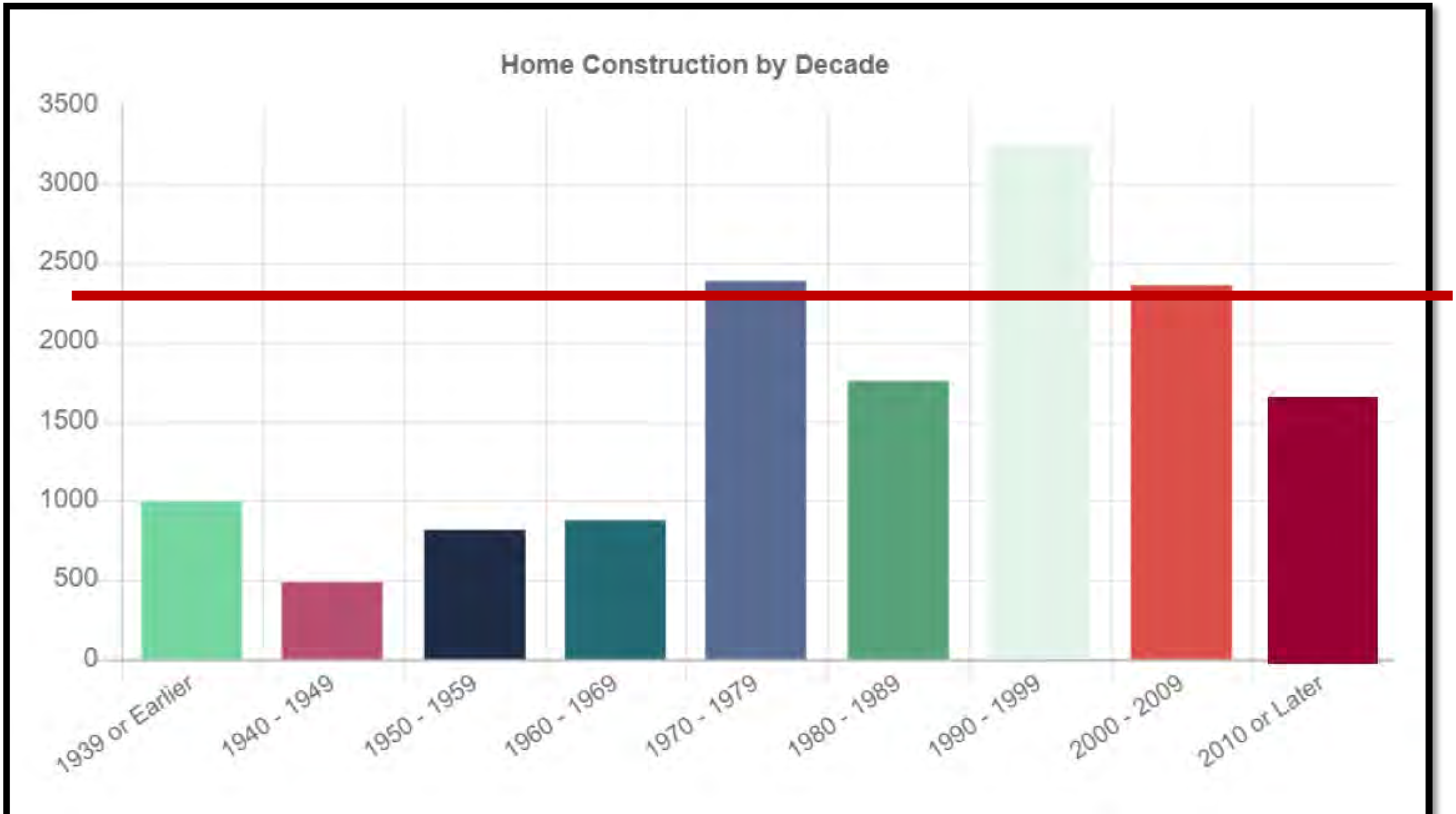
Building Permits – Housing (Goal = 233/Year)



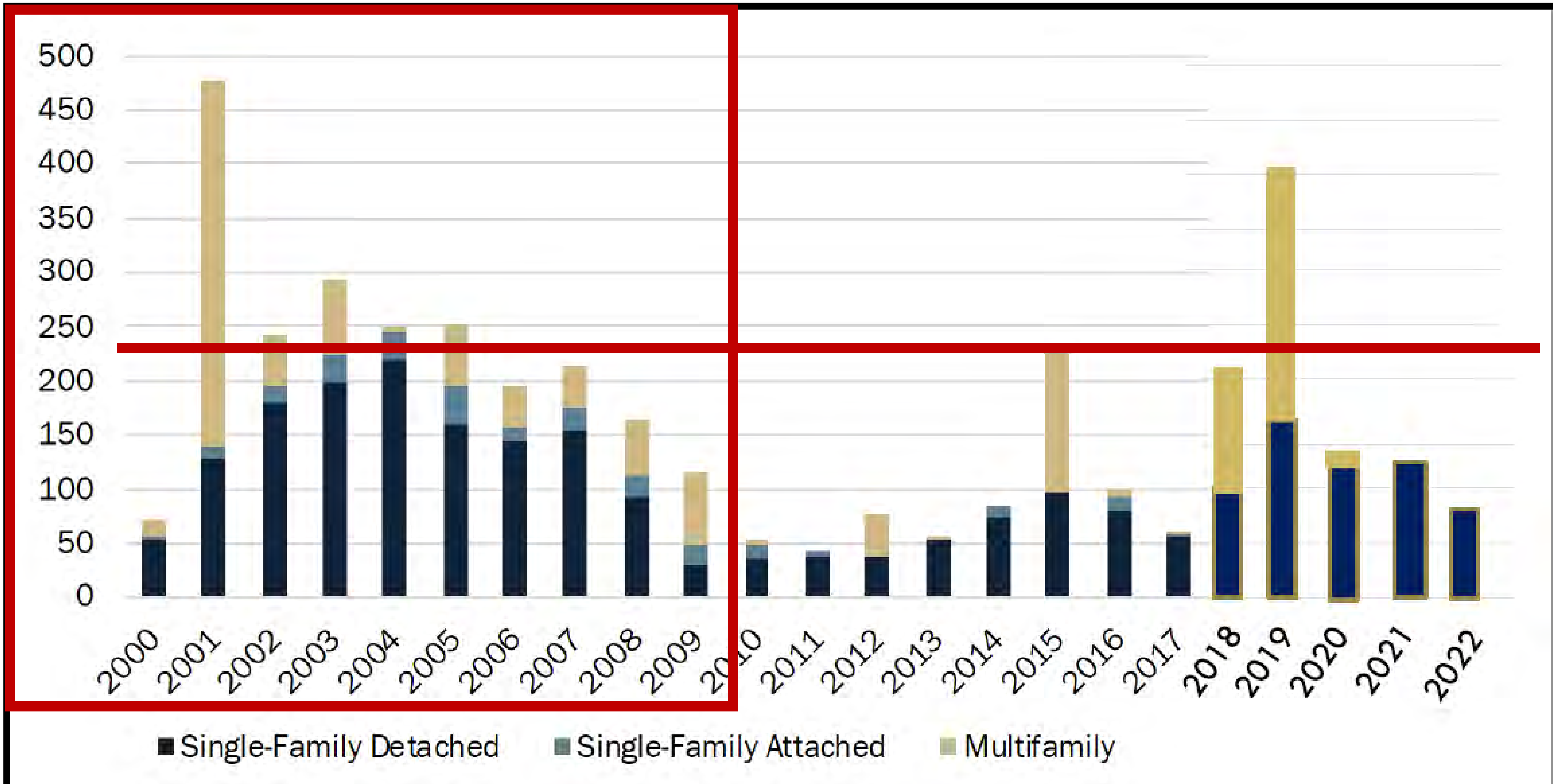
Building Permits – Housing (by decade)



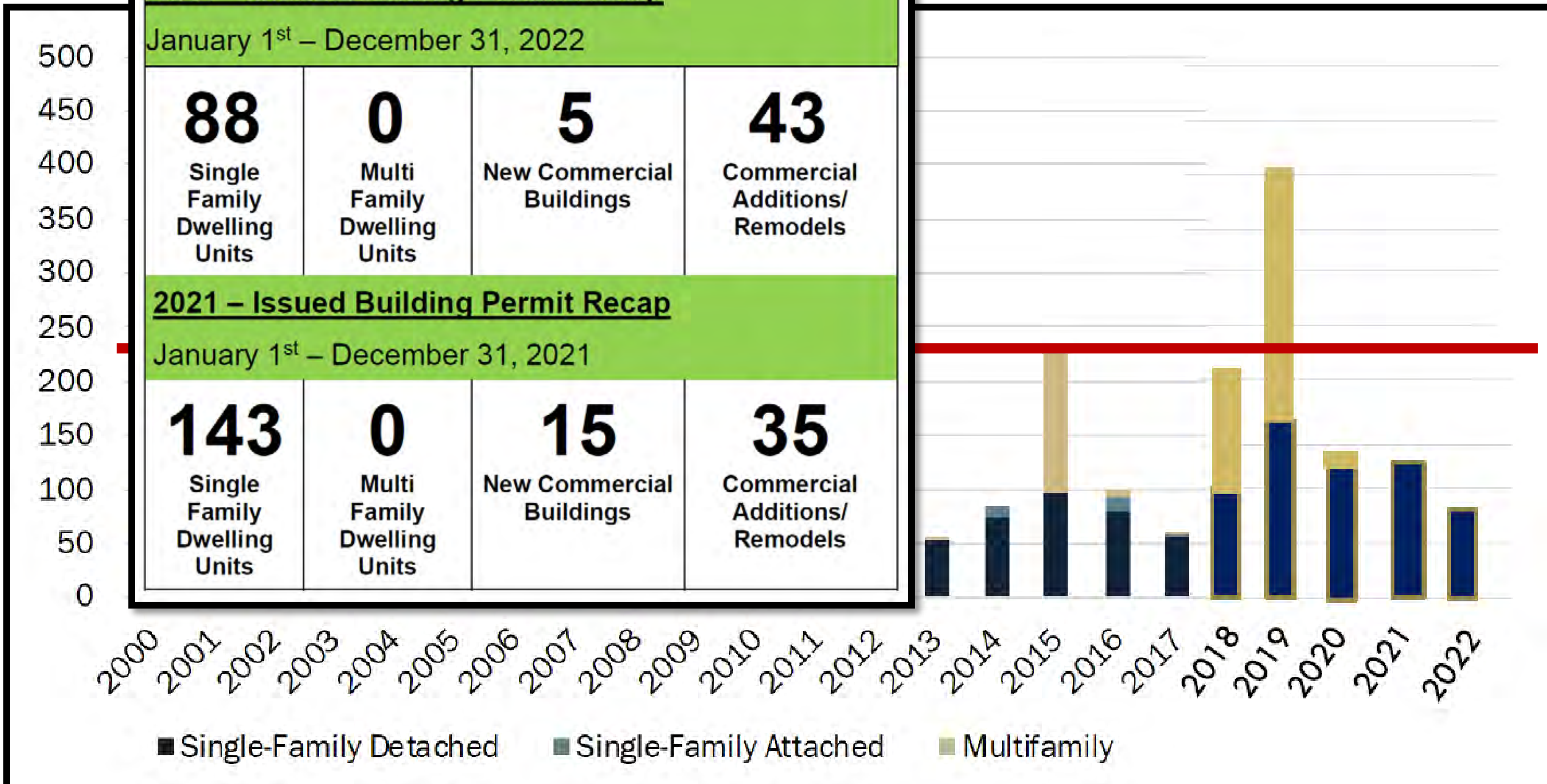
Building Permits – Housing (by decade)



Building Permits – Housing (Goal = 233/Year)



Building Permits - Housing



<u>2022 – Issued Building Permit Recap</u>

January 1st – December 31, 2022

88 Single Family Dwelling Units	**0** Multi Family Dwelling Units	**5** New Commercial Buildings	**43** Commercial Additions/ Remodels

<u>2021 – Issued Building Permit Recap</u>

January 1st – December 31, 2021

143 Single Family Dwelling Units	**0** Multi Family Dwelling Units	**15** New Commercial Buildings	**35** Commercial Additions/ Remodels

RESULTS

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

LAND NEED FOR HOUSING

To serve a population of 47,498 in 2041, the City of McMinnville needs an additional 202 gross buildable acres dedicated to housing.

Planning Horizon	Land Need
2021 – 2041 (UGB)	202 Acres
2041 – 2067 (Urban Reserve Area)	1066 Acres

ECONOMIC OPPORTUNITY ANALYSIS

City of McMinnville

Developing an Economic Opportunity Analysis to Support a Local Economic Development Strategy

McMinnville
oregon

Economic Opportunity Analysis (660-009-0015)

Five main steps

1. Review national, state, and local trends
2. Identification of Required Site Types
3. Inventory of Industrial and other Employment Land Needs
4. Assessment of Community Economic Development Potential
5. Visioning through Citizen Involvement

Reordering the steps

Customize it to your local needs.

1 Review national, state, and local trends

5 Visioning through Citizen Involvement

4 Assessment of Community Economic Development Potential

3 Inventory of Industrial and other Employment Land Needs

2 Identification of Required Site Types

OAR 660-009-0015

1) Review of National , State, Regional, County and Local Trends.

2) Identification of Required Site Types

3) Inventory of Industrial and Other Employment Lands

4) Assessment of Community Economic Development Potential

5) Community Economic Development Visioning

OAR 660-009-0015 (5)

(5) Cities and counties are strongly encouraged to assess community economic development potential through a VISIONING or SOME OTHER PUBLIC INPUT based process in conjunction with state agencies. Cities and counties are strongly encouraged to use the assessment of community economic development potential to form the community economic development objectives pursuant to OAR 660-009-0020(1)(a).g

Planning Commission Work Session, 08.03.23

OAR 660-009-0020(1)

1) Comprehensive plans subject to this division must include policies stating the economic development objectives for the planning area. These policies must be based on the community economic opportunities analysis prepared pursuant to OAR 660-009-0015 and must provide the following:

(a) Community Economic Development Objectives.
(b) Commitment to Provide a Competitive Short-Term Supply.
(c) Commitment to Provide Adequate Sites and Facilities.

City of McMinnville

HISTORY OF DIALOGUE

2001 – Adopted EOA

2013 – Adopted Updated EOA

2020 – Drafting Updated EOA

HISTORY OF DIALOGUE

2001 – Adopted EOA

2013 – Adopted Updated EOA

2017 – New ED Goals

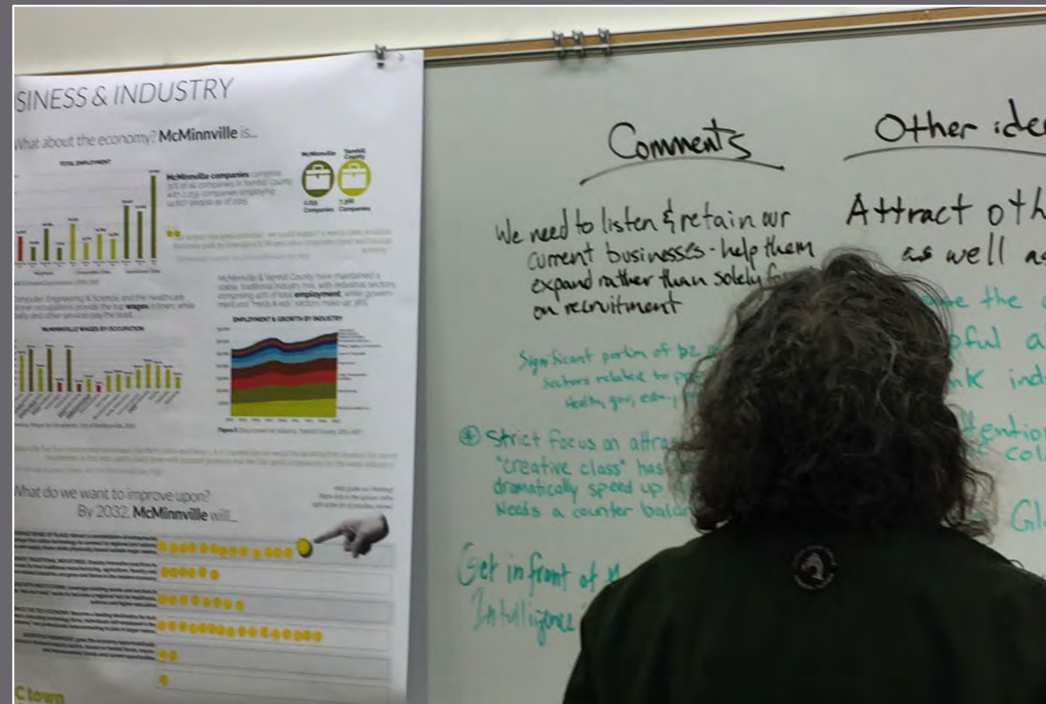
2018 – New Economic Development Strategic Plan

2020 – Drafted Updated EOA

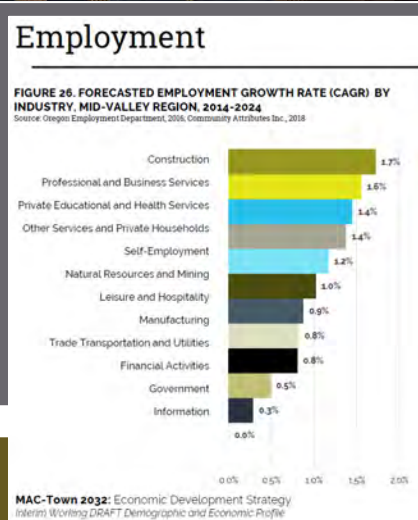

MAC-Town 2032
Economic Development Strategic Plan
COMMUNITY

PROCESS


PLACEMAKING & QUALITY OF LIFE
Ideas?


SINESS & INDUSTRY
What about the economy? McMinnville is...
What do we want to improve upon?
By 2032, McMinnville will...
Comments
Other ideas
We need to listen & retain our current businesses - help them expand rather than solely focus on recruitment
Attract othe
as well as


Public Comment Tool


Employment
FIGURE 26. FORECASTED EMPLOYMENT GROWTH RATE (CAGR) BY INDUSTRY, MID-VALLEY REGION, 2014-2024
Source: Oregon Employment Department, 2016; Community Attributes Inc., 2018
Construction 1.7%
Professional and Business Services 1.6%
Private Educational and Health Services 1.4%
Other Services and Private Households 1.4%
Self-Employment 1.2%
Natural Resources and Mining 1.0%
Leisure and Hospitality 0.9%
Manufacturing 0.8%
Trade Transportation and Utilities 0.8%
Financial Activities 0.5%
Government 0.3%
Information 0.0%
MAC-Town 2032: Economic Development Strategy
Interim Working DRAFT Demographic and Economic Profile


LOVE

STRENGTHS

- **High quality of life** to boast about and attract investment
- Strong, widely-recognized **downtown**
- **Robust wine and tourism economy,** as well a amenities that bring visitors
- **Well known regionally and nationally** as a de assets
- **Balanced employment across industry secto**
- Presence and involvement of **postsecondar** Community College)
- **Location advantages:**
  - Good location in proximity to major m
  - High quality soils in surrounding areas, climate suited for agriculture
  - Natural environment assets nearby, including Yamhill River, access to the ocean and mountains

WEAKNESSES

- **Relatively low educational attainment**
- **A limited labor pool** for local companies and those looking to relocate
- **Difficult access to and from I-5** and no near-term possibility of a more direct connection
- **End-of-the-line location for wine country visitors** coming from the Portland area
- **Lack of housing options**
- **Low levels of professional and office-using employment**
- Comparatively **high poverty rates** and **low median household income**

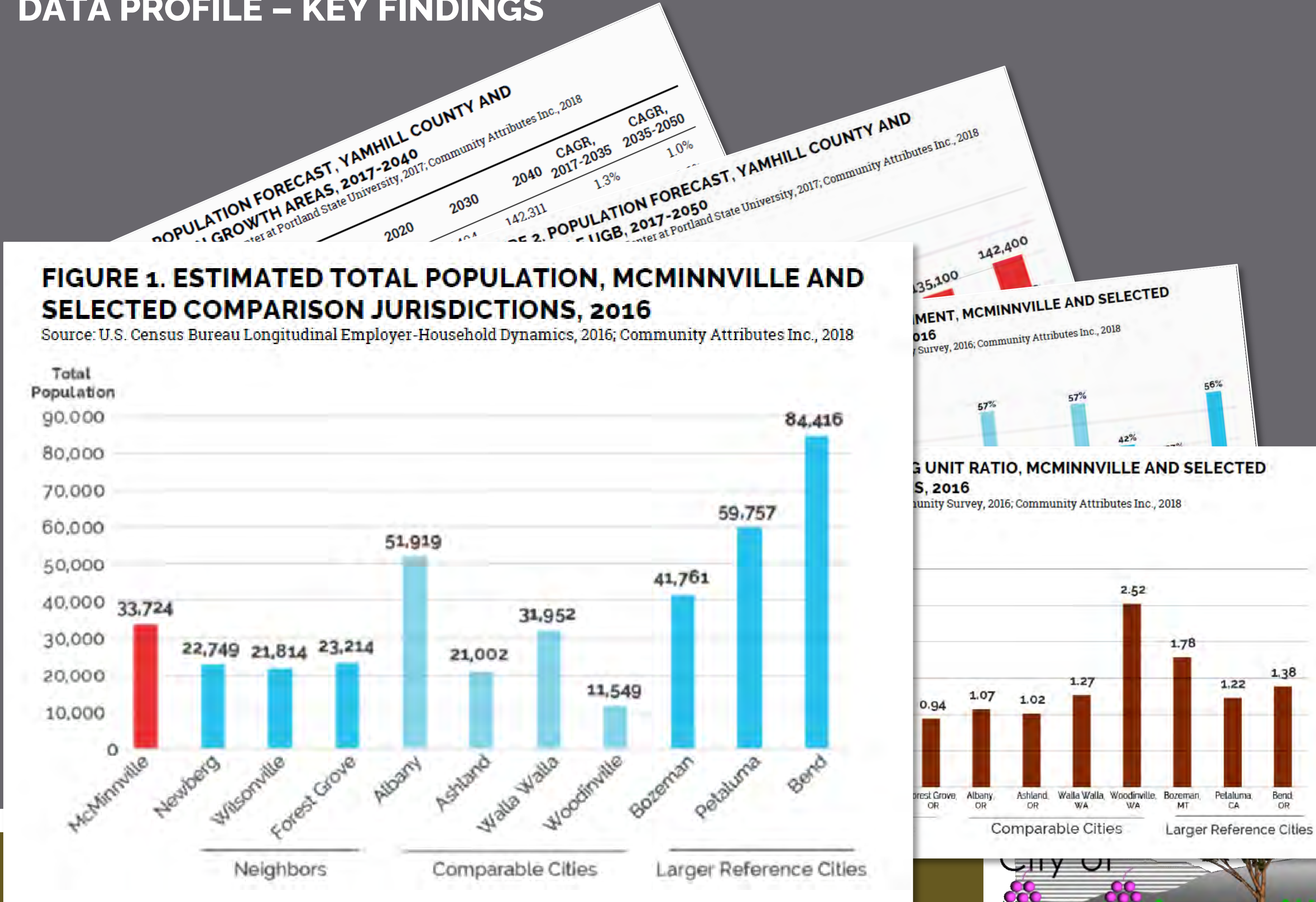
OPPORTUNITIES

- **Proximity to Portland** allows McMinnville to capitalize on urban infrastructure and amenities
- **Local airport** has comparative advantages over other regional airports
- **Highway 99 bypass:** future completion will improve access to McMinnville
- A stronger framework for **regional collaboration**, improved opportunity in surrounding communities
- Opportunity sites for **new downtown development**
  - New housing development – **higher density**, diversity of types, live-work units
- Improved connections to the **University of Oregon and Oregon State University**
- **Stronger branding and improved gateways** into McMinnville
- **Innovation in agriculture and food systems,**
  - Wine-oriented makerspace
  - Food hub
  - $6M gift to **Linfield College's wine program**
  - Expanded **culinary and craft beverage** retail offerings
- Better use of recreational assets
  - Creating new trails
  - Hosting tournaments and events
  - Improvements to the Community Center and pool
  - Bike tourism: improved and expanded bike routes

THREATS

- **Limited land availability** for residential, commercial and industrial development
- **Regulatory challenges** associated with UGB expansion
- Worsening **housing affordability**
- **Brain drain** due to local graduates leaving for other job markets
- Absorption of projected growth without detrimental **impacts to character, congestion, affordability**
- Future **oversaturation of wine/tourism** and increasing concentration of **low-wage service industry jobs**
- Need to find a sustainable solution to **homelessness**
- Future impacts of **climate change** on agriculture and related industries, including tourism

DATA PROFILE – KEY FINDINGS

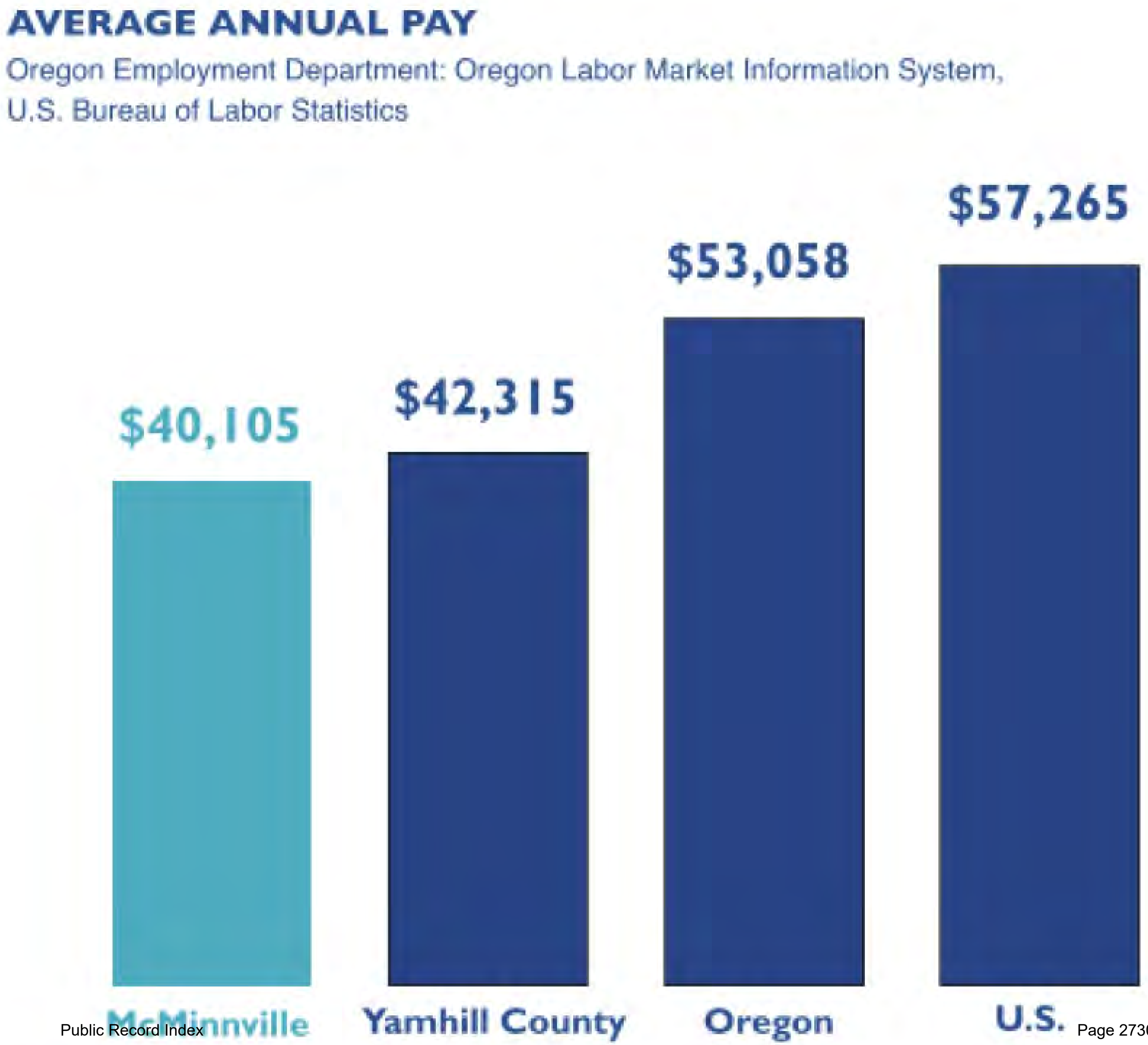


Income and Wages

FIGURE 30. MEDIAN HOUSEHOLD INCOME, CITY OF MCMINNVILLE AND SELECTED COMPARISON JURISDICTIONS, 2016

Source: U.S. Census Bureau American Community Survey, 2016; Community Attributes Inc., 2018

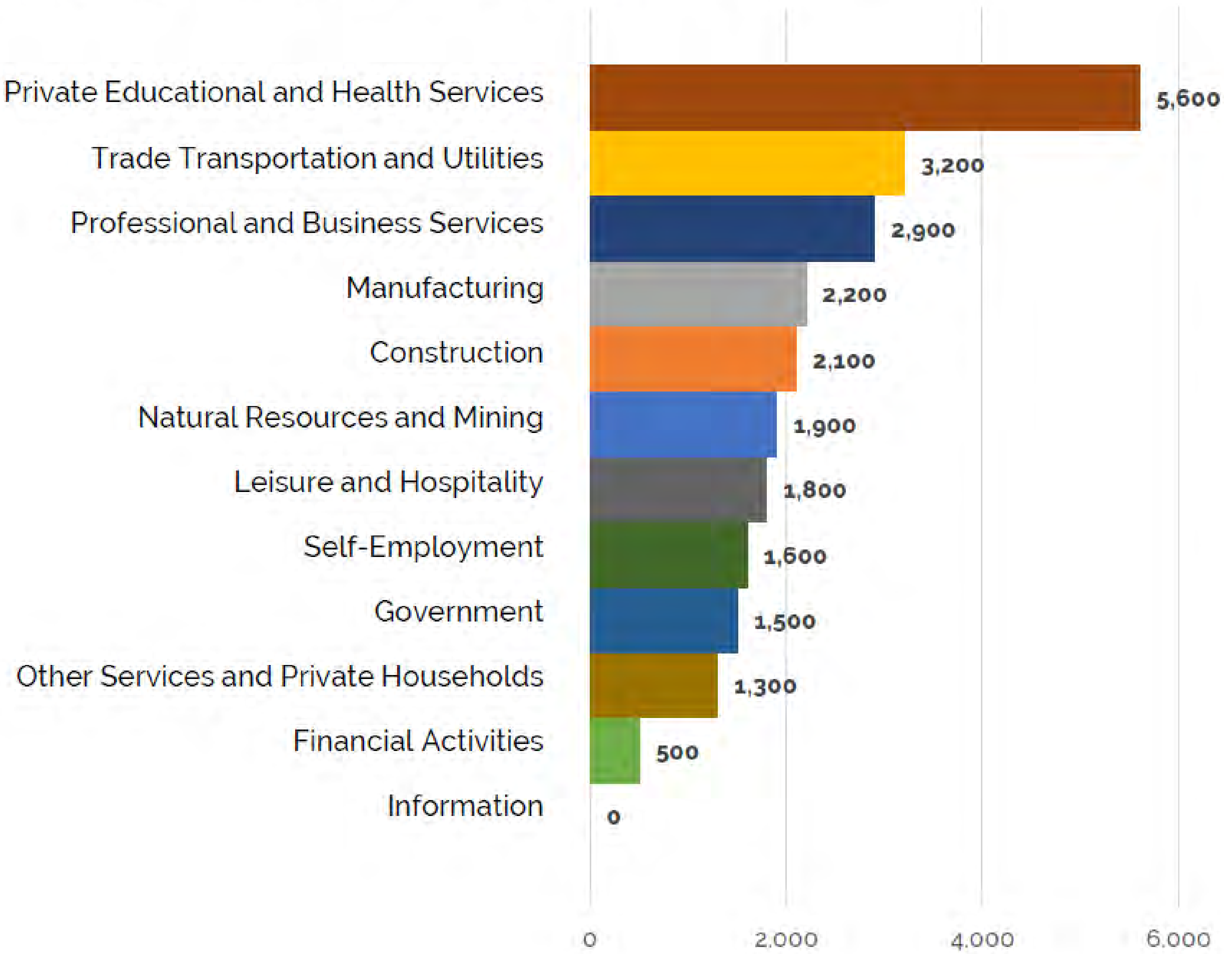
- McMinnville's median household income is lower than most selected comparison cities; Ashland and Walla Walla are lower.
- McMinnville's median household income is lowest among the selected neighboring cities.
- Among selected comparison cities, Woodinville and Wilsonville are closest to major metro areas are have comparatively higher median household incomes.


AVERAGE ANNUAL PAY
Oregon Employment Department: Oregon Labor Market Information System,
U.S. Bureau of Labor Statistics
$40,105
$42,315
$53,058
$57,265
McMinnville
Yamhill County
Oregon
U.S.

Employment

FIGURE 27. FORECASTED EMPLOYMENT GROWTH (JOBS) BY INDUSTRY, MID-VALLEY REGION, 2014-2024

Source: Oregon Employment Department, 2016; Community Attributes Inc., 2018



- Educational and Health Services, the largest industry sector in Yamhill County, is expected to add 5,600 jobs in the Mid-Valley Region, more than other industry sector.
- Trade, Transportation and Utilities and Manufacturing are drivers of demand for industrial space; these sectors together are expected to add 5,400 jobs in the Mid-Valley Region by 2024.

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1square represents 500 jobs

Government: 2,082 employees / **14%**

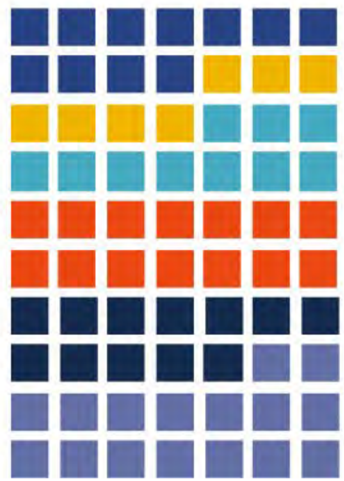
Accommodation & Food Services: 1,503 employees / **10%**

Retail Trade: 2,170 employees / **15%**

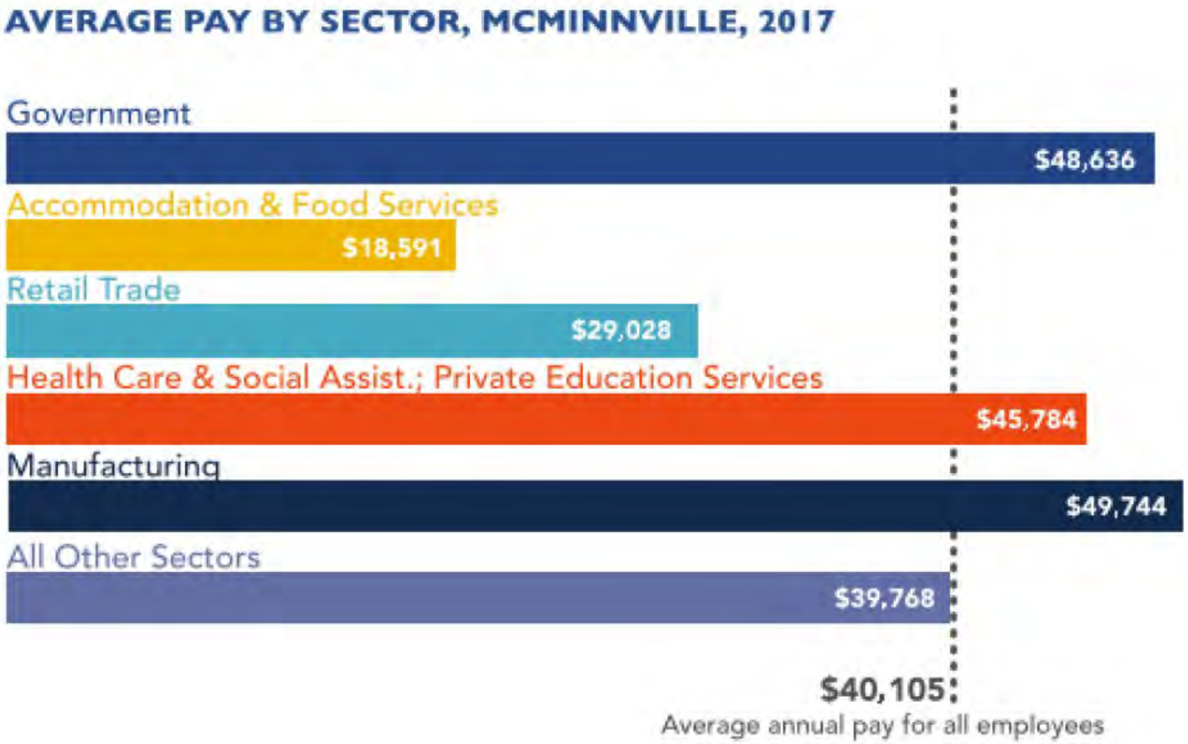
Health Care & Social Assist.; Private Education Services: 3,159 employees / **21%**

Manufacturing: 2,277 employees / **15%**

All Other Sectors: 3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

Strategic Framework

FOUNDATIONAL GOALS AND STRATEGIES...
are meant to be broadly beneficial across multiple industry sectors.

1. **Accelerate Growth in Living-Wage Jobs** Across a Balanced Array of Industry Sectors
2. Improve Systems for **Economic Mobility and Inclusion**
3. Maintain and Enhance our **High Quality of Life**

TARGET SECTOR GOALS AND STRATEGIES...
are intended to pursue opportunities and improve outcomes within clusters or sectors of related industries.

4. Sustain and Innovate within **Traditional Industry and Advanced Manufacturing**
5. Foster Opportunity in **Technology and Entrepreneurship**
6. Be a Leader in **Hospitality and Place-Based Tourism**
7. Align and Cultivate Opportunities in **Craft Beverages and Food Systems**
8. Proactively Assist Growth in **Education, Medicine and Other Sciences**

COMPONENTS OF ECONOMIC OPPORTUNITY ANALYSIS

- **Determining Job Growth in Planning Horizon (2021 – 2041, 2041 – 2067, based on population growth)**
- **Determine Jobs/Acre for Industrial and Commercial Uses**
- **Buildable Lands Inventory – what is available**
- **Capacity – how many new jobs will be developed on current land inventory.**
- **Need – how much more land is needed to meet employment needs for planning horizon and project population growth.**

EMPLOYMENT FORECAST

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

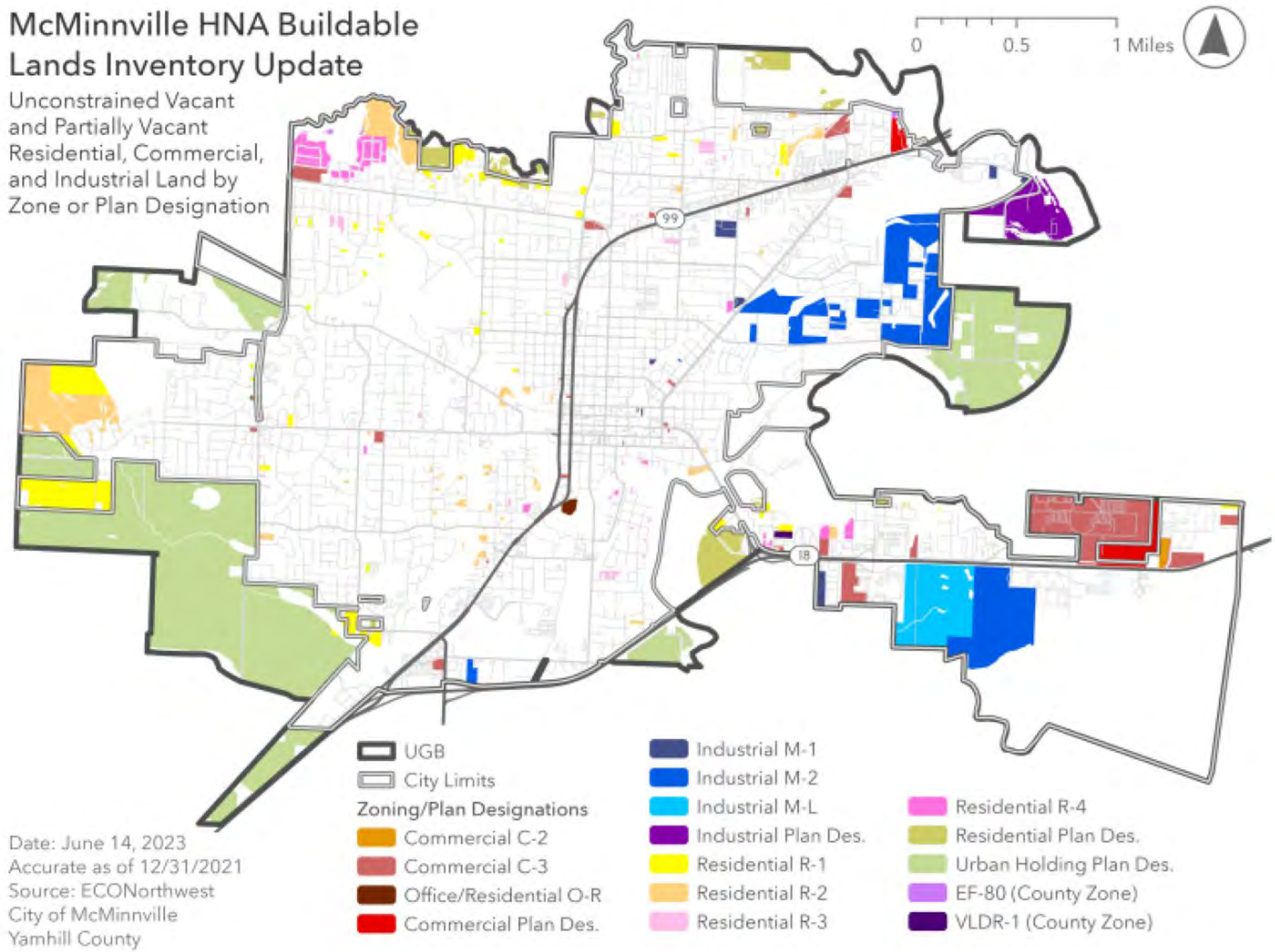
Source: ECONorthwest

Buildable Lands Inventory

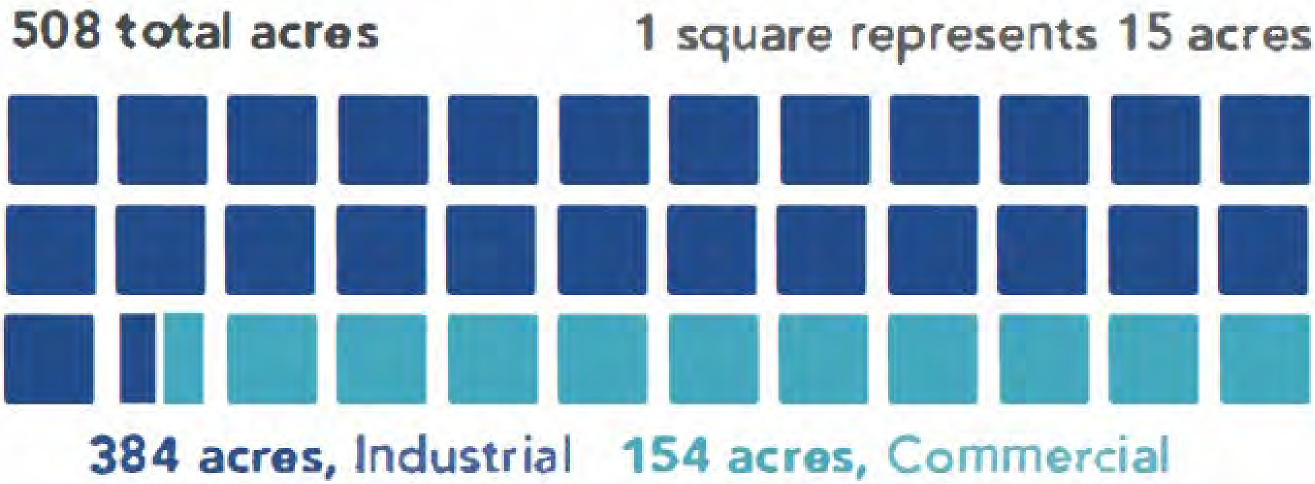
City of McMinnville

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)

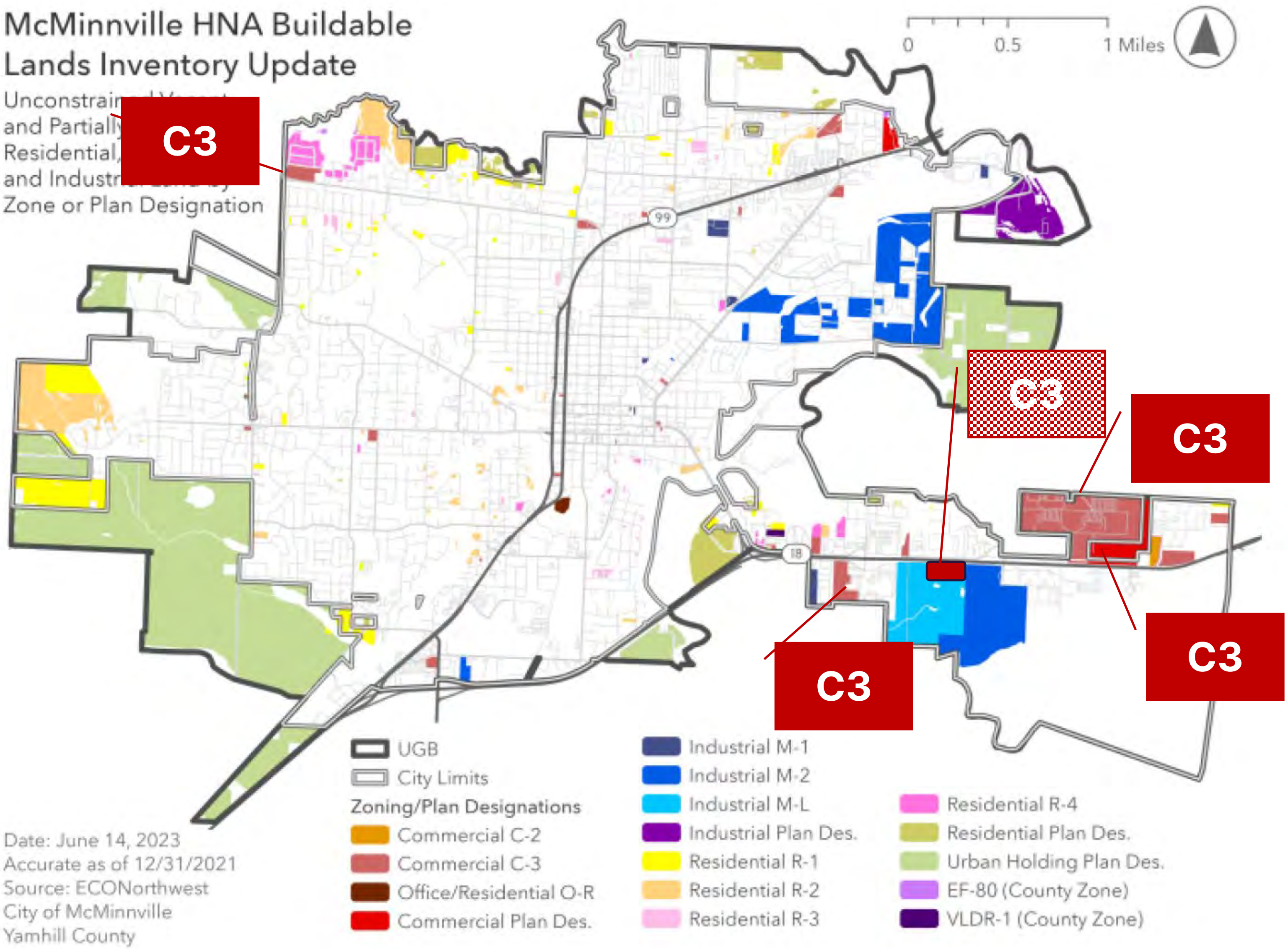


MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



EMPLOYMENT CAPACITY

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Other Land Needs not in the Forecast

See Exhibit 57 in the EOA document

- Community Center/Recreation Center
- Outdoor Stage/Amphitheater
- ~~See Ya Later Foundation – Champions Center~~
- Arts and Culture Event Center
- Evergreen Aviation & Space Museum
- Wings and Waves
- Conference Center
- ~~Equestrian Center~~
- Food Hub & Public Market
- Makerspace/Innovation Hub

Total of 104 acres

Decreased to 49 acres land need

EXOGENOUS LAND NEED

PLANNERS NETWORK MEETING, 01.30.20

City of McMinnville

EXOGENOUS SITE NEEDS

Economic Development Strategic Plan:

- 8 Goals
- 57 Strategies
- ~180 Potential Tasks or Projects
  - 57 with land-use or site-related needs
    - 47 addressed within employment forecast
    - 10 with unique additional "exogenous" land needs

Summary of Exogenous Land Needs

Use	Land Need	EDSP
1. Community Center/Recreation Facility	10 acres	3.2.2
2. Outdoor Stage/ Amphitheater	5 acres plus parking	3.2.1.
3. State/Regional Recreational Facility	28 acres (4 acres for buildings, 6 acres for parking, 12 acres for 6 athletic fields, 6 acres for associated facilities)	3.2
4. Arts and culture focused event center	3.5 acres	3.3
5. Evergreen Aviation and Space Museum	27 acres	
6. Wings and Waves	Location-specific land need at existing partially vacant site	6.3.
7. Conference Center:	5 acres	6.4
8. Equestrian center with supporting commercial activity inside UGB	20 acres in UGB, larger footprint outside	6.3
9. Food hub and public market	3.5 acres	3.2.2.
10. Makerspace/innovation hub/ fabrication center	2 acres	6.3.
TOTAL	104 acres	

RESULTS

LAND NEED FOR EMPLOYMENT

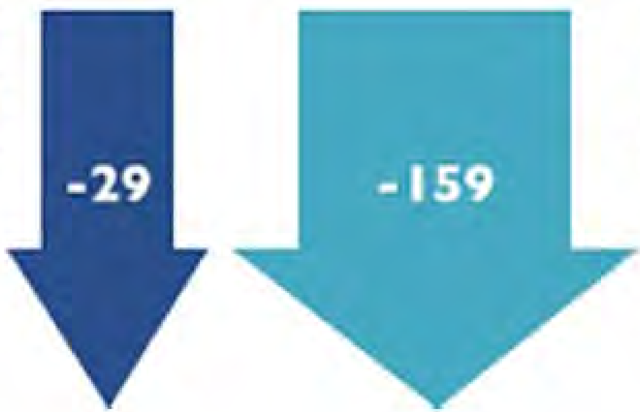
To serve a population of 47,498 in 2041, the City of McMinnville needs an additional 188 gross buildable acres dedicated to housing.

Planning Horizon	Land Need
2021 – 2041 (UGB)	29 Industrial 159 Commercial
2041 – 2067 (Urban Reserve Area)	176 Industrial 237 Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

29 GROSS ACRES
of industrial land



159 GROSS ACRES
of commercial land

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**383**	**477**	**(94)**

LAND NEED FOR EMPLOYMENT

Land Deficiency Identified (gross buildable acres):

Planning Period	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
2021 – 2041 (Urban Growth Boundary)	202 Acres	29 Industrial 159 Commercial 188 Acres	94 Acres	484 Acres
2041 – 2067 (Urban Reserves Area)	1066 Acres	176 Industrial 237 Commercial 413 Acres	298 Acres	1626 Acres

How are we going to meet the need?

HOW ARE WE GOING TO MEET THE NEED

Land Use Efficiencies, (December 31, 2024)

Higher Density Housing

Higher Density Jobs/Acre – Innovation Center

Commercial Rezone on Highway 18

UGB Amendment (December 31,2025)

NEXT STEPS FOR LAND NEEDS ANALYSIS

September 7, 2023 – Planning Commission Public Hearing

City Council Public Hearing and Adoption

Submittal to the State, December 31, 2023

Product	Consultant Expenses	In-Kind Staff Support	Total (Consultant + In-Kind Staff Support)
<u>Housing Production Strategy</u> (Required by HB 2003 (2019)) Deadline: December 31, 2024	$35,000	$15,000 (.15 FTE)	$50,000
<u>Land-Use Efficiencies</u> (Required by HB 2003 (2019)) Deadline: December 31, 2024	$50,000	$50,000 (.50 FTE)	$100, 000
<u>UGB Amendment</u> (Required by HB 2003 (2019)) Deadline: December 31, 2025	$250,000	$100,000 (.75 fte)	$350,000
TOTAL	$335,000	$165,000	$500,000
<u>URBAN RESERVE AREA</u> Deadline: December 31, 2027	$250,000	$100,000 (.75 fte)	$350,000

Start work for HB 2003 requirements for HNA and Concurrency	July 1, 2027	???	
HB 2003 Compliance	December 31, 2031	???	

QUESTIONS?

CITY OF MCMINNVILLE
MINUTES OF CITY COUNCIL WORK SESSION
Held via Zoom Video Conference and at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, July 11, 2023 at 6:00 p.m.

Presiding: Remy Drabkin, Mayor

Recording Secretary: Claudia Cisneros

Councilors:

Present	Absent
Chris Chenoweth	Adam Garvin, Council President
Kellie Menke	Zack Geary
Jessica Payne	
Sal Peralta	

Also present were City Recorder Claudia Cisneros, City Manager Jeff Towery, Community Development Director Heather Richards, Parks & Recreation Director Susan Muir (via Zoom), Public Works Director Anne Pagano (via Zoom), and members of the News Media – Kyle Dauterman, McMinnville Community Media and Scott Unger, *News-Register (via zoom)*.

1. CALL TO ORDER: Mayor Drabkin called the meeting to order at 6:01 p.m.

2. GROWING MCMINNVILLE MINDFULLY UPDATE

Community Development Director Richards introduced the topic and shared a PowerPoint presentation and introduced Beth Goodman from Eco Northwest the consultant for this project. Stated this is a project statutorily mandated to the City and needs to be adopted at the end of December this year. Will be reviewing the draft results of the Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA), and Public Lands Needs Analysis, and then discuss the next steps. Stated this is a State Mandate based on the House Bill (HB) 2003. Provided some background and history information on this project. The council directed staff to evaluate the 2013 remand of the 2003 MGMU instead of doing a new Urban Growth Boundary (UGB) amendment. Went through the process and submitted the UGB amendment to the state. The state approved it on April 9, 2021, and there were no appeals for that. Discussed the different steps taken to update the HNA/EOA and Urbanization Study and the different components of the housing needs analysis. Discussed the different steps taken to update the buildable land inventory. Ms. Richards talked about the values that shape the housing strategies as it's what led to some of the decisions made when talking about housing capacity. Shared the different value statements and the meaning behind each one. She shared data from 2016 regarding the existing housing conditions, 58% of housing units are owner-occupied and looked at cost-burdened or severely cost-burdened households in McMinnville. 2021 census data shows 26.5% of McMinnville households are severely cost-burdened, putting McMinnville in a new category of housing distress statewide. Shared data for housing building permits through the decades. The results show the need for 202 gross acres of housing land over the next 20 years.

There was discussion about subsidizing and talked about adding condemnation in the community. Beth Goodmen stated she hasn't seen condemnation used in a big way in other cities.

There was discussion about the outcomes if the city doesn't meet the State mandates. Ms. Richards stated it's better to look at what we want to do with our community rather than think about the state mandates. She explained what the sequential UGB process looks like.

Ms. Richards talked about the Economic Opportunity Analysis (EOA) and the five main steps that need to be followed, those steps can be done in any order, provided the McMinnville history of it, and the five different components of the economic opportunity analysis. Shared data for buildable land inventory and employment capacity. Shared the results of land need for employment as well as public land needs for parks, schools, private schools, etc. She shared how the city will meet the housing needs and the timeline for each need. Outlined the next steps for the land needs analysis along with the dates for each of the steps.

3. ADJOURNMENT: Mayor Drabkin adjourned the Work Session at 7:02 p.m.

Claudia Cisneros

Claudia Cisneros, City Recorder

CITY OF McMINNVILLE
MINUTES OF CITY COUNCIL MEETING
Held via Zoom Video Conference and at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, July 11, 2023 at 7:00 p.m.

Presiding: Remy Drabkin, Mayor

Recording Secretary: Claudia Cisneros

Councilors:	Present	Absent
	Chris Chenoweth	Adam Garvin, Council President
	Zack Geary	
	Kellie Menke	
	Jessica Payne	
	Sal Peralta	

Also present were City Recorder Claudia Cisneros, City Manager Jeff Towery, Interim City Attorney Walt Gowell, Fire Chief Rich Leipfert Community Development Director Heather Richards, Public Works Director Anne Pagano (via Zoom), and members of the News Media – Kyle Dauterman, McMinnville Community Media and Scott Unger, *News-Register (via zoom)*.

1. CALL TO ORDER: Mayor Drabkin called the meeting to order at 7:05 p.m. and welcomed all in attendance.

2. PLEDGE OF ALLEGIANCE

Councilor Peralta led the pledge of allegiance.

3. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT: Mayor Drabkin invited the public to comment.

There were no public comments.

4. PRESENTATION

History Books Presentation from MW&L Commissioner Ed Gormley.

Commissioner Gormley presented the Mayor and Council with copies of the History of MW&L books.

5. ADVICE/ INFORMATION ITEMS

5.a. Reports from Councilors on Committee & Board Assignments

Councilor Geary DEIAC will meet tomorrow, MURAC met and talked about electric vehicle charging infrastructures. Was not able to attend the Community Task Force meeting but will catch up and provide an update at the next meeting.

Councilor Chenoweth MELVC will meet tomorrow, and Parkway Committee will meet next week.

Councilor Peralta the Historic Landmark Committee has met twice, met about an application to the Mini Super Hidalgo and the second related to steps on a residential property that may come before Council at some point. The Council of Governments met and passed the budget for this fiscal year and did receive the 5 million dollars from the legislative for planning and development.

Councilor Payne had nothing to report.

Councilor Menke stated has been working on a subcommittee of the Affordable Housing Committee to work on public and private partnerships. Still working on the construction excise tax. YCAP passed its budget at the last meeting.

Mayor Drabkin reported at the last Affordable Housing Committee has expressed her intent to resign as chair. It has turned practices into policies, created expedited processes to bring affordable housing, expanded its infrastructures, and expanded the scope of the committee. Has been an honor to serve on the committee. Will be reshuffling some committee assignments.

5.b. Department Head Reports

City Manager Jeff Towery had nothing to report.

Interim City Attorney Walt Gowell has had a busy month but nothing special to report.

Community Development Director Heather Richards vacancy on the planning commission in Ward 1, receiving applications through July 31, 2023, contact her if anyone is interested.

Fire Chief Rich Leipfert stated the McMinnville Fire District just passed its budget and taxing authority for the year. Will have the air show at the end of September and as the date gets closer will send invitations to participate in the events.

City Recorder Claudia Cisneros had nothing to report.

Public Works Director Anne Pagano had nothing to report.

6. CONSENT AGENDA

a. Consider **Resolution <u>2023-42</u>**: A Resolution authorizing the City Manager to enter into a contract with Haworth, Inc. for the procurement, construction and installation of the Orchard Ave Storm Main Replacement, Project 2023-5.

Councilor Chenoweth MOVED to adopt the consent agenda as presented; SECONDED by Councilor Menke. Motion PASSED unanimously 5-0.

The Council took a short break to meet in Executive Session.

7. CITY COUNCIL EXECUTIVE SESSION – (NOT OPEN TO THE PUBLIC)

7.a. Executive Session pursuant to ORS 192.660(2)(e): To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

The Council reconvened from Executive Session at 8:00 pm.

8. RESOLUTIONS

8.a. Consider **Resolution <u>2023-43</u>**: A Resolution approving and authorizing the execution of a Purchase and Sale Agreement or certain real property located within the City.

Mr. Towery stated with the consensus of the Council, for the last couple of months the City staff have been negotiating to buy the former RB rubber property now owned by Northwest Rubber in the Alpine District. The resolution also contemplates contracting for additional environmental work to assess the property and come up with recommendations in remediation plans for a future public meeting.

Mr. Gowell stated the agreement contains a substantial number of terms and conditions similar to real estate transactions of this scope. The proposed sale price at 4.25 million, the sale is to take place on or before October 31, 2023 subject to numerous conditions.

Mr. Towery stated for the record Council received a hard copy of Resolution No. 2023-43 and the purchase and sale agreement and the City Recorder will amend the electronic packet to include it for the record.

Councilor Geary MOVED to approve Resolution No. 2023-43, Approving and authorizing the execution of a Purchase and Sale Agreement or certain real property located within the City; SECONDED by Councilor Chenoweth. Motion PASSED 5-0.

8.b. Consider **Resolution <u>2023-44</u>**: A Resolution Approving an Intergovernmental Agreement Between the City of McMinnville, Oregon, and McMinnville Fire District and For Temporary Fire and Emergency Response Services for a Specified Term.

Mr. Leipfert stated this is the agreement that was just passed by the Fire District this is the contract was worked out between the City and District Attorneys and Fire District. This agreement would allow the City to provide services for the next six months and was budgeted in the adopted City Budget.

City Recorder stated for the record that two copies of the agreement were placed on the Dias one being a redline version and one a clean version provided by Interim City Attorney Walt Gowell and is aware of the date issue to be corrected to state 2024 instead of 2034 in the Resolution.

Mr. Gowell stated the agreement calls for a follow-up IGA to be worked on and finalized between the district and City relating to the transfer of assets.

Councilor Peralta MOVED to approve Resolution No. 2023-44 as amended, Approving an Intergovernmental Agreement Between the City of McMinnville, Oregon, and McMinnville Fire District and For Temporary Fire and Emergency Response Services for a Specified Term; SECONDED by Councilor Menke. Motion PASSED 5-0.

9. ADJOURNMENT: Mayor Drabkin adjourned the meeting at 8:12 p.m.

Claudia Cisneros

Claudia Cisneros, City Recorder

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

STAFF REPORT

DATE: July 11, 2023
TO: Mayor and City Councilors
FROM: Heather Richards, Community Development Director
SUBJECT: Work Session: Growing McMinnville Mindfully, Part II

STRATEGIC PRIORITY & GOAL:

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

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

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<u>Report in Brief:</u>

This is a work session to review the draft results of a Housing Needs Analysis, Economic Opportunities Analysis and Public Land Need Analysis for the planning periods of 2021 – 2041 and 2041 – 2067.

Per HB 2003 (2019 Oregon Legislative Session), the City of McMinnville needs to adopt and submit a Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCD April 2021) UGB amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years.

That work was recently completed (partially funded by a DLCD grant), and this work session will review the final results and next steps.

<u>Background:</u>

In 2018, the City of McMinnville initiated an effort to update its Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA) and Public Lands Analysis.

In Oregon Land Use planning cities must maintain a buildable land supply to support necessary population growth for twenty years. This is accomplished through a needs analysis process. It is a highly regulated process governed by state legislation (Oregon Revised Statutes (ORS)) and rulemaking (Oregon Administrative Rules (OAR)). If the needs analysis identifies a need for additional land supply, cities must determine how they are going to meet that need, either by increasing density within the existing urban growth boundary or by expanding the urban growth boundary, or both. Cities typically will conduct an efficiency measures analysis to identify opportunities for growth and higher density within the city's urban growth boundary prior to expanding the urban growth boundary. If cities choose to expand their urban growth boundary, cities must then embark on a land analysis of land adjacent to the existing urban growth boundary to determine where it is appropriate to expand. Like the needs analysis, the efficiency measures analysis and urban growth boundary analysis are highly regulated with ORS and OARs.

In 2018, after realizing the negative effects of constrained land supply on the City of McMinnville's housing market and employment opportunities, the City elected to initiate the needs analysis with a mindset that it would lead eventually to an urban growth boundary amendment even after an efficiency measures analysis. City Council direct staff to plan for both a twenty-year growth horizon (2021 -2041) as well as a fifty-year growth horizon (2021 – 2067) in order to adopt a future Urban Reserve Area so that the City did not find itself in the same predicament in the future.

The last time the City had successfully adopted a Housing Needs Analysis was in 2001 and although the needs analysis and resulting efficiency measures indicated a need to expand the city's urban growth boundary for future growth, the city was not successful in adopting a new urban growth boundary that met the city's identified need due to legal challenges, eventually resulting in a Court of Appeals remand to the City in 2013.

Thus, the city engaged a consultant team and worked with a project advisory committee on a buildable lands inventory, housing needs analysis and economic opportunities analysis throughout 2018 and 2019.

At the same time, during the 2019 Oregon Legislative Session, two house bills were adopted, HB 2001 and HB 2003. Both bills impacted state legislation and eventually rulemaking relative to how cities implemented needs analyses. Knowing that the legislation and rulemaking would take some time to enact, the City put a pause on these efforts, and turned towards the 2013 urban growth boundary remand to see if that would lead to a quicker resolution to the city's land supply issues rather than a new effort. City staff worked on a response to the Court of Appeals remand in 2020 and in April, 2021 learned that the submittal had been approved by the Department of Land Conservation and Development and was not appealed.

In order to preserve their efforts from 2018 and 2019, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

- **HNA.** Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
- **Housing Strategy.** (June 2019 Draft).
- **EOA.** Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DCLD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.

In addition to the HNA, Housing Strategy and EOA, the City prepared a Memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. All of which were provided as part of the PAPA notices.

As part of the PAPA notice for these documents in May 2020, the City needed to provide a specific date for a public hearing, and the City elected to select May 20, 2021, for the public hearing date to provide enough time for the HB 2001 and HB 2003 rulemaking to conclude.

On May 20, 2021, the Planning Commission opened and continued the public hearing to May 18, 2023. And then on May 9, 2023, the City noticed that the public hearing would be continued to September 7, 2023, to consider the final documents. This was done to preserve the work and investment that went into the 2018/2019 effort and to just focus on a limited update in 2023. Legal counsel and DLCD staff concurred with the process.

Since these documents were completed and noticed to the Department of Land Conservation and Development, there have been two significant developments that have occurred which impact the outcomes of these draft documents:

- The City's successful completion of the McMinnville Growth Management and Urbanization Plan (MGMUP), which amended the existing urban growth boundary by adding 662.40 gross buildable acres to the urban growth boundary.

- HB 2003 rulemaking which mandated a calendar of when cities needed to adopt a new Housing Needs Analysis (OAR 660-008-0045). The City of McMinnville was assigned an adoption date of December 31, 2023. (Please see table below).

- New DLCD program for the development of a Housing Production Strategy to meet the mandates of HB 2003.

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

The City is able to preserve the work that has already been done thus far to meet the HB 2003 mandate, but it must be updated to reflect the new urban growth boundary amendment (buildable land inventory) and the application of the provisions of HB 2001 to the new urban growth boundary amendment. Then if the needs analysis shows additional land need for the 2021 – 2041 planning horizon, the City will need to conduct an efficiency measures analysis, and if there is still land need remaining, embark on a new urban growth boundary amendment.

Normally, the City would need to show how it will meet its identified land need when it adopts the HNA by December 31, 2023. However, anticipating that the analysis would more than likely show additional land need, the City has already been in discussion with DLCD about participating in their sequential UGB process (OAR 660-025-0040) which allows the City to submit the land need analysis and then work on how to meet the land need through land-use efficiencies to increase density within the current UGB (December 31, 2024) and a UGB amendment (December 31, 2025) in subsequent years.

Discussion:

The updated McMinnville Urbanization Report (attached) provides a summary of the key data and findings for the Housing Needs Analysis, Economic Opportunities Analysis and Public Land Needs Analysis.

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

(Note this is provided by Portland State University's Portland Research Center and cities are required to use it per state law. It has been updated since the 2017 forecast was released, but the City made a policy decision to continue to use the 2017 population forecast so as not to rework the entirety of the documents to reflect new forecasts. This is allowed by state law and is a policy decision that was supported by DLCD staff.)

Land Deficiency Identified (gross buildable acres):

Planning Period	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
2021 – 2041 (Urban Growth Boundary)	202 Acres	29 Industrial 159 Commercial 188 Acres	94 Acres	484 Acres
2041 – 2067 (Urban Reserves Area)	1066 Acres	176 Industrial 237 Commercial 413 Acres	298 Acres	1626 Acres

Next Steps:

- Adopt and submit the land needs analysis to DLCD - December 31, 2023.
- Evaluate land-use efficiencies – January 1 – December 31, 2024
- Adopt and submit a UGB amendment, if needed, to DLCD – December 31, 2025

Attachments:

- Draft Updated McMinnville Urbanization Report (2023)
- Draft Updated McMinnville Housing Needs Analysis (2023)
- Draft Updated McMinnville Economic Opportunities Analysis (2023)

Fiscal Impact:

Updating the Housing Needs Analysis and Economic Opportunity Analysis cost approximately $50,000. DLCD provided a grant of $25,000. Staff provided staff support at $11,500.

Per HB 2003 (2019), the City of McMinnville will need to update its Housing Strategy to conform with the mandates of the state legislation and the resulting program that the Department of Land Conservation and Development constructed to support the state legislation. This will need to be submitted by December 31, 2024. It is anticipated that this effort will cost the City of McMinnville approximately $35,000 in consultant expenses and $15,000 in staff resources.

It is anticipated that the efficiency measures evaluation will cost the City of McMinnville approximately $50,000, and if needed a new urban growth boundary amendment will cost the City of McMinnville approximately $250,000. It is anticipated that this effort will cost the City of McMinnville approximately $300,000 in consultant expenses and $150,000 in staff resources.

DRAFT, JULY 5, 2023

Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

JUNE 2023

ECONorthwest
ECONOMICS · FINANCE · PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The officiall population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population	New Employment	New Housing Units
11,260	**6,885**	**4,657**

MCMINNVILLE NEEDS 484 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth McMinnville will also need an additional 188 gross acres to accommodate employment needs for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need anaddijional 94 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(94)	(397)
Industrial	(29)	(29)
Commercial	(159)	(416)
Total	**(484)**	**(2,110)**

Source: ECONorthwest

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 in 2041 — a 29% increase over the 2019 population.

This report is the culmination of several years of work and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluate different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimate of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

BUILDABLE LANDS INVENTORY

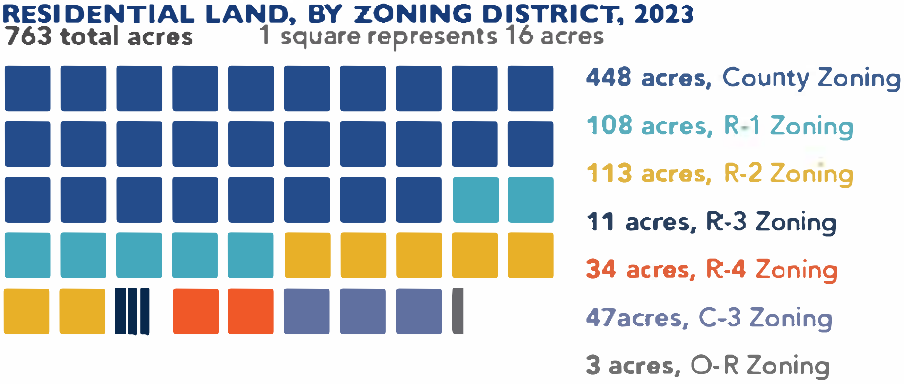
Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021, as well as policy changes enacted by HB 2001 (2019 Oregon Legislature).

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 which is not likely to be served with water for 10 years (about 2030).

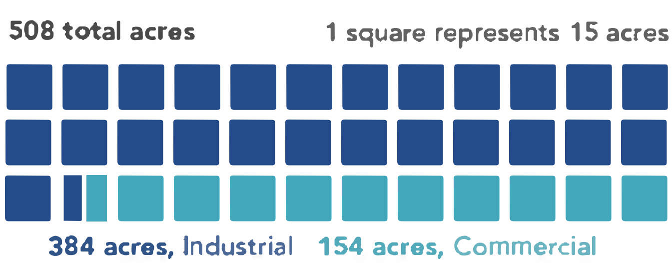
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023



Commercial and Industrial Buildable Land

McMinnville has 508 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 354 acres of McMinnville's vacant land is in industrial designations and about 154 vacant acres is in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

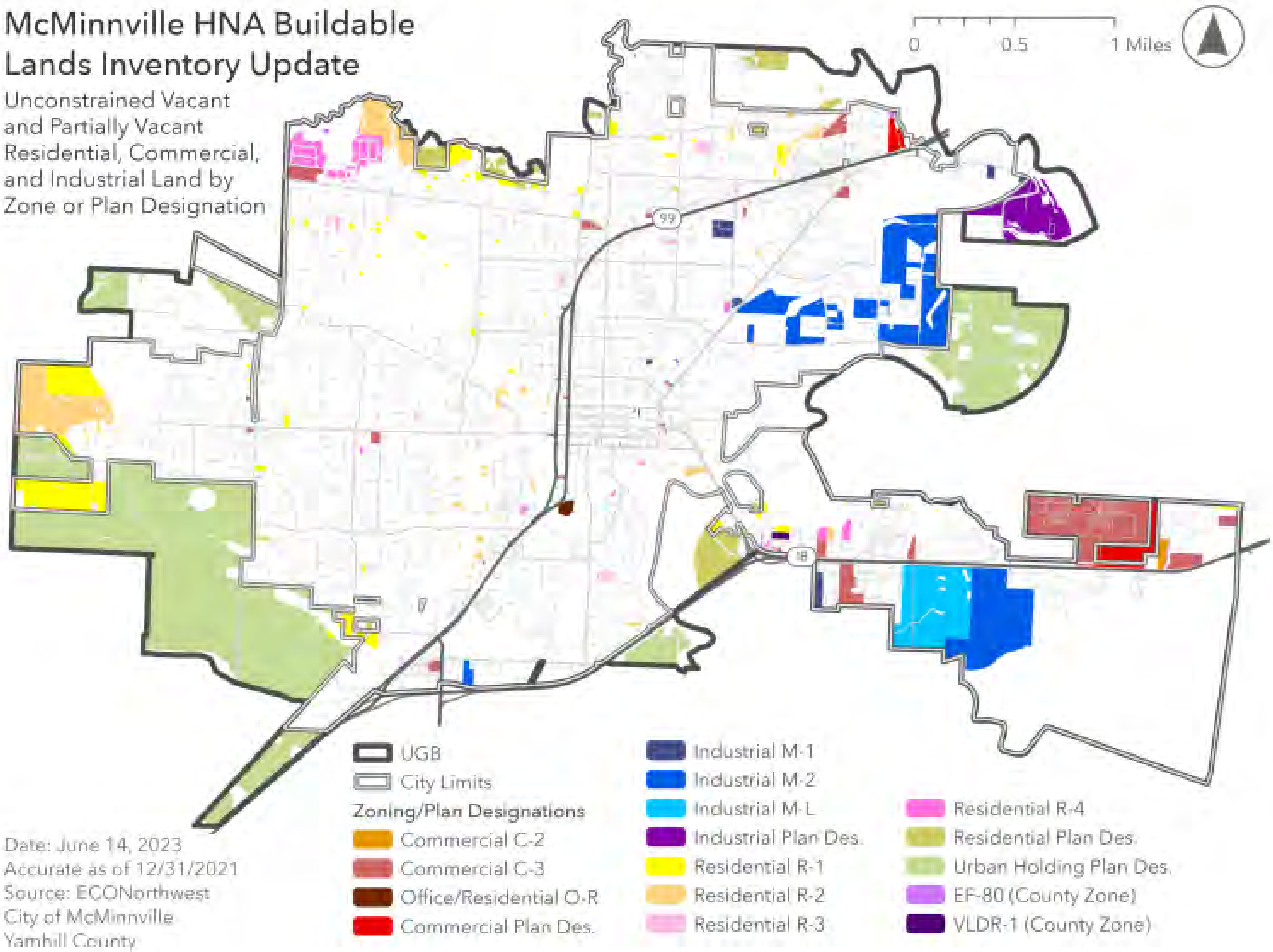
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up about one third of Yamhil County's total population, McMinnville has grown at a faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group. In 2023, a PAC met twice to discuss the updates to the analysis.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville's population has historically grown faster than both the county and state.

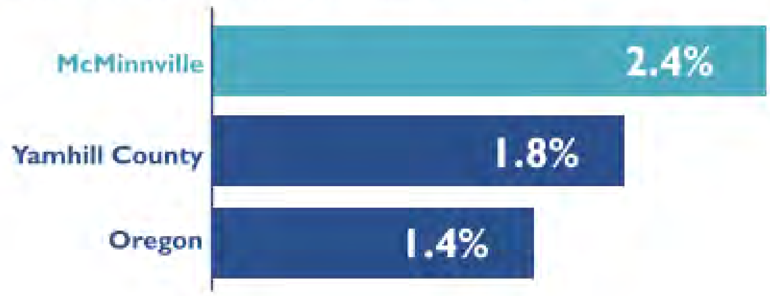
McMinnville's Population and Households

Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

Source: Portland State University, Population Research Center

33,665 McMinnville

106,300 Yamhill County

4,141,100 Oregon

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

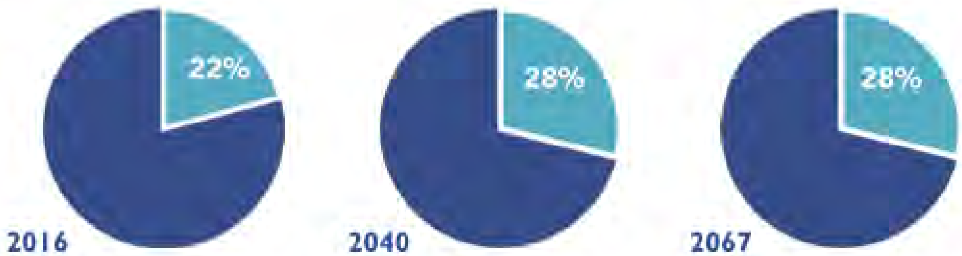
MEDIAN AGE, 2016

Source: Portland State University, Population Research Center

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

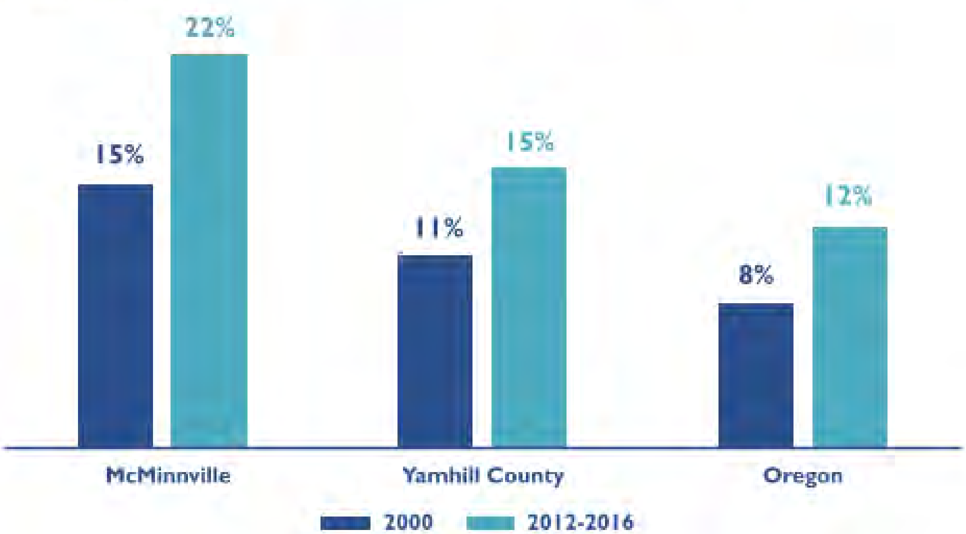


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

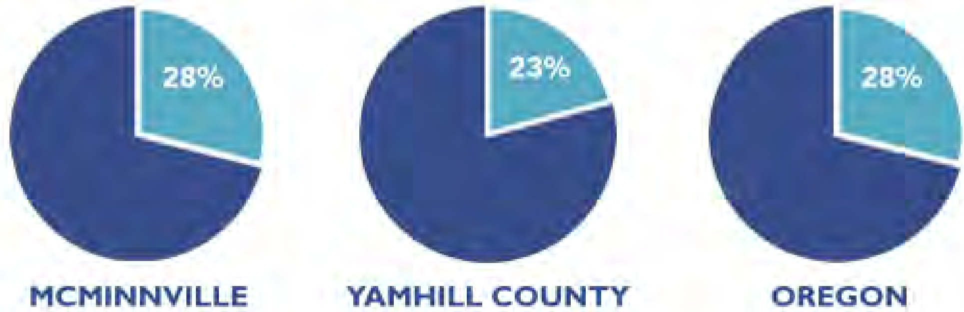
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

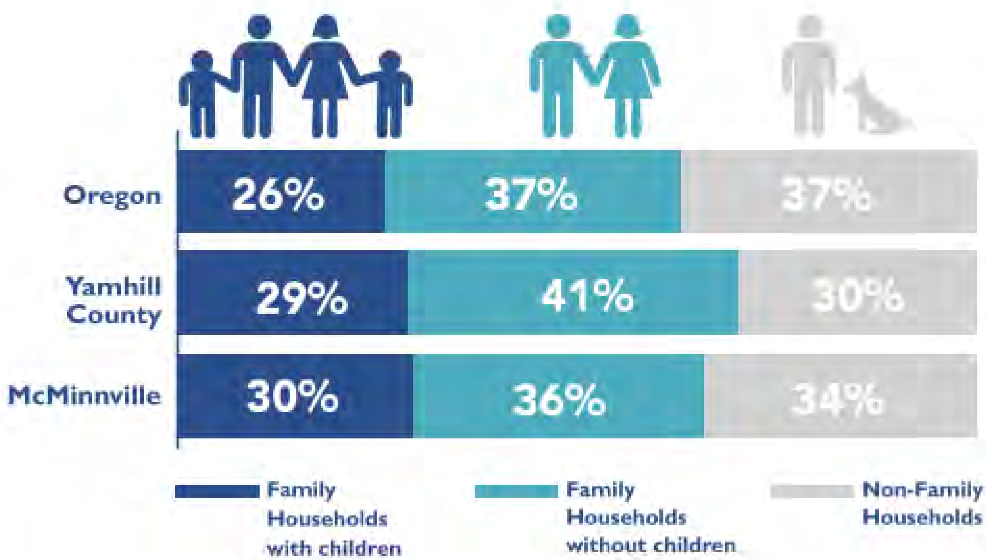


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

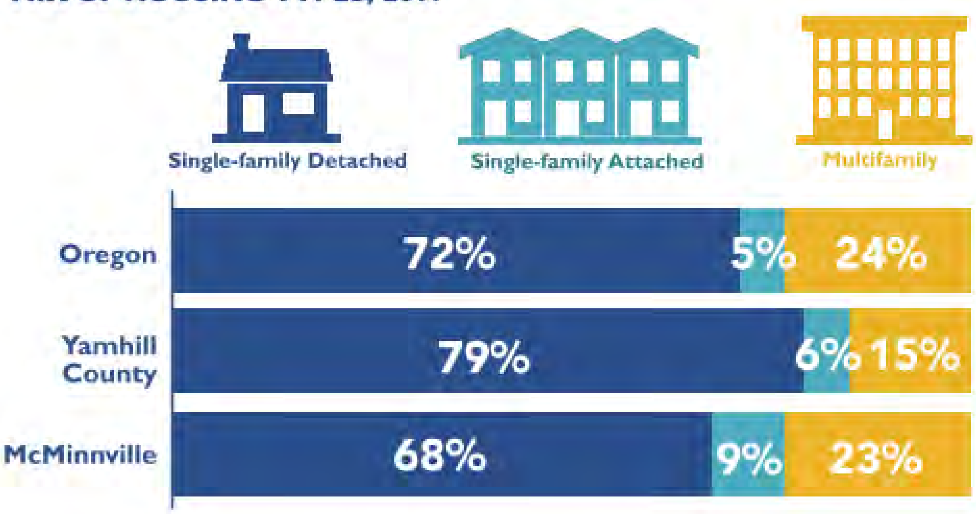
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

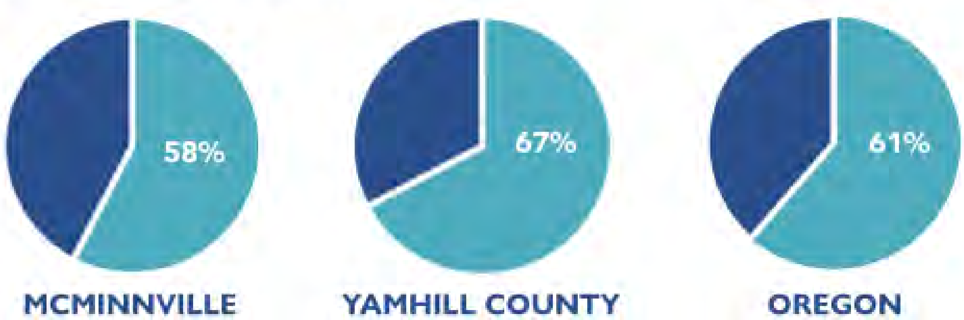
Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

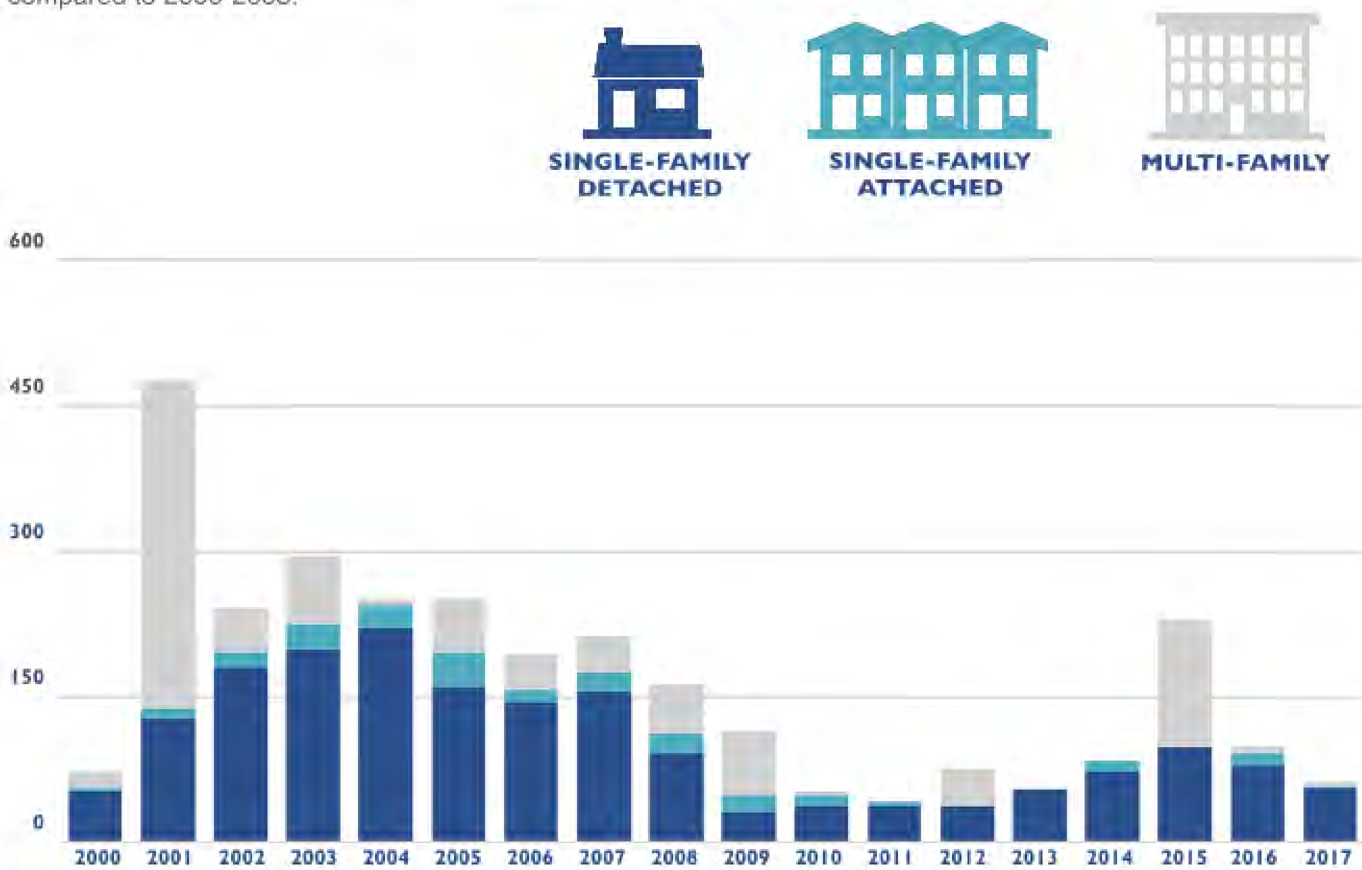
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

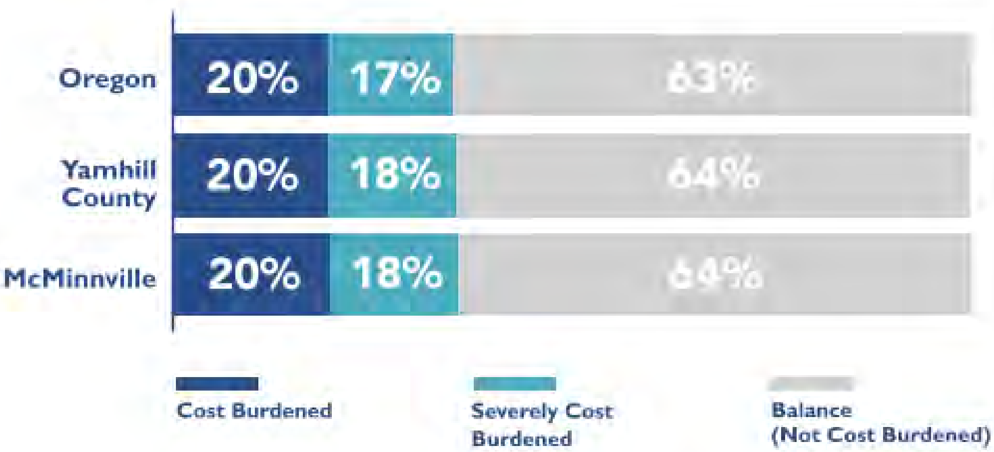


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



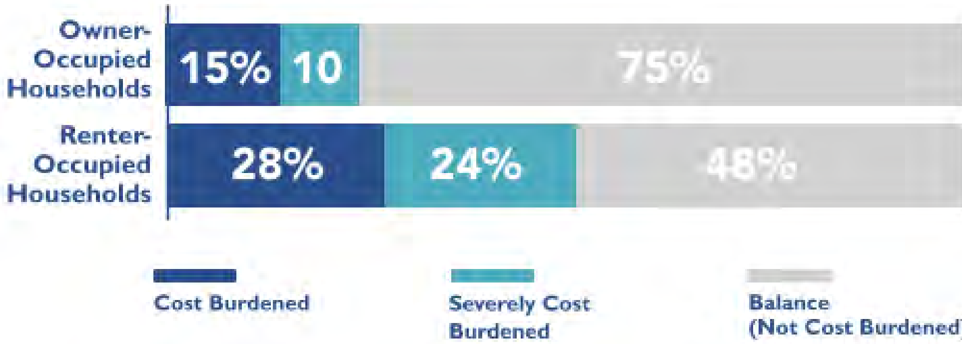
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

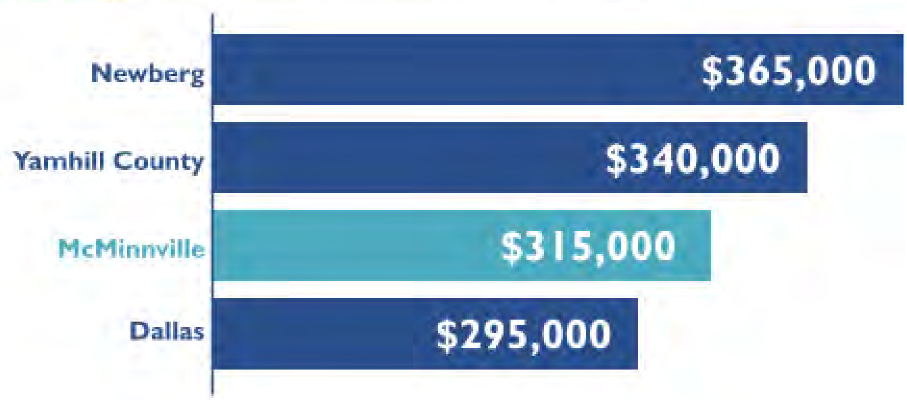
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



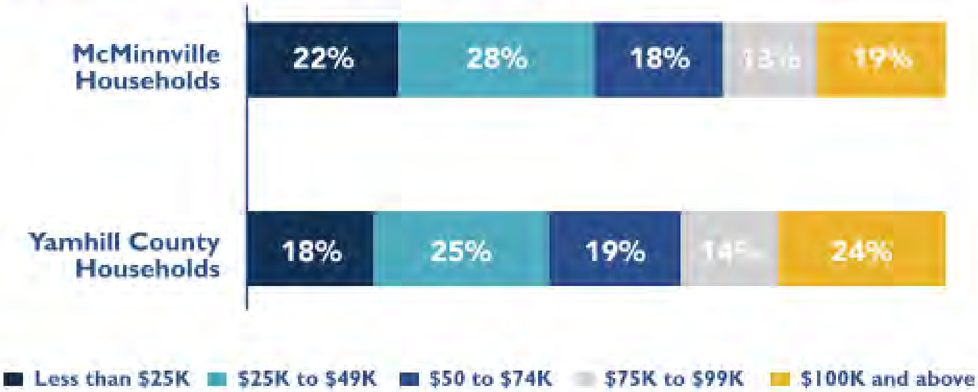
MEDIAN MONTHLY RENTS, 2016

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSEHOLD INCOME DISTRIBUTION, 2016



Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

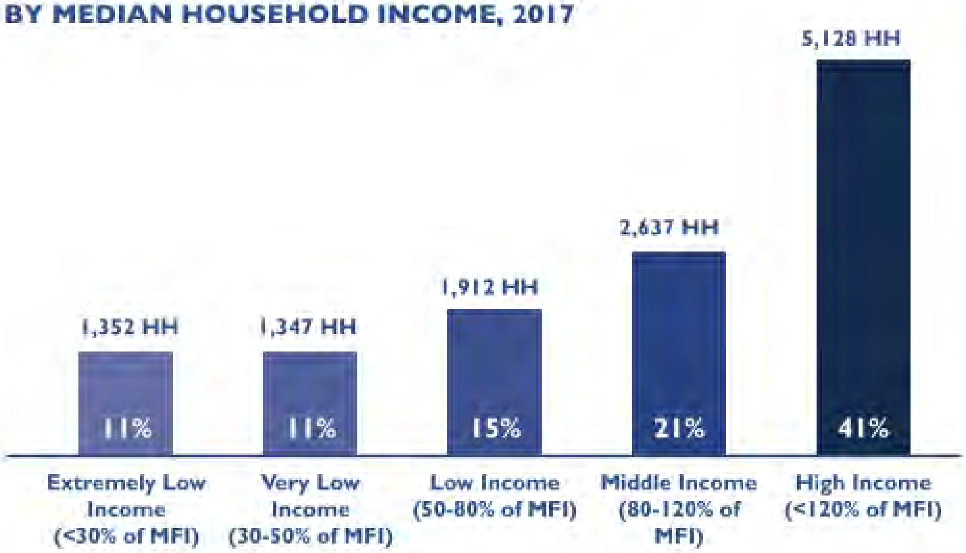
FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

Source: Bureau of Labor Services

HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

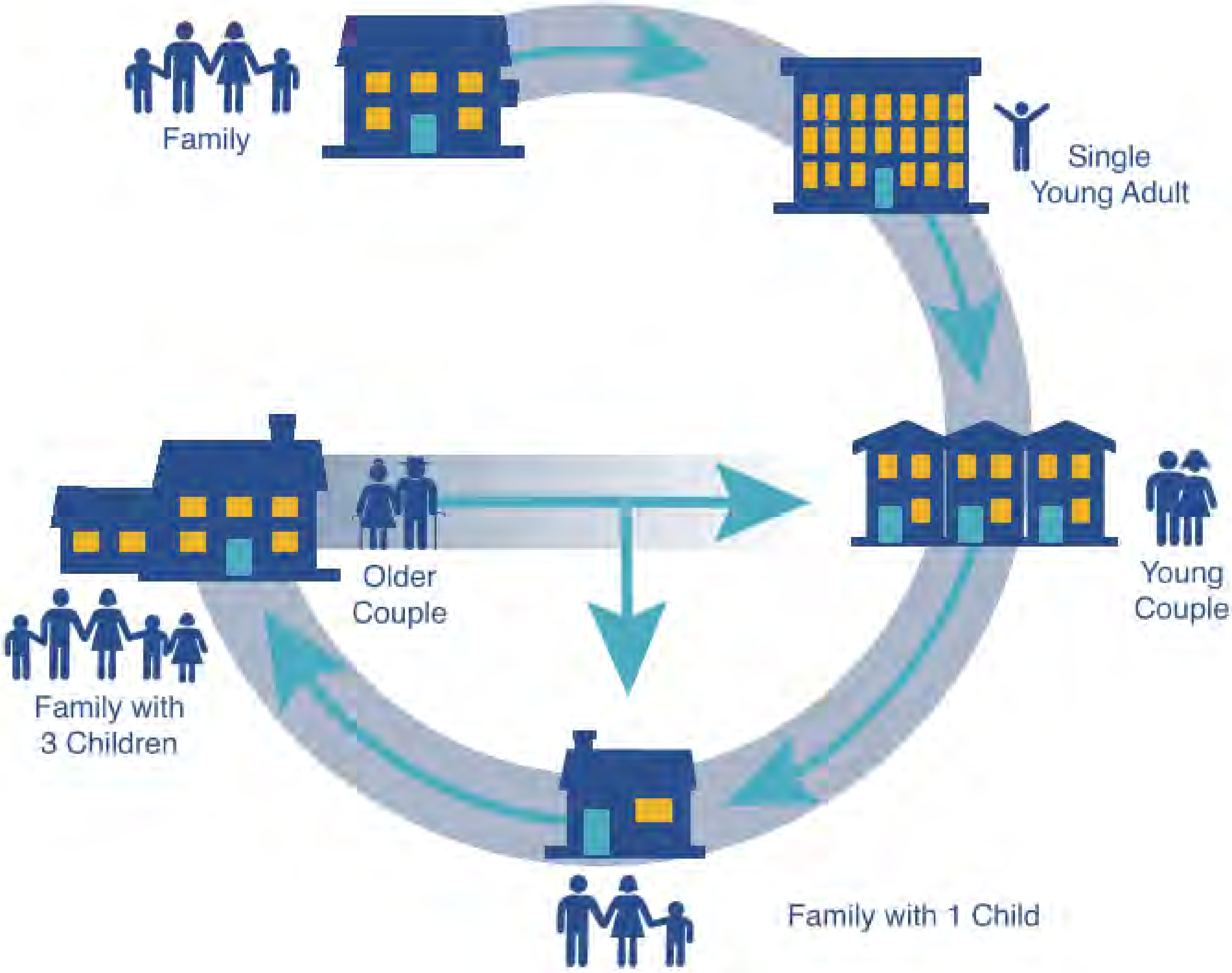
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes (more 1 person households)

Homeownership Rates (especially 75 years old)

Income

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes (as they form families)

Homeownership Rates

Income

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

Homeownership Rates (Hispanics/Latino households have higher homeownership rates at younger ages)

Continued Lower-Than-Avg. Income

Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by 3% to reflect changes to the City's zoning code to allow more diverse housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

3,611 total dwelling units   1 square represents 36 dwelling units

2,486 dwelling units
County Zoning

499 dwelling units
R-2 Zoning

345 dwelling units
R-1 Zoning

211 dwelling units
R-4 Zoning

28 dwelling units
R-3 Zoning

DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE (AMENDED PER HB 2001 (2019 OREGON LEGISLATURE)

3.19	4.43	4.94	6.28
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.49	22.56	5.05
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

Future Density:

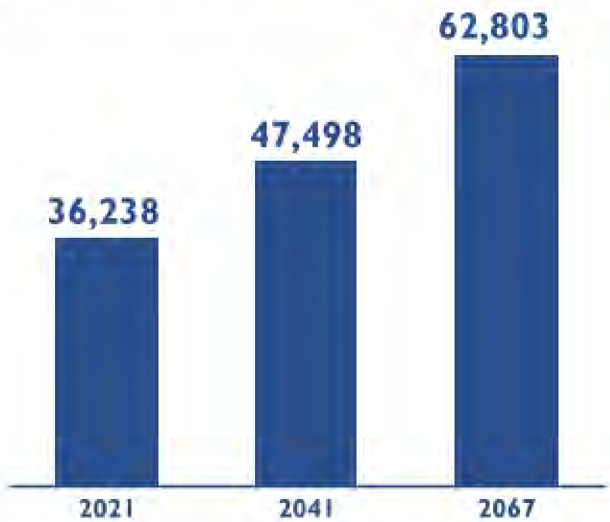
Density based on historical development densities with an increase of 3% to account for changes to McMinnville's zoning code to comply with State requirements to allow more diverse housing types in residential areas per House Bill 2001 (2019).

Demand For Residential Land, By Housing Type

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,524 new dwelling units	559 new dwelling units	1,202 new dwelling units
2021-2067	5,954 new dwelling units	1,318 new dwelling units	2,835 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2067

A deficit of 6,924 dwelling units results in a deficit of:

1,372 GROSS ACRES
at historic densities
(5.05 units per gross acre)

1,268 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill – these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) – an 11% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem – possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area

1.2 Establish a Framework Plan for the URA

1.3 Identify an Expanded UGB per the URA

1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities

1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)

1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas

1.7 Update Goal 7 Hazards Planning & Policies, incl. Landslide Susceptibility

1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.

1.9 Implement Great Neighborhood Principles

1.10 Create a Diverse Housing Zone

1.11 Develop a High-Density Residential Zone

1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone

2.2 Develop a High-Density Residential Zone

2.3 Provide Density Bonuses to Developers

2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards

2.5 Update Infrastructure Plans for Infill Development

2.6 Implement Great Neighborhood Principles

2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill

3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements

3.4 Develop Infrastructure Allocation Policies

3.5 Identify Areas with Underutilized Infrastructure Capacity

3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy

4.2 Evaluate Three Mile Lane for Residential Development

4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards

5.2 Implement Other Code Amendments Prioritized by the PAC.

5.3 Streamline Zoning Code and Other Ordinances

5.4 Implement the Great Neighborhood Principles

5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

5.6 Evaluate Code for Fair Housing Act Best Practices

5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence)

6.2 Financial Incentives Supporting Inclusionary Zoning

6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing

6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)

6.5 SDC Financing and Credits

6.6 Parcel assembly

6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)

6.8 Sole Source SDCs

6.9 Grants or Loans

6.10 Vacant Property Tax.

6.11 Fee for Demolition of Affordable Home for Expensive Home.

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds

7.2 Community Land Trust (CLT)

7.3 Affordable Housing Property Tax Abatement

7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

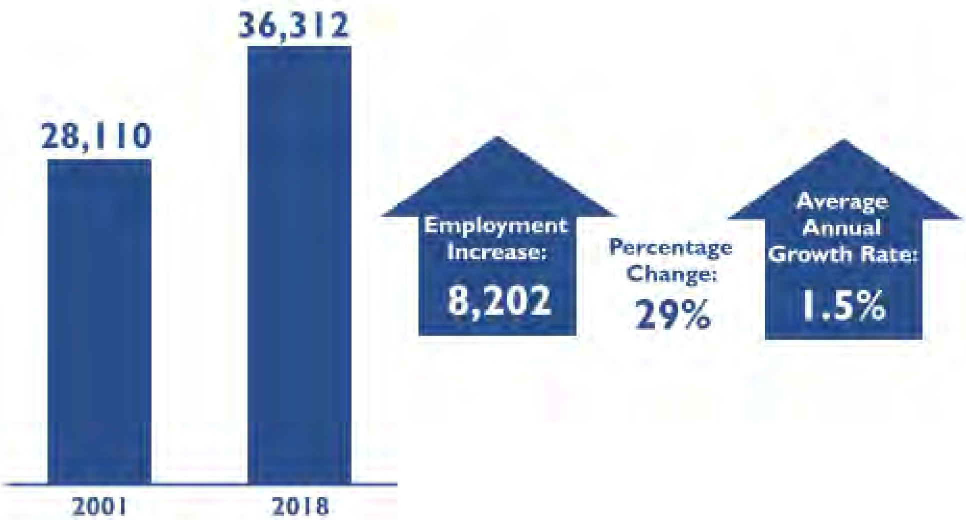
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

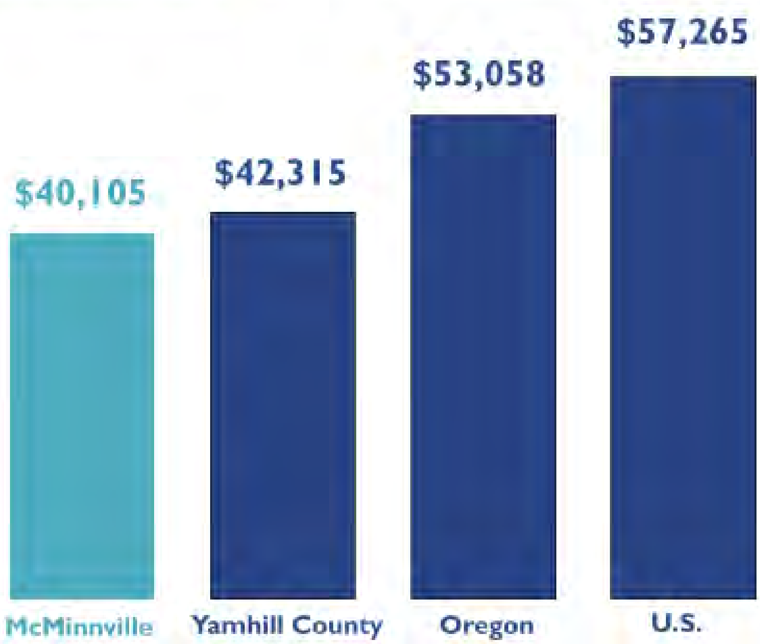


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

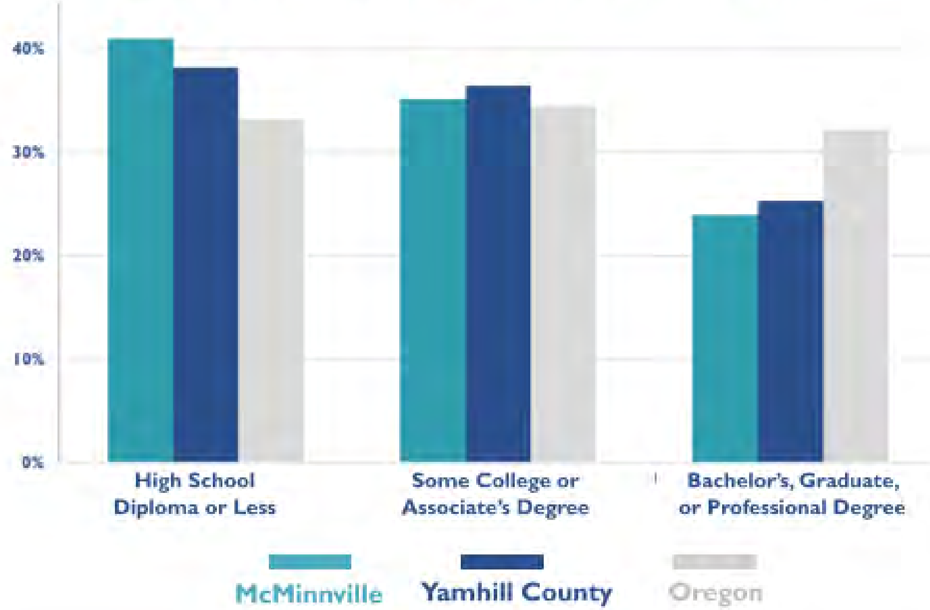


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

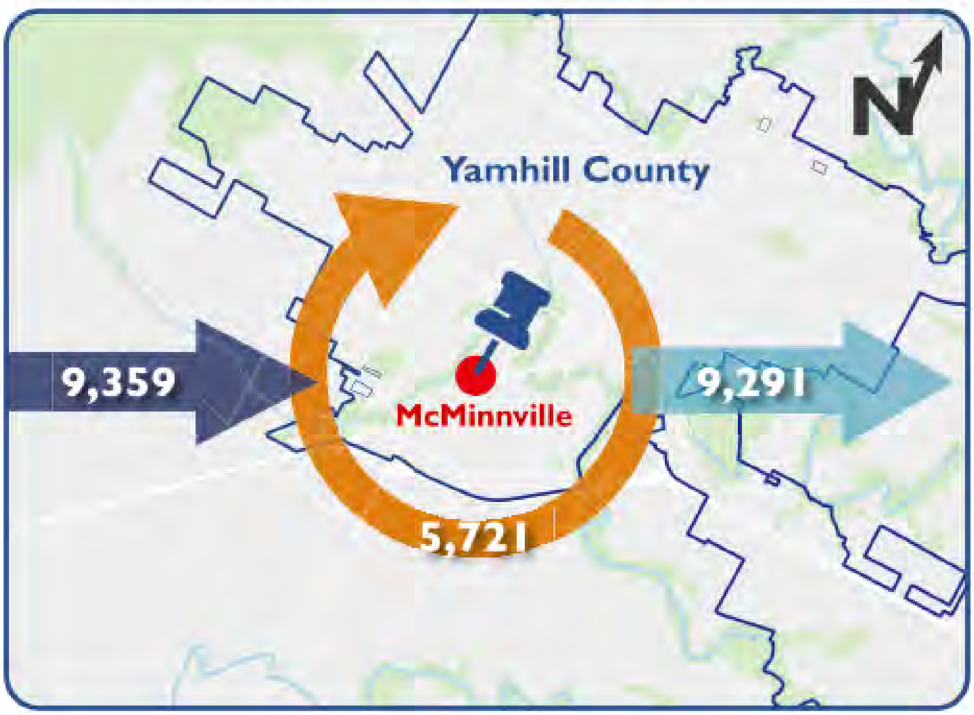
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721
People live and work in McMinnville

9,359
People commute into McMinnville to work

9,291
People live in McMinnville and work elsewhere

Employment in McMinnville

In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

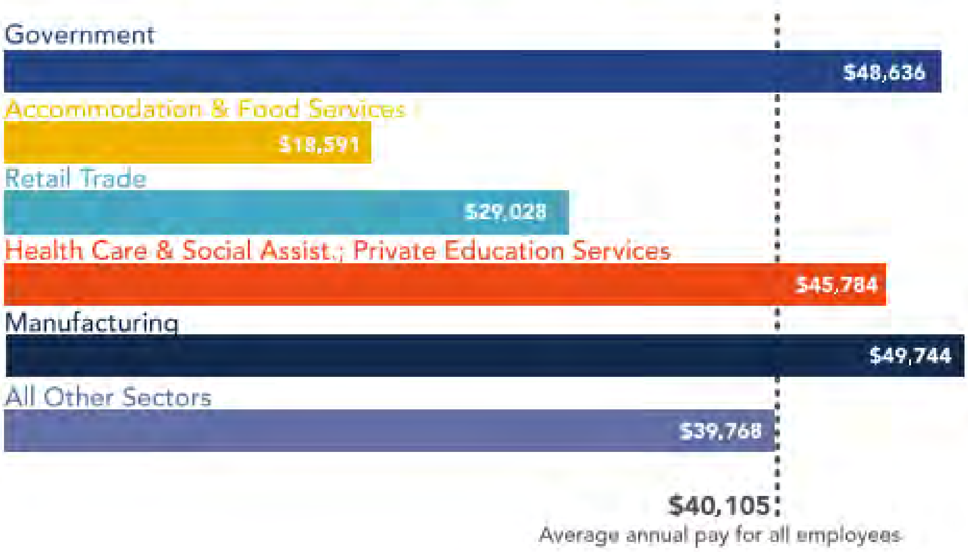
JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1square represents 500 jobs

Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees. **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

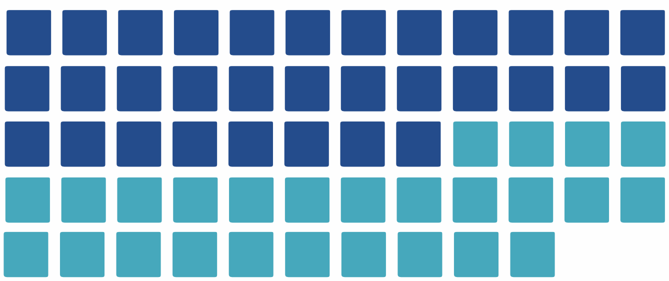
FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 697 acres of land between 2021 and 2041, and demand for 954 acres of land between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

697 total acres 1 square represents 12 acres



384 acres, Industrial **313 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

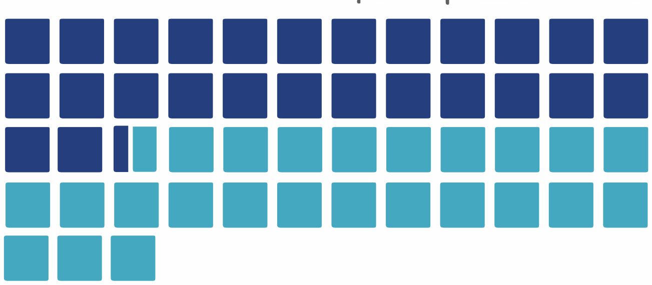
McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

29 GROSS ACRES of industrial land

159 GROSS ACRES of commercial land

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

1,129 total acres 1 square represents 25 acres



559 acres, Industrial **570 acres,** Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 46 years. The City has a deficit of about 205 acres of industrial land and 416 acres of commercial land.

205 GROSS ACRES of industrial land

416 GROSS ACRES of commercial land

PUBLIC AND INSTITUTIONAL LAND NEEDS

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories…". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 383 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**383**	**477**	**(94)**

ACKNOWLEDGMENTS

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank the many people who helped to develop the McMinnville Housing Needs Analysis, Economic Opportunities Analysis, and Urbanization Report, as well as the update to these reports in 2023. This project was funded in part by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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City of McMinnville
Housing Needs Analysis

June 2023

Prepared for:

City of McMinnville

FINAL DRAFT REPORT

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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank those who helped develop the McMinnville Buildable Lands Inventory and Housing Needs Analysis. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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Table of Contents

Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of residential land in the McMinnville urban growth boundary (UGB). The findings in this report are intended to comply with statewide planning policies, statutes, and goals.

Background

The City of McMinnville first adopted an urban growth boundary (UGB) in 1981 to meet the projected needs for the 1980-2000 planning period. McMinnville's last acknowledged Housing Needs Analysis (HNA) approved in 2003 is for the 2003-2023 planning period. This analysis identified the need for additional land supply and resulted in an attempt to expand the City's UGB in 2003, which was partially approved in 2004, with the remainder appealed for a variety of issues, ultimately being remanded to the City in 2011. In 2021, the final UGB amendment for the 2003 HNA was approved for the planning period of 2003-2023.

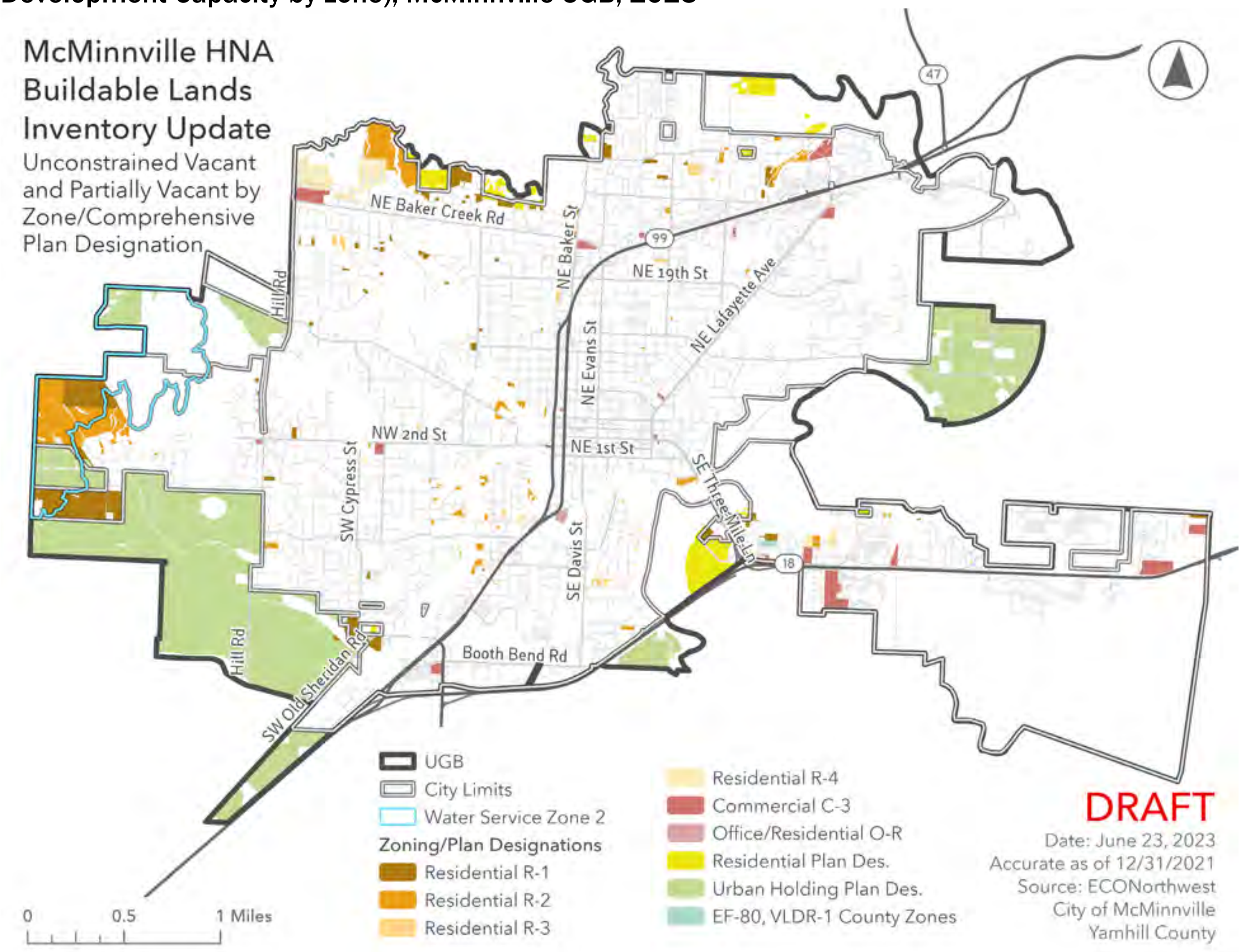
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions of HB 2001 (2019 Oregon Legislature). The update in 2023 updated the Buildable Lands Inventory to include development through December 31, 2021.

An HNA provides McMinnville with the factual basis to update the Housing Element of the City's comprehensive plan and zoning code, support for future planning efforts related to housing, and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville.

How much residential land does McMinnville currently have?

Within the Urban Growth Boundary (UGB), McMinnville has 5,418 total acres of vacant or partially vacant residential land spread across 10,563 tax lots, this includes commercial zones that allow residential uses. Of this land, 847 acres is vacant for residential development. About 63% of this land (533 acres) is in County zoning and 37% (315 acres) is within the city limits. Of note, McMinnville's residential land includes both public and institutional land as well (such as parks, schools, and religious land uses).

Exhibit 1: Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



How much growth is McMinnville planning for?

McMinnville is growing and per state law must plan for the housing to accommodate its growing population. Exhibit 2shows McMinnville's projected populations through 2067. McMinnville is expected to grow by 31% over the 20-year analysis period of 2021 to 2041, from 36,238 residents to 47,498 residents, and by 42% over the 46 year analysis period of 2021 to 2067 from 36,238 residents to 62,803 residents.

Exhibit 2. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

ECONorthwest projects McMinnville's housing needs in Exhibit 3. McMinnville will need to add 4,657 dwelling units by 2041 to accommodate its projected growth in population (an average of 233 new dwelling units per year). McMinnville will need to add 10,986 dwelling units by 2067 to accommodate its projected growth in population (an average of 234 dwelling units per year).

Exhibit 3. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041 and 2021 to 2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units 20-Year (2021 to 2041)	New Dwelling Units 46-Year (2021 to 2067)
Change in persons	11,260	26,565
Average household size	2.55	2.55
New occupied DU	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%
equals Vacant dwelling units	241	568
Total new dwelling units	**4,657**	**10,986**
Annual average of new dwelling units	**233**	**234**

How much land will be required for housing?

Exhibit 4 summarizes the projected mix of needed housing units in McMinnville for the planning period of 2021- 2041 and 2021-2067 period. The projected housing mix assumption consist of 55% single-dwelling units detached, 12% single-dwelling units attached, and 33% multifamily units. This housing mix assumption is based on demographic trends, demands and local values for an increased supply of multidwelling units and less reliance on single dwelling units.

Exhibit 4. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041 and 2021 to 2067
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	New Dwelling Units by Type	
	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	4,657	10,986
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	55%	55%
equals Total new single-family detached DU	2,561	6,042
Single-family attached		
Percent single-family attached DU	12%	12%
equals Total new single-family attached DU	559	1,318
Multifamily		
Percent multifamily	33%	33%
Total new multifamily	1,537	3,626
equals Total new dwelling units	**4,657**	**10,986**

McMinnville expects to accommodate some housing on land with existing development, through infill and redevelopment. Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. For the 2021 to 2041 period, this HNA assumes 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Translating need for housing into need for residential land requires assumptions about future development densities. An analysis of historical densities showed that McMinnville's housing developed at an average of 4.9 dwelling units per gross acre between 2000 and July 2018. Since then, McMinnville adopted development code to comply with House Bill 2001 (2019) to allow duplexes, townhouses, cottage housing, triplexes, and quadplexes in areas where single-

dwelling detached housing is allowed. As a result, per HB 2001 (2019) this analysis assumed an increase of 3% for future densities, resulting in an average of 5.05 dwelling units per gross acre.

Exhibit 5 shows the capacity of McMinnville's vacant residential land based on the historical densities with 3% added to account for HB 2001 (2019). McMinnville has capacity for 3,183 dwelling units.

Exhibit 5. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Does McMinnville have enough land to accommodate growth?

Per this HNA, McMinnville's UGB will not accommodate all of its projected housing needs. McMinnville has a deficit of capacity for **1,101 dwelling units** for the 2021-2041 period, resulting in a land deficit of **218 gross acres** (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

This HNA was first developed in 2018 and 2019, and then updated in 2023 to account for changes in buildable land supply and state statutory requirements and allowances.

In 2023, the City updated the HNA to:

- Add an Executive Summary.
- Account for changes in the buildable lands inventory, including:
    - Accounting for land brought into the urban growth boundary in 2021
    - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
    - Remove the forecast of growth and land demand for the 2018-2021 period, as that growth is now accounted for in the update of the buildable lands inventory.
- Update the analysis of needed density to assume an increase of 3% for needed densities, as allowed by HB 2001 (2019).
- Update to the capacity to reflect the changes in needed densities, reflect changes in the buildable lands inventory, and changes in the capacity of rural residential lands that have been within the UGB for more than 14 years, where housing is not developing at expected urban densities.

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

- Update the estimate of Land Sufficiency to reflect changes to the BLI and forecast of land need and Conclusions sections to incorporate the updated Residential Capacity Analysis.

Other than these items, the City did not substantively update assumptions or policy recommendations in the draft HNA, as they were thoroughly reviewed and voted on by the Project Advisory Committee in development of the draft HNA in 2018 and 2019.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

In December 2020, McMinnville adopted Ordinance No. 5098 to finish the UGB amendment needed to meet the land need identified in the 2003 HNA, by expanding the UGB to include 595.40 gross buildable acres of land in an urban holding designation for residential, parks, schools, religious and neighborhood serving commercial land needs, 27 gross buildable acres for commercial designation, and 40 gross buildable acres for industrial designation for a total of 662.4 gross buildable acres. This report updates the buildable lands inventory to include those lands.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
>
> (e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more

critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.
- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.

- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term "needed housing," however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn't provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville's future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a future, separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications There was also a joint meeting of the Project Advisory Committee and City Council The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

In 2023, a Project Advisory Committee met twice to discuss the changes to the HNA analysis described above and throughout the document. This was then provided as an update to the City Council in a work session.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands

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[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land as of December 31, 2021. ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

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[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

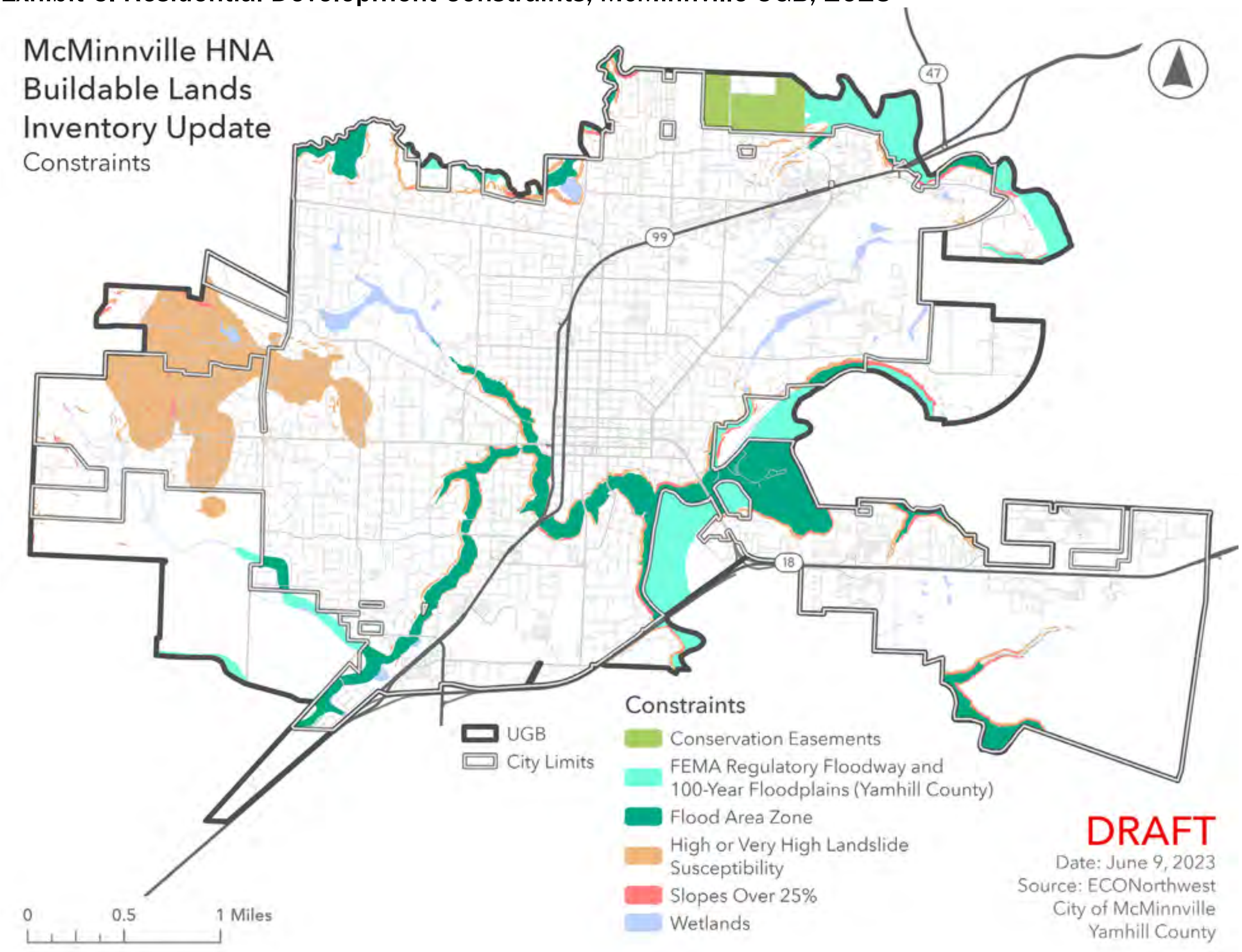
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 6 maps the development constraints used for the residential BLI.

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023



Buildable Lands Inventory Results

Land Base

Exhibit 7 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 5,418 total acres in the residential land base in 10,563 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 920 acres (17%) are in the R-1 single-family residential zone, about 1,310 acres (24%) are in the R-2 single-family residential zone, about 388 acres (7%) are in the R-3 two-family residential zone, and about 710 acres (13%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
Residential R-1	2,155	20%	853	67	920	17%
Residential R-2	4,350	41%	1,232	78	1,310	24%
Residential R-3	1,223	12%	388	-	388	7%
Residential R-4	1,747	17%	710	-	710	13%
Office/Residential O-R	75	1%	34	-	34	1%
Commercial C-3	772	7%	636	-	636	12%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	9	0%	47	-	47	1%
VLDR-1 (County Zone)	3	0%	3	-	3	0%
Residential Plan Des.	61	1%	318	-	318	6%
Urban Holding Plan Des.	168	2%	917	135	1,051	19%
Total	**10,563**	**100%**	**5,138**	**279**	**5,418**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 6 were then overlaid and applied to those properties.

Exhibit 8 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 60% of McMinnville's total residential land (3,224 acres) is committed, 18% (999 acres) is constrained, and 22% (1,185 acres) is unconstrained buildable acres.

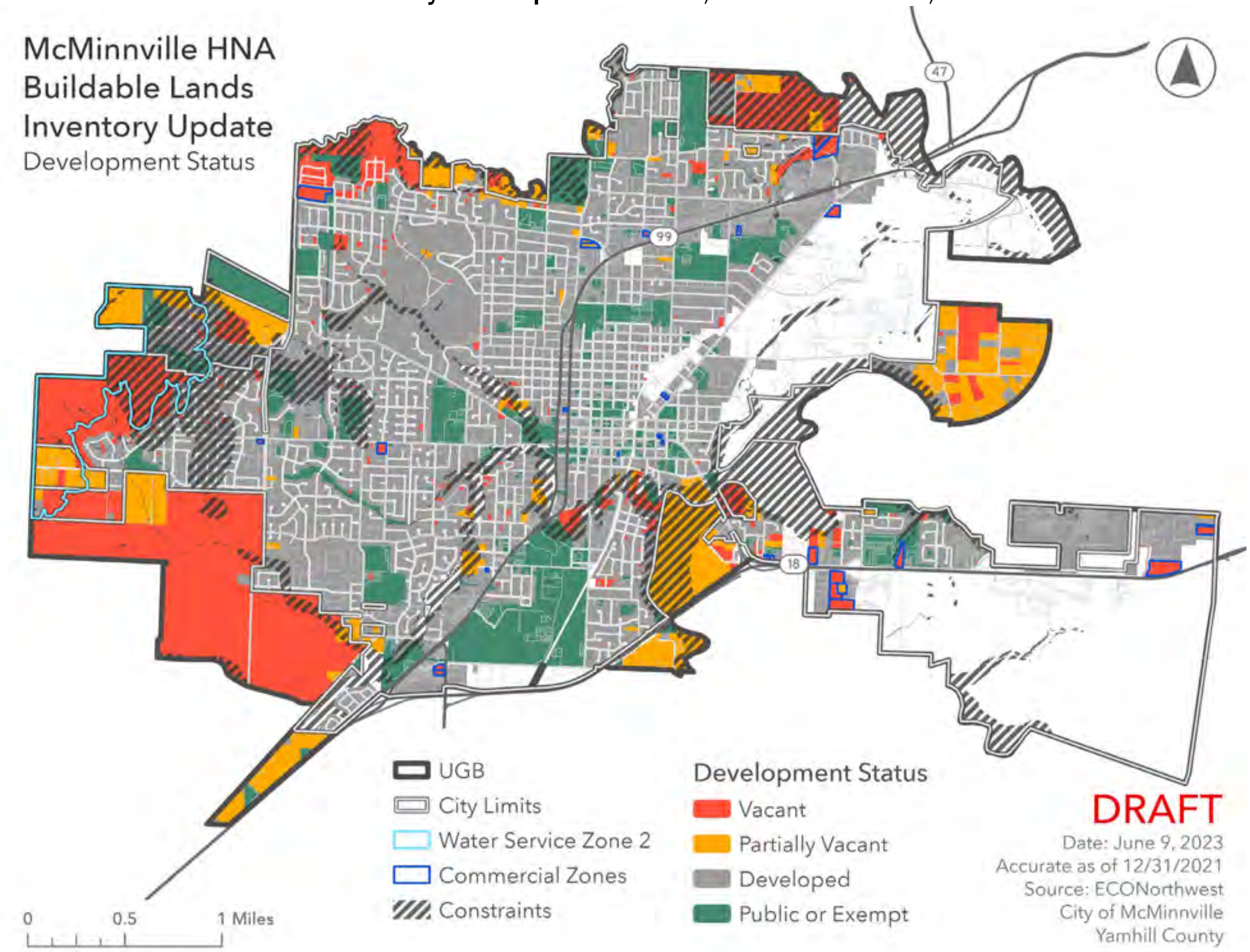
Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	**920**	630	3	**633**	148	30	**179**	75	33	**108**
Residential R-2	1,232	78	**1,310**	992	-	**992**	172	33	**206**	68	45	**113**
Residential R-3	388	-	**388**	342	-	**342**	35	-	**35**	11	-	**11**
Residential R-4	710	-	**710**	564	-	**564**	112	-	**112**	34	-	**34**
Office/Residential O-R	34	-	**34**	24	-	**24**	8	-	**8**	3	-	**3**
Commercial C-3	636	-	**636**	572	-	**572**	17	-	**17**	47	-	**47**
UGB, by County Zone or Plan Des.												
EF-80 (County Zone)	47	-	**47**	15	-	**15**	31	-	**31**	2	-	**2**
VLDR-1 (County Zone)	3	-	**3**	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	318	-	**318**	29	-	**29**	214	-	**214**	75	-	**75**
Urban Holding Plan Des.	917	135	**1,051**	54	8	**62**	124	73	**198**	739	53	**792**
Total	**5,138**	**279**	**5,418**	**3,224**	**11**	**3,234**	**861**	**137**	**999**	**1,053**	**131**	**1,185**

Note: Per Ordinance No. 5098, the McMinnville Urban Growth Management Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39.30 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 9 shows residential land by development status with constraints overlaid.

Exhibit 9. Residential Land Base by Development Status, McMinnville UGB, 2023



Vacant Buildable Land

Exhibit 10 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation. Of McMinnville's 1,185 unconstrained buildable residential acres, about 67% are in tax lots classified as vacant and 33% are in tax lots classified as partially vacant.

Exhibit 10. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
Residential R-1	75	33	**108**	49	32	**80**	26	2	**28**
Residential R-2	68	45	**113**	57	45	**102**	11	-	**11**
Residential R-3	11	-	**11**	10	-	**10**	1	-	**1**
Residential R-4	34	-	**34**	33	-	**33**	1	-	**1**
Office/Residential O-R	3	-	**3**	3	-	**3**	-	-	**-**
Commercial C-3	47	-	**47**	44	-	**44**	2	-	**2**
UGB, by County Zone or Plan Des.	-	-	**-**						
EF-80 (County Zone)	2	-	**2**	2	-	**2**	-	-	**-**
VLDR-1 (County Zone)	2	-	**2**	-	-	**-**	2	-	**2**
Residential Plan Des.	75	-	**75**	8	-	**8**	67	-	**67**
Urban Holding Plan Des.	739	53	**792**	506	5	**511**	232	49	**281**
Total	**1,053**	**131**	**1,185**	**712**	**81**	**792**	**342**	**51**	**392**

Note: Per Ordinance No. 5098, the McMinnville Growth Management and Urbanization Plan, Appendix G, 383 gross buildable acres in the Urban Holding Plan Designation are to serve public and institutional land needs, and 39 gross buildable acres of the Urban Holding Plan Designation is a set aside of neighborhood serving commercial land need.

Exhibit 11 includes 383 acres of land in the Urban Holding plan designation that was brought into the UGB in 2020 for public and semi-public uses, such as parks and schools, and 39 acres for neighborhood serving commercial land uses. This accounts for about 422 acres of land in the Urban Holding plan designation.

Exhibit 11 excludes the land in the Urban Holding plan designation for public and semi-public uses, and 39 acres of land for neighborhood-serving commercial land uses. It shows that McMinnville has 763 gross acres within its UGB for residential uses.

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Buildable Acres for Residential Uses
City Limits, by Zone	
Residential R-1	108
Residential R-2	113
Residential R-3	11
Residential R-4	34
Office/Residential O-R	3
Commercial C-3	47
UGB, by County Zone or Plan Des.	
EF-80 (County Zone)	2
VLDR-1 (County Zone)	2
Residential Plan Des.	75
Urban Holding Plan Des.	792
Land for housing	370
Land for public and semi-public uses	383
Land for neighborhood commercial uses	39
Total Land for Housing	**763**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 12 shows vacant and partially vacant lots with constraints overlaid. Exhibit 13 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 14 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 12. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2023

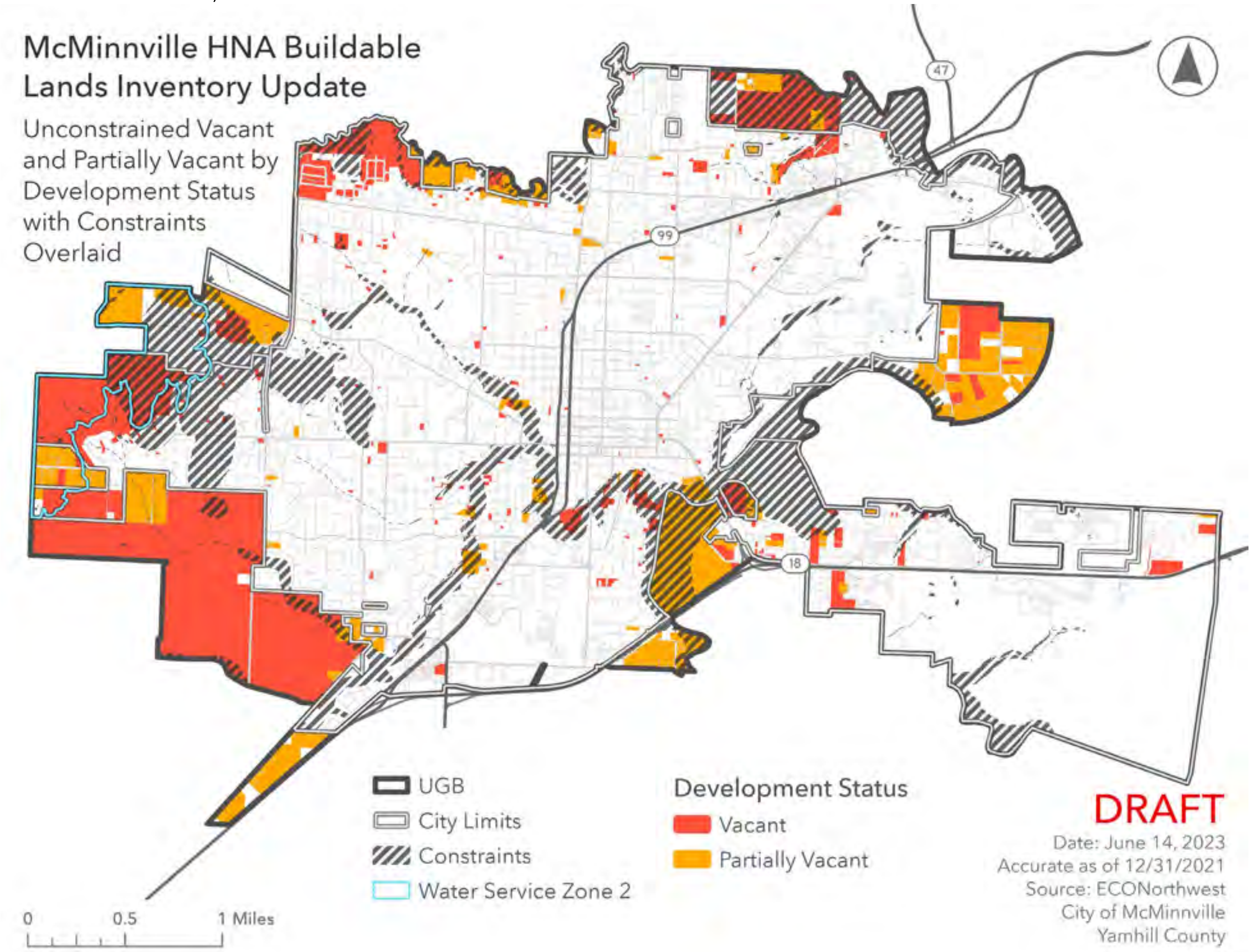


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

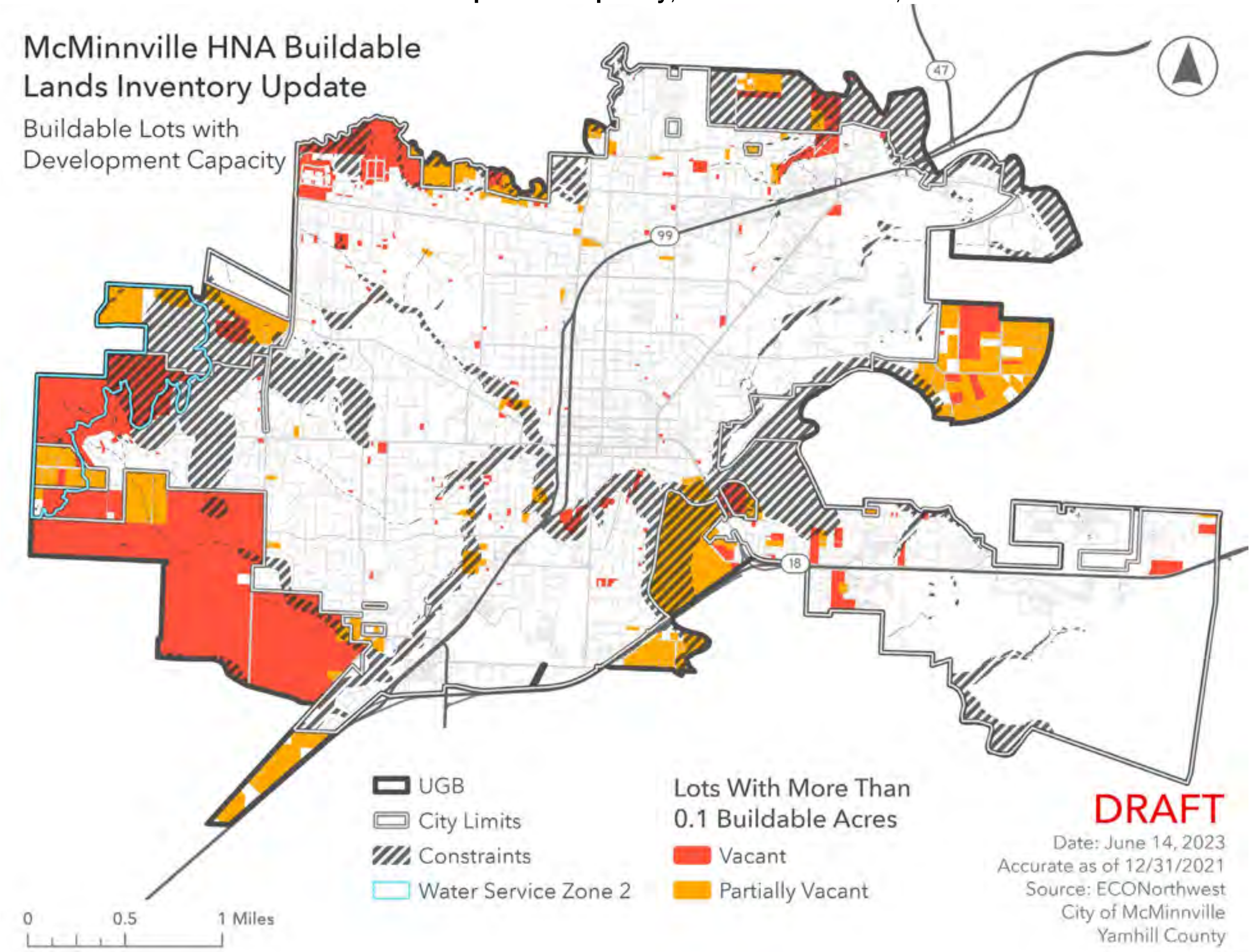
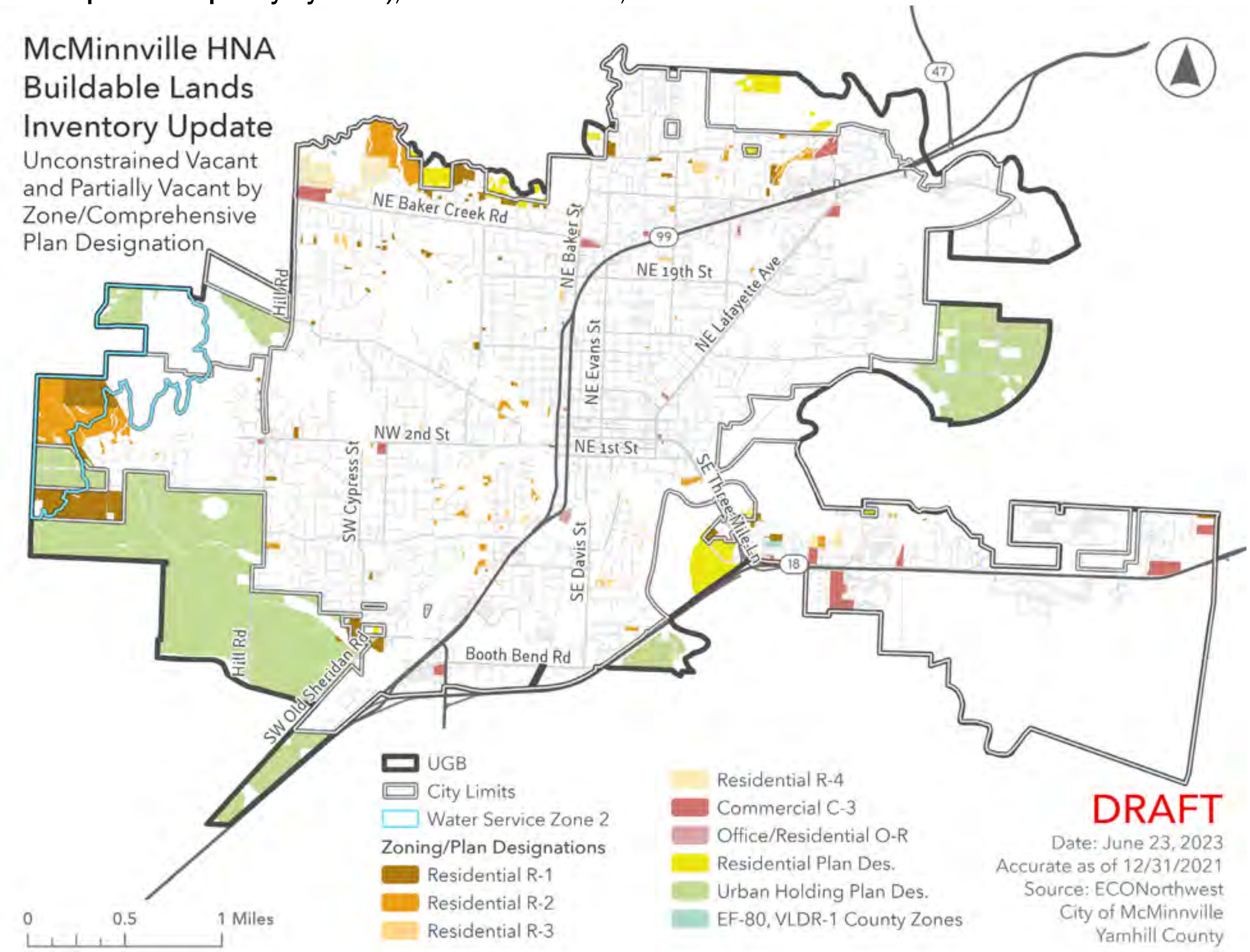


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the <u>strong likelihood</u> that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
  - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
  - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don't differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

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[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

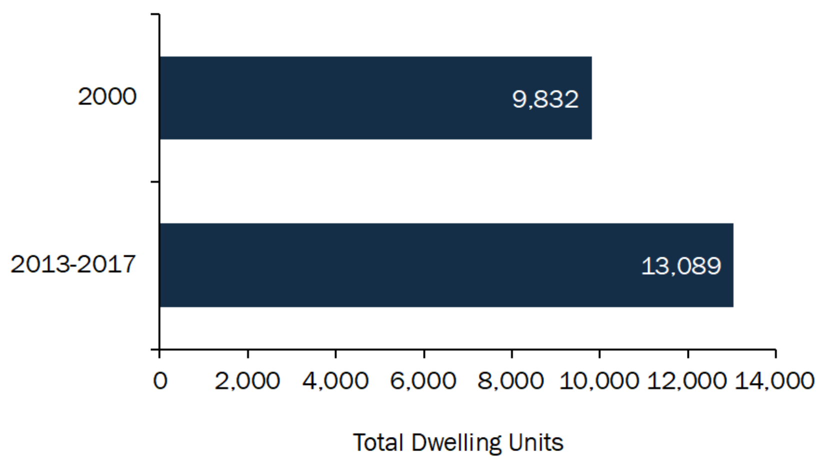
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

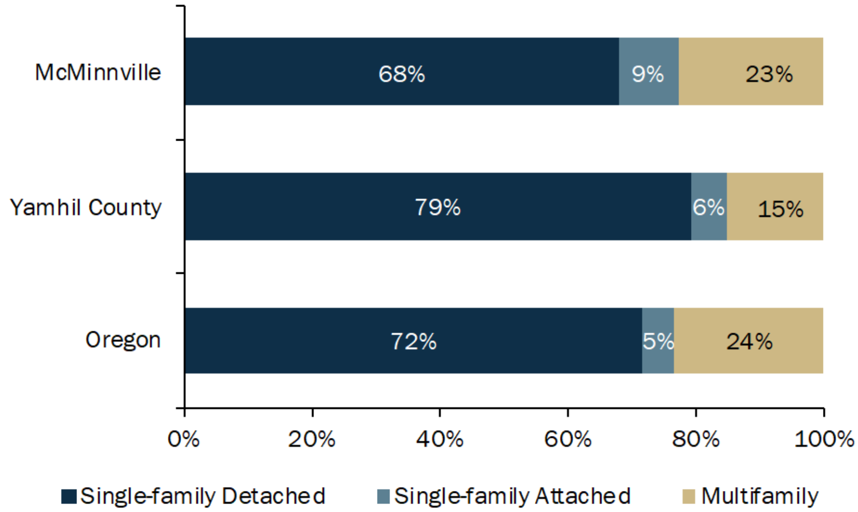
Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.



About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

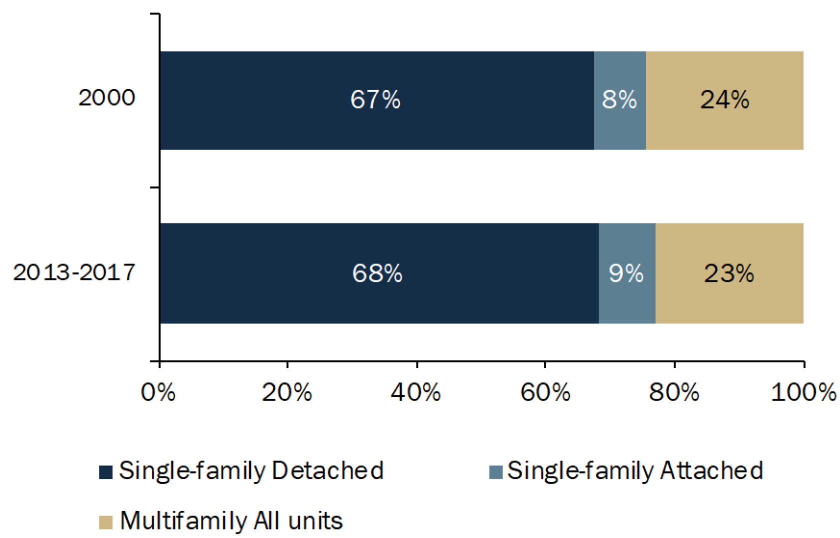
Exhibit 16. Housing Mix, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25024.



The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

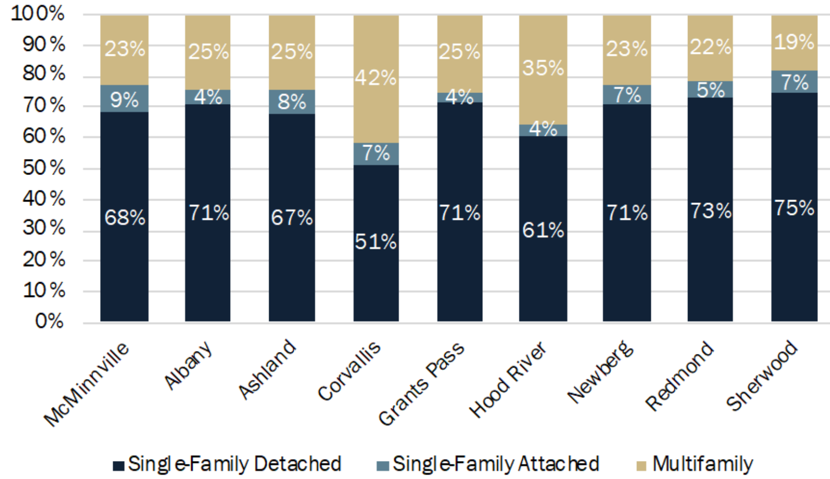
McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 17. Change in Housing Mix, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

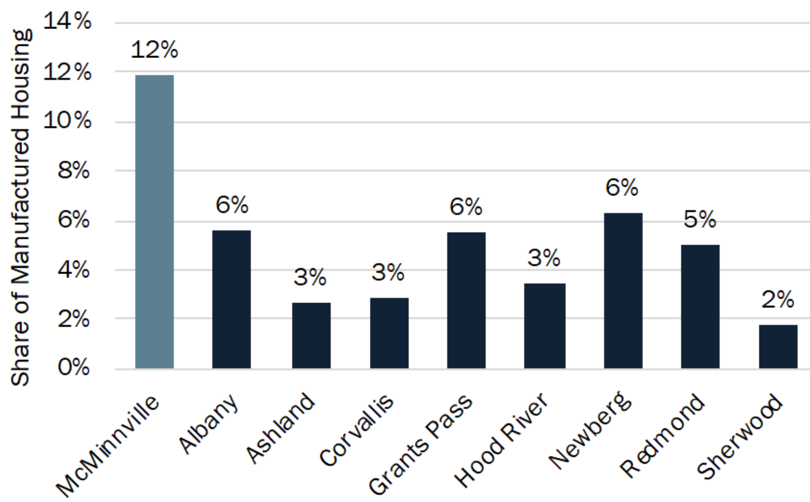
Exhibit 18. Housing Mix, McMinnville and Comparison Cities, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.



About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 19. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



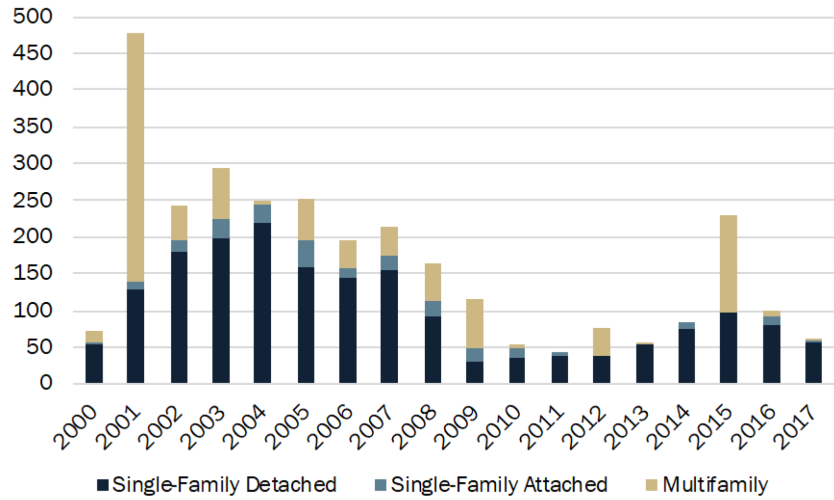
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 20. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

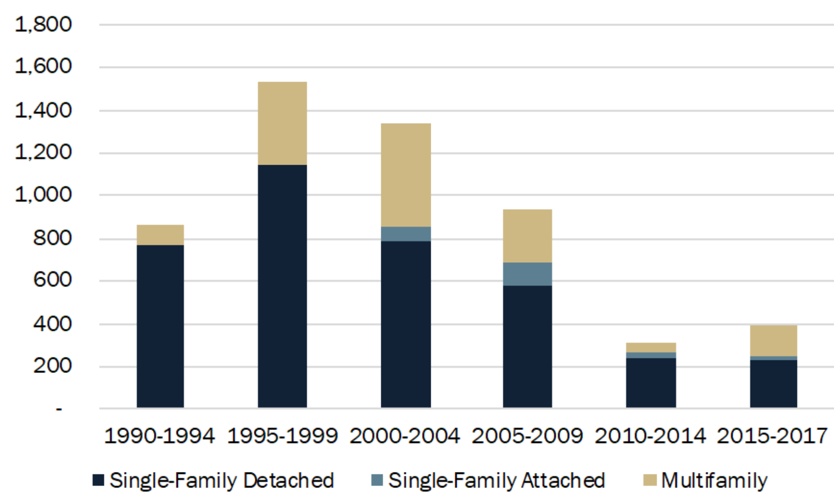
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 21. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 22 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

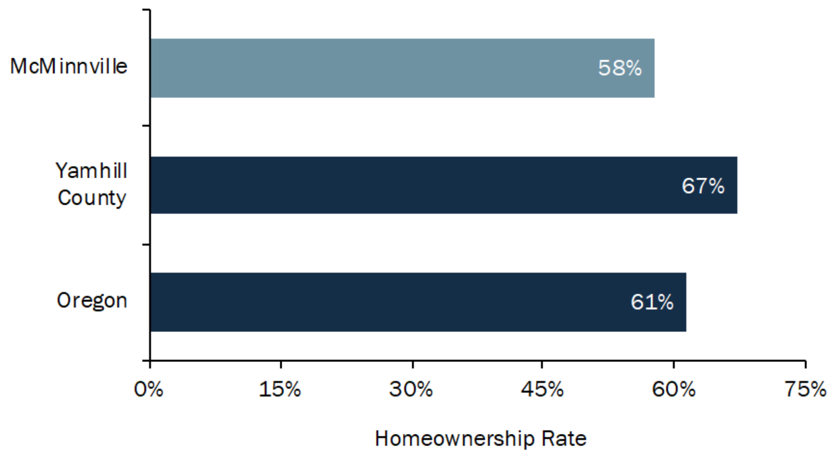
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

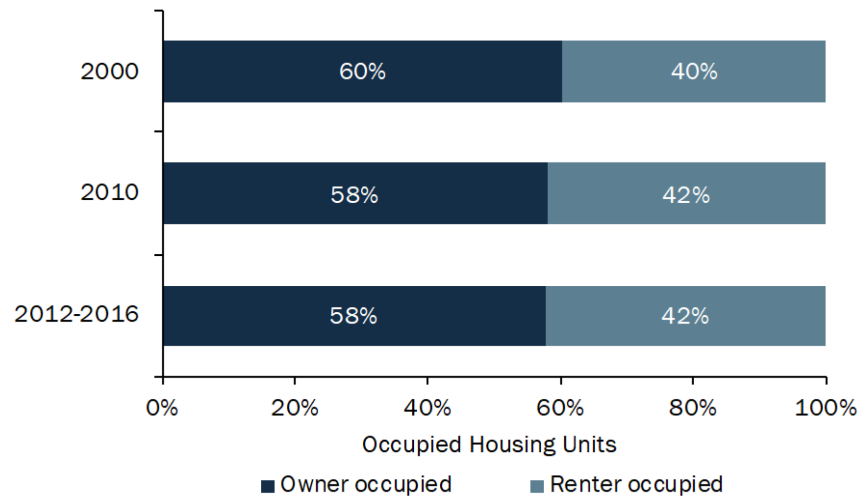
McMinnville's homeownership rate is lower than that of the County and State.

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

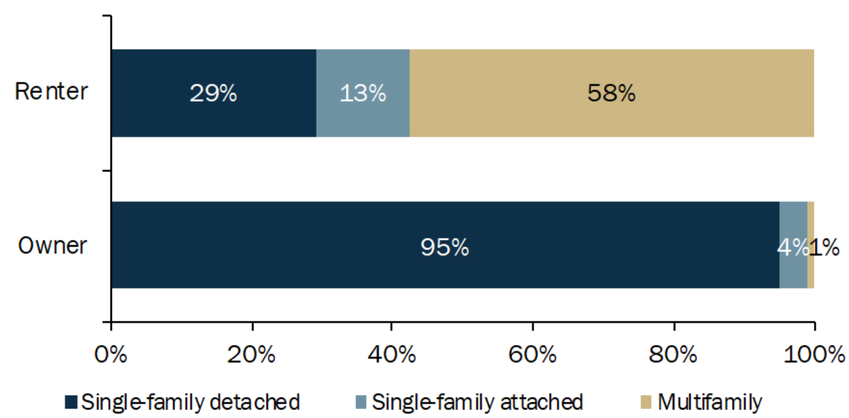
Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.



Nearly all homeowners and about a third of all renters lived in single-family detached housing.

Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

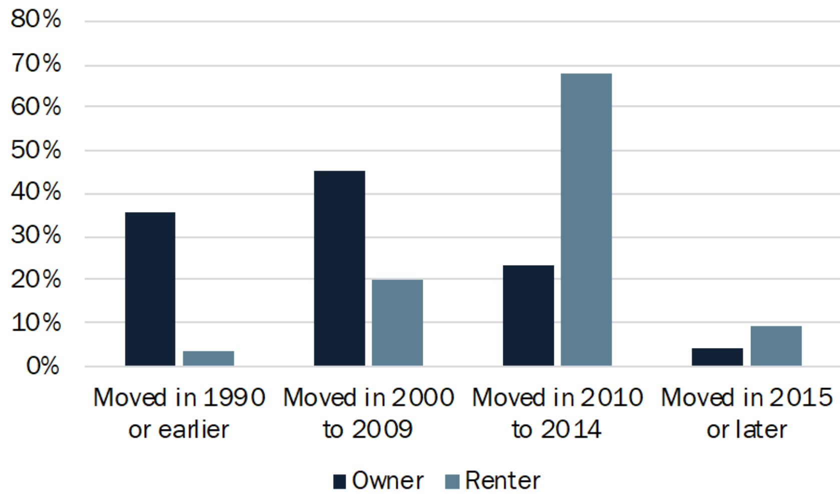
Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

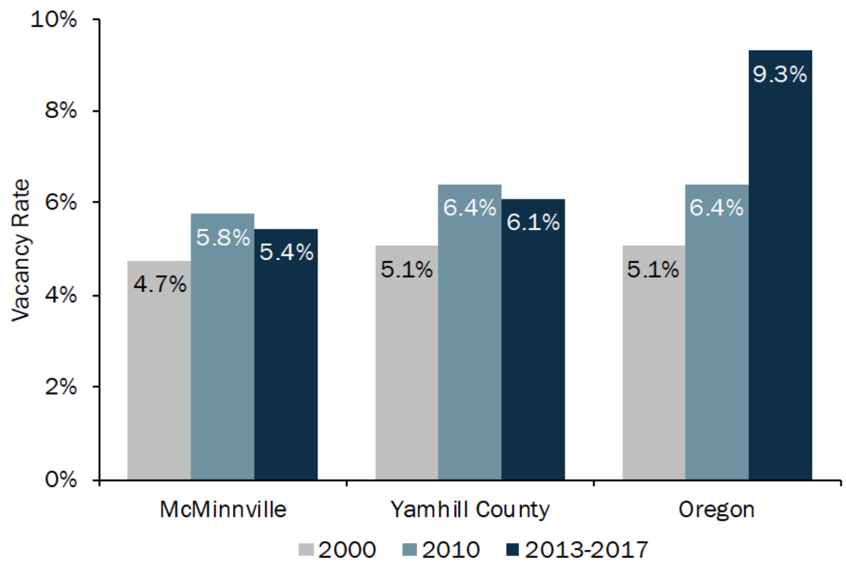
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 27. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



Short-Term Rentals and Seasonal Housing

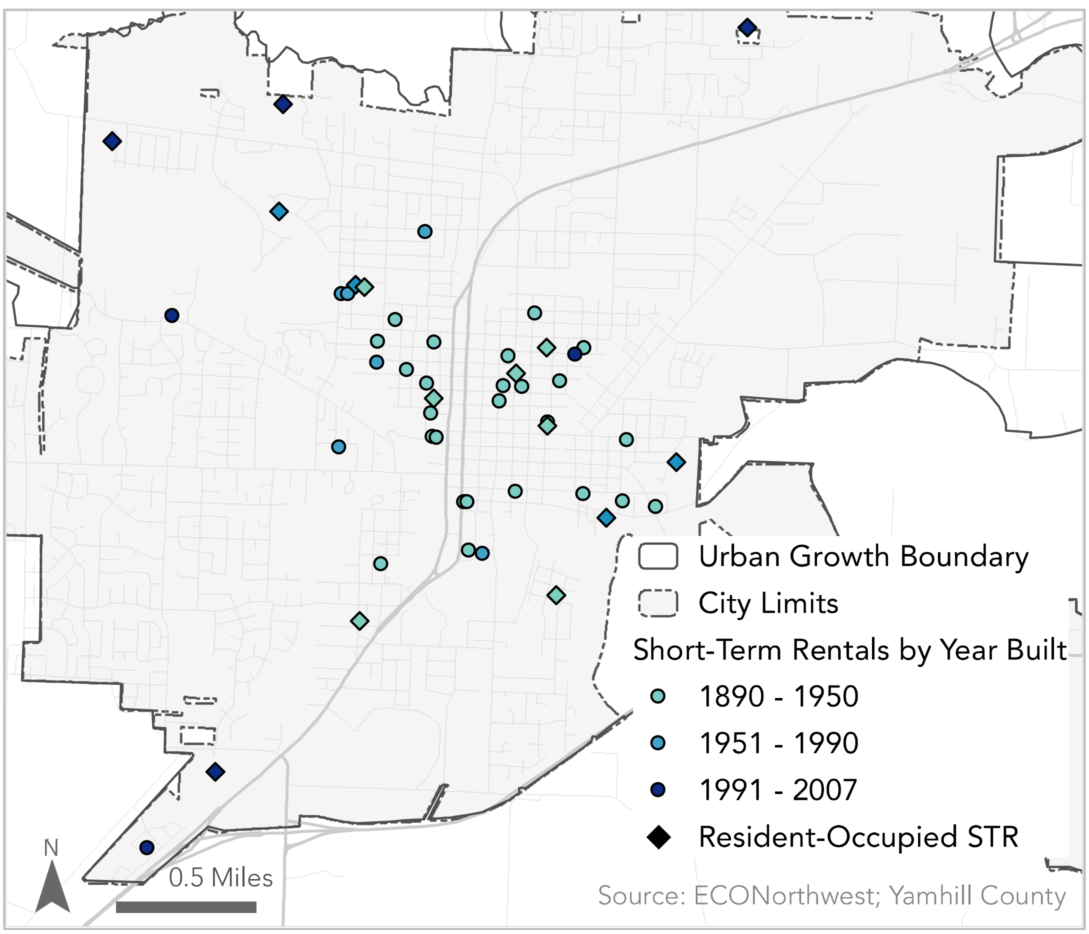
McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

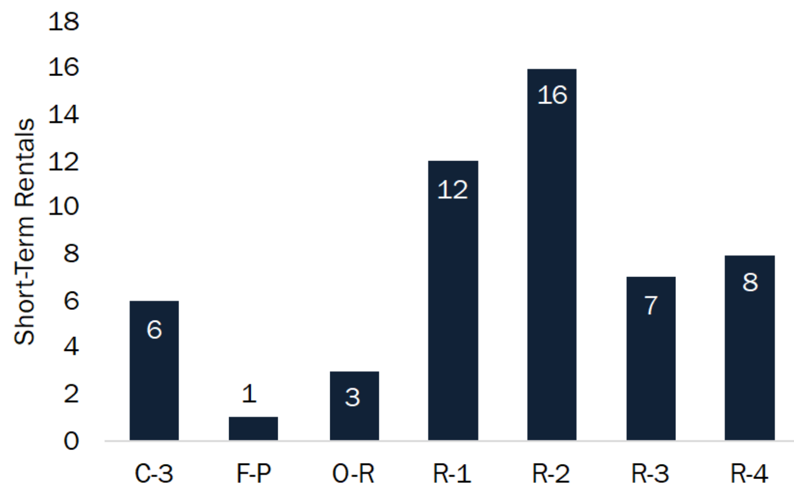


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 29. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 30. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	52 Units	74 units	222%
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 31. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 32 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 32. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

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[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.

- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

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[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

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[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
  - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
  - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
  - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
  - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
  - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

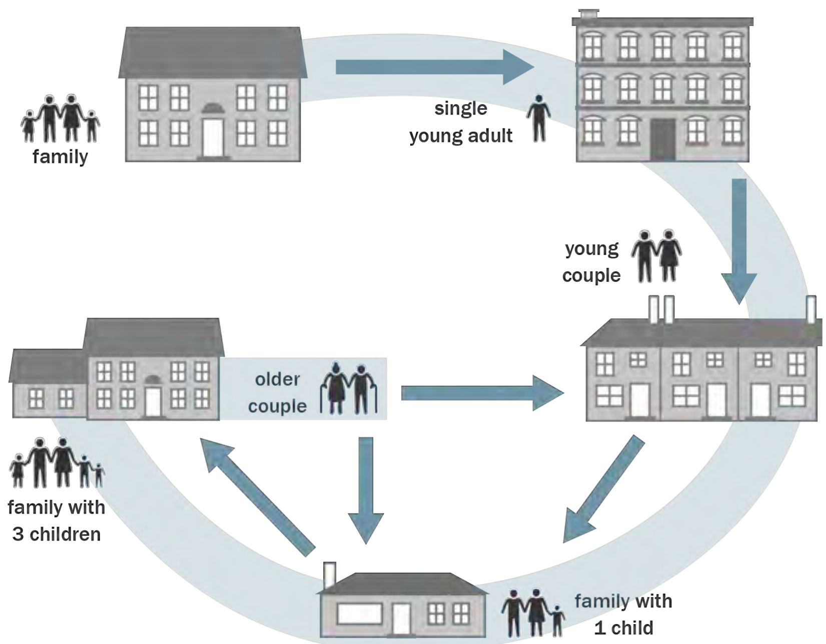
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

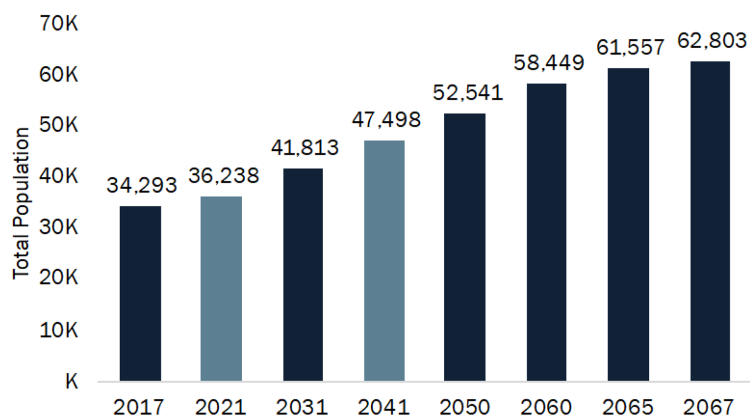
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 34. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 36. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

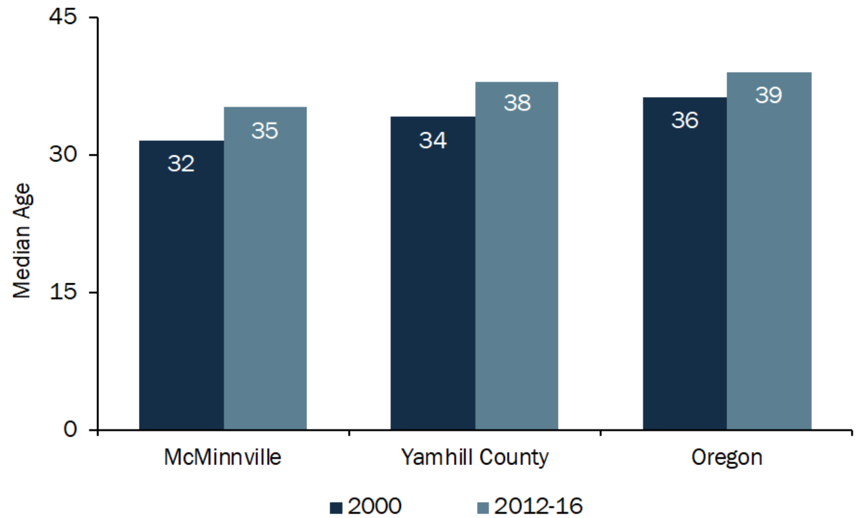
[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.
Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

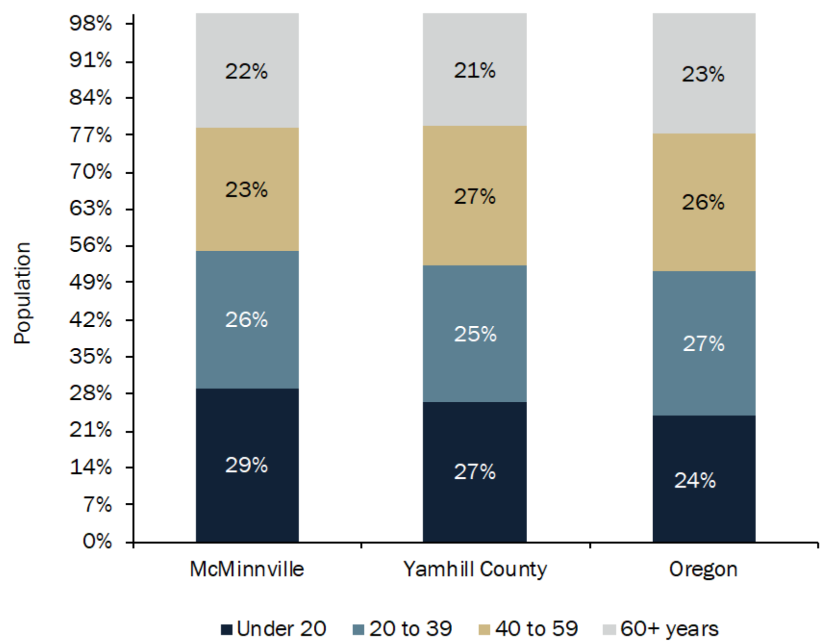
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016

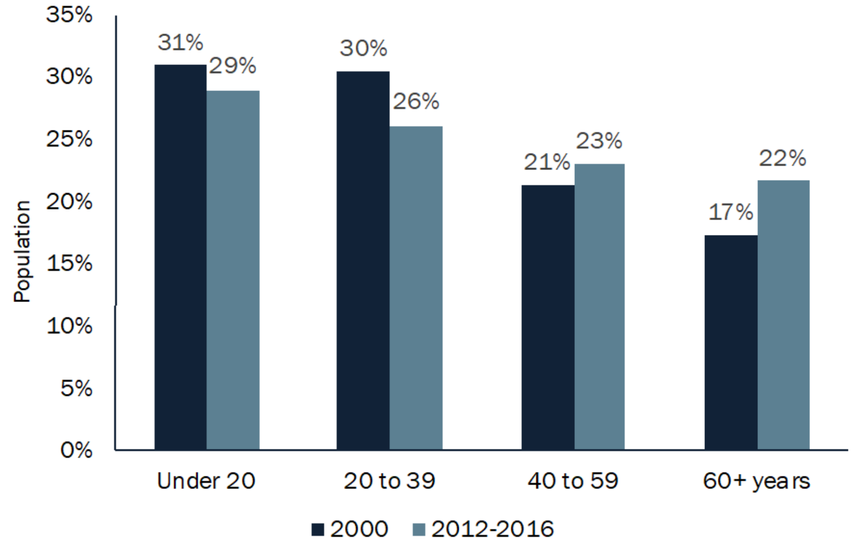
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 40. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 41. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

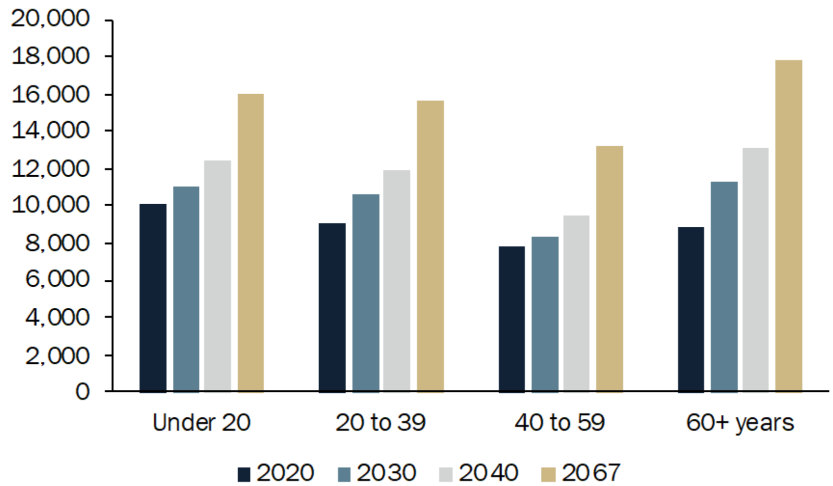
19%	**22%**	**28%**	**56%**
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 42. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

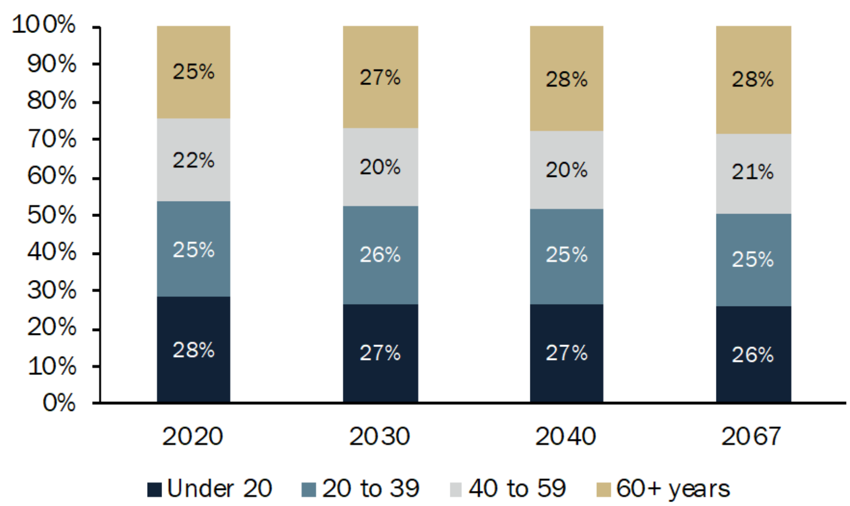
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 43. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44]Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

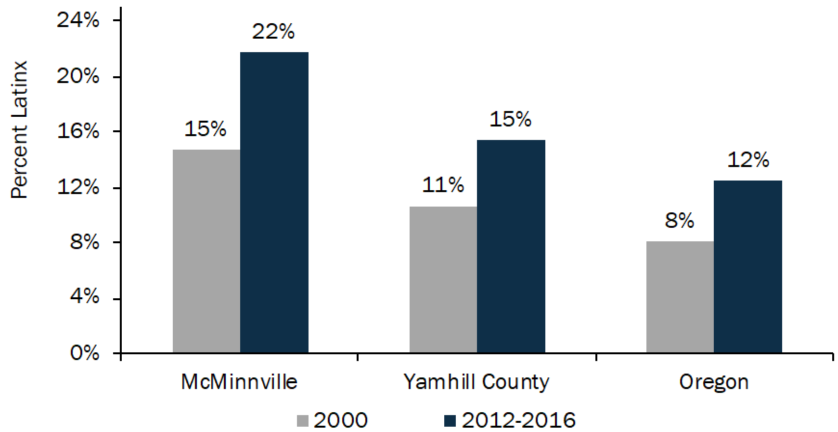
McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 45. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	89% White	1% Black/African Am.	2% Asian	8% Other races
Yamhill Co.	89% White	1% Black/African Am.	1% Asian	9% Other races
Oregon	85% White	2% Black/African Am.	4% Asian	9% Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 46. Distribution of Foreign-Born Population, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 47. Ethnicity of School Aged Children, McMinnville School District, 2017–2018

Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 48. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

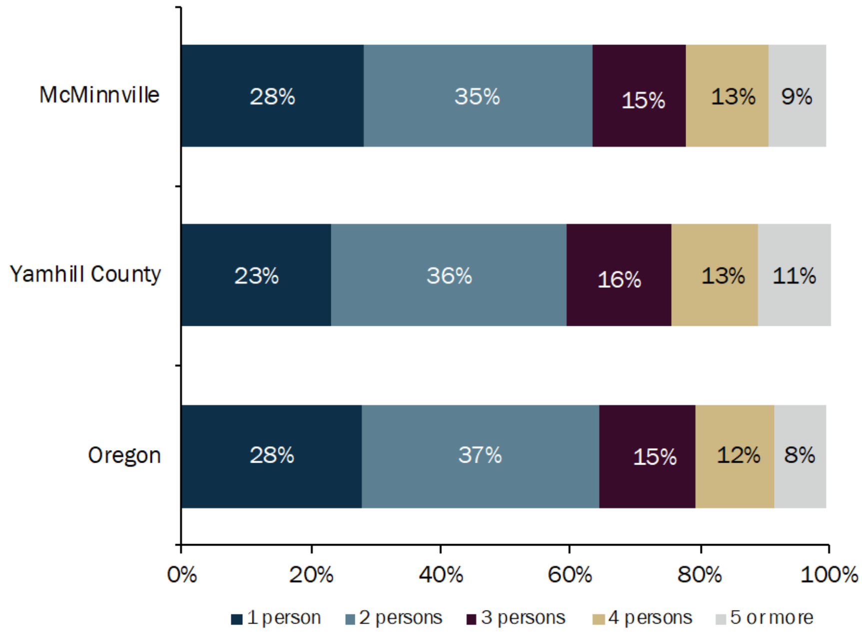
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

Exhibit 49. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25009

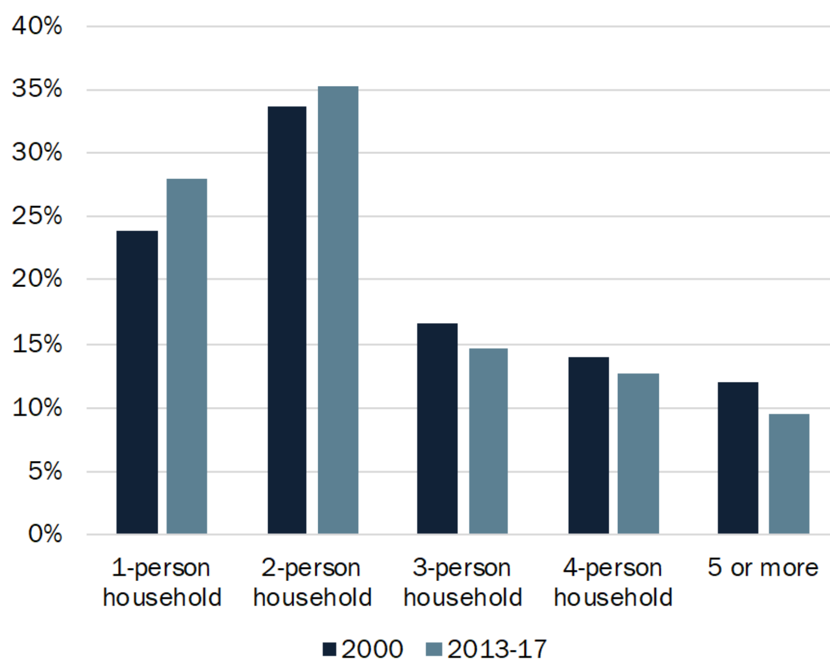


McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 50. Household Size, McMinnville, 2000 to 2013–17

Source: US Census Bureau, 2013–2017 ACS, Table B25009.

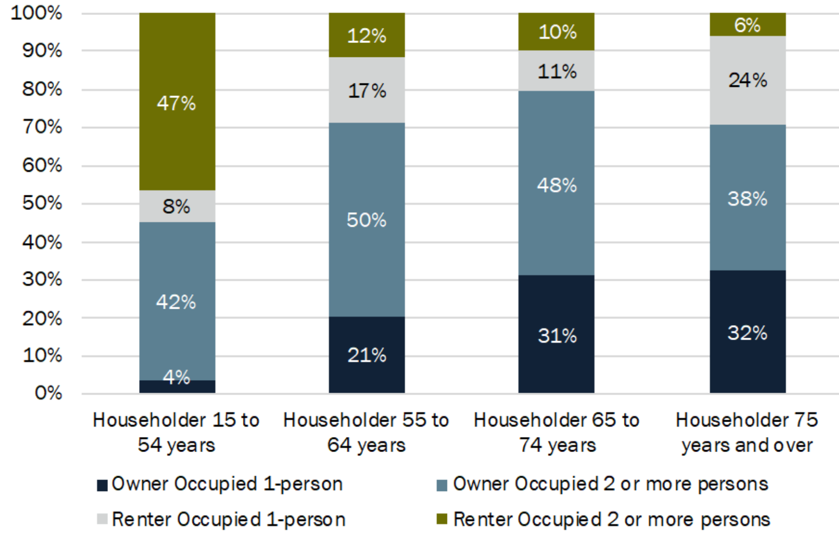


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 51. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

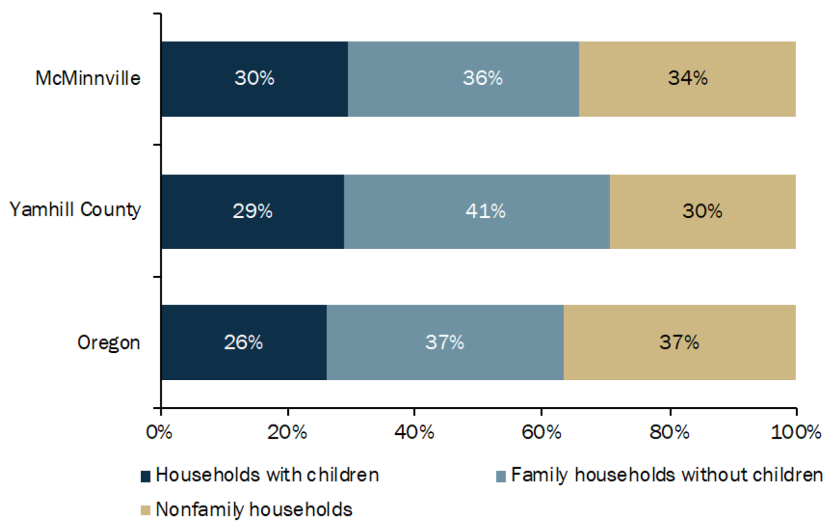


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

Exhibit 52. Household Composition, McMinnville, 2013–2017

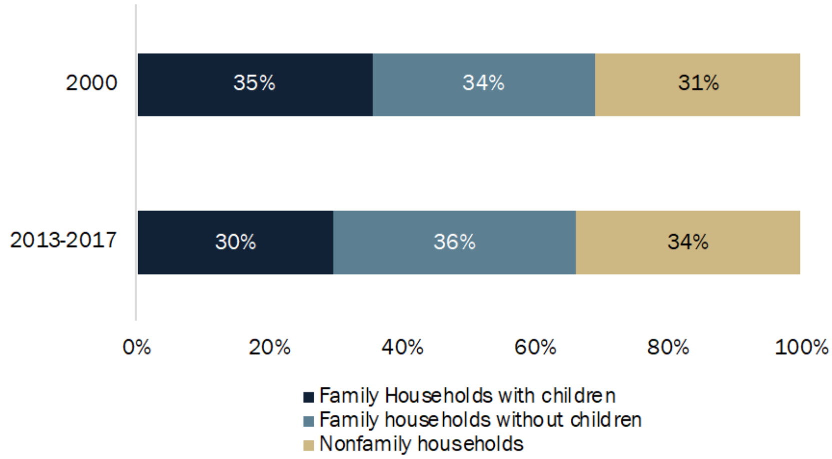
Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 53. Household Composition, McMinnville, 2000 to 2013–2017

Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.

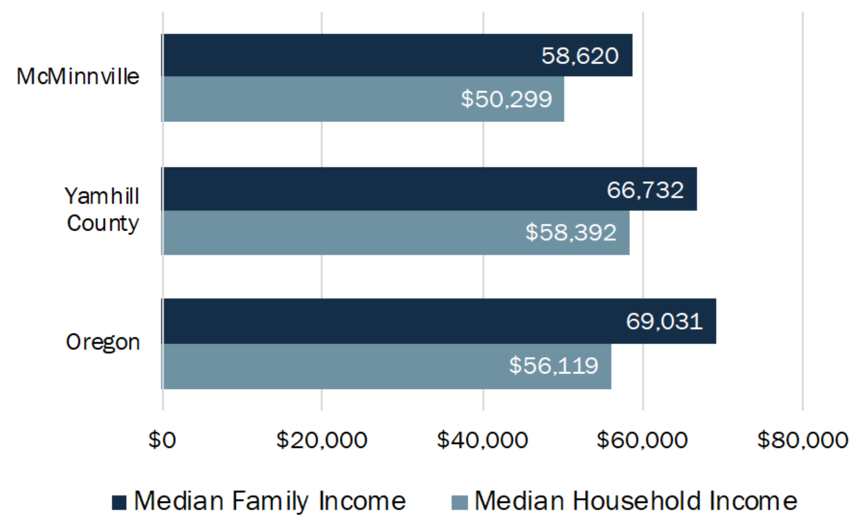


Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

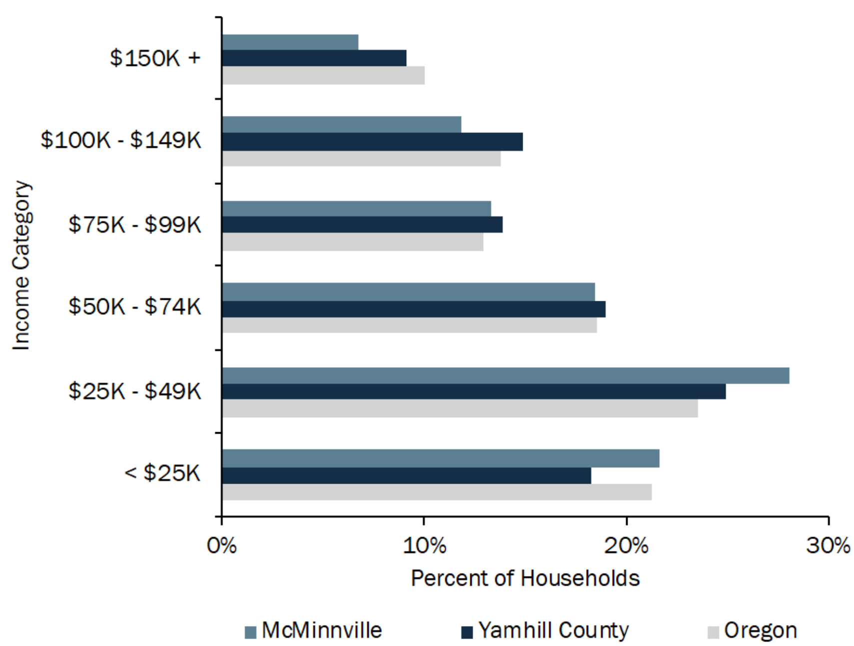
Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.



Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B19001.

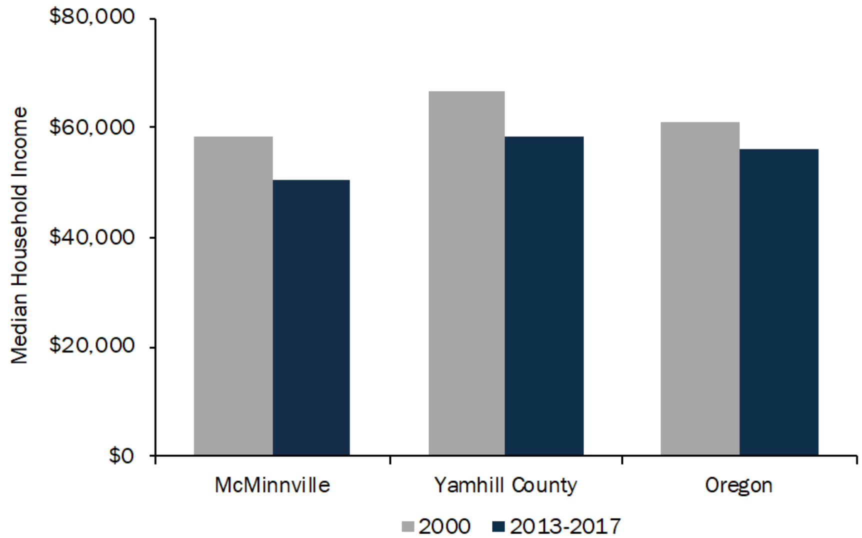


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 56. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 57. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018

Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

	Percent Sheltered	Percent Unsheltered	Precariously Housed (e.g., couch surfing)	Total Homeless (PIT)
2017	21%	25%	54%	1,066
2018	17%	30%	53%	1,386

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 58. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year

Source: Oregon Department of Housing and Community Services.

	Percent of Homeless Students	Total Homeless Students	Total Students
Yamhill County	3%	525	16,791
Oregon	4%	25,088	578,947

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 59. Commuting Flows, McMinnville 2015

Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015

Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015

Source: US Census Bureau, Census On the Map.

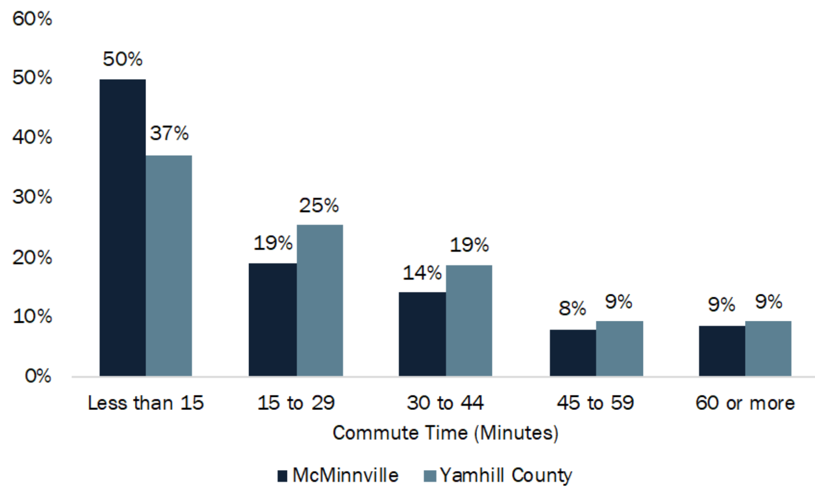
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 62. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

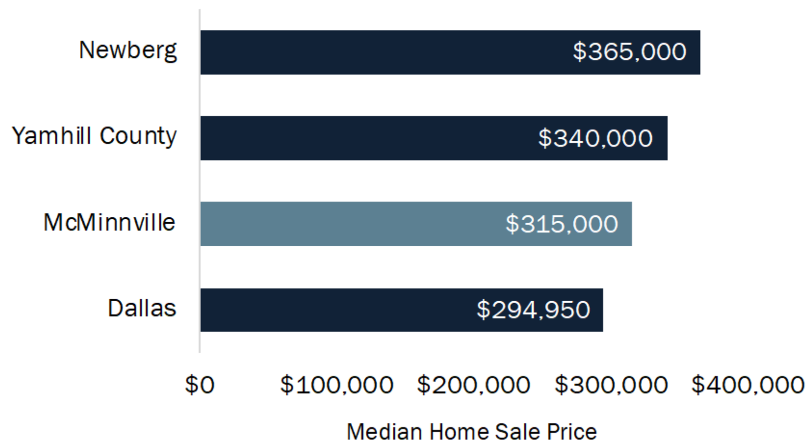
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

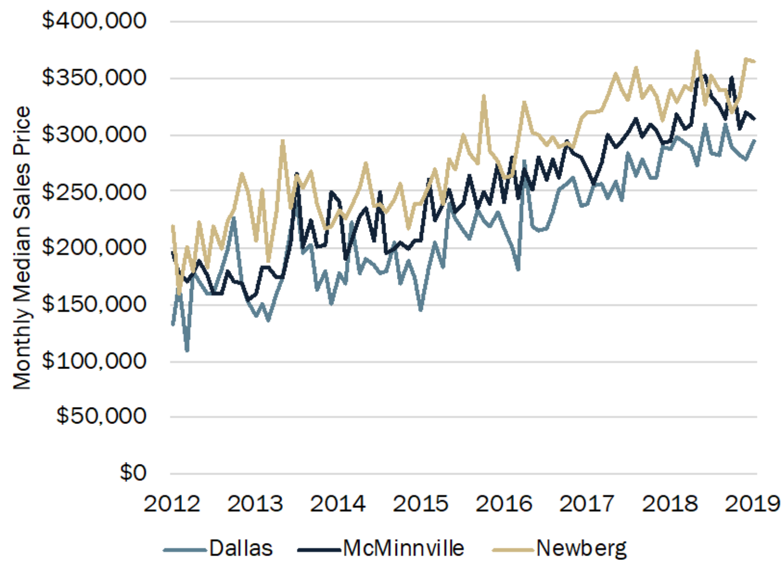
Exhibit 63. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.



Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

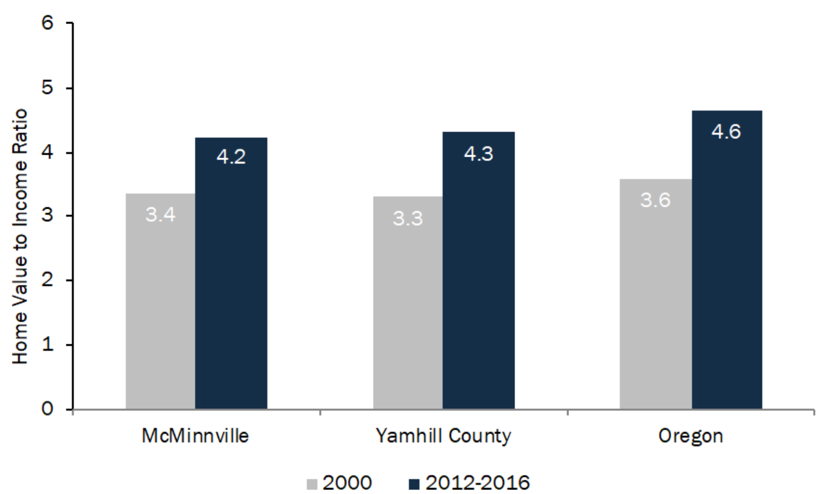
Exhibit 64. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019
Source: Redfin Median Sales Data 2018.



Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012-2016.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]
Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

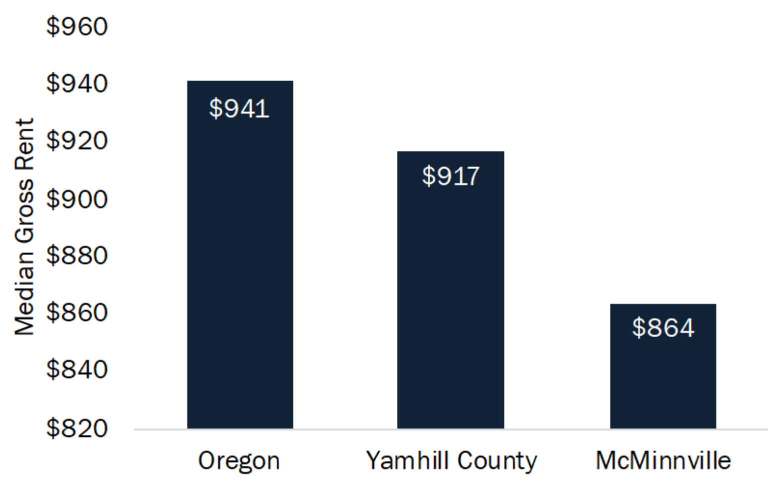
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 66. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

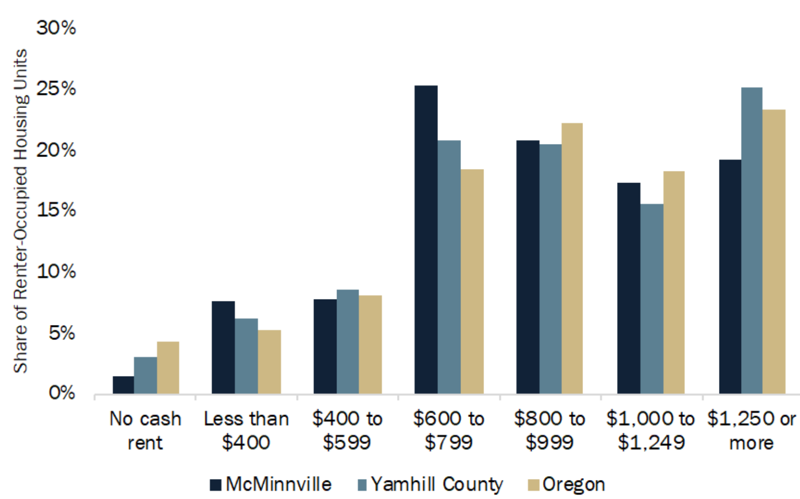


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 67. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

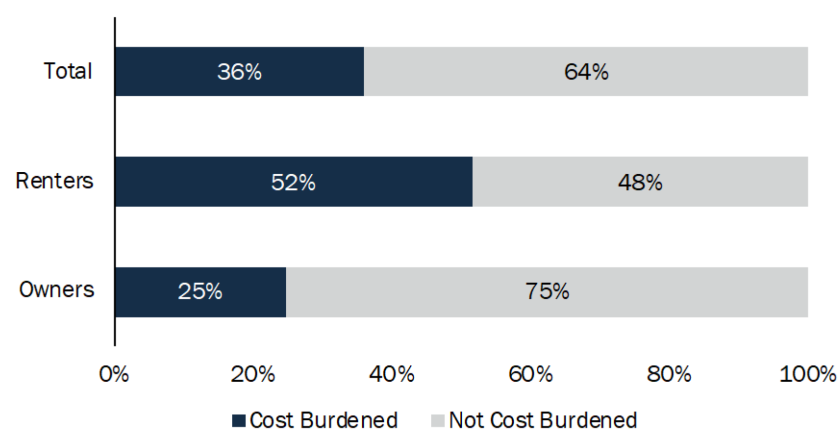
For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 72 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

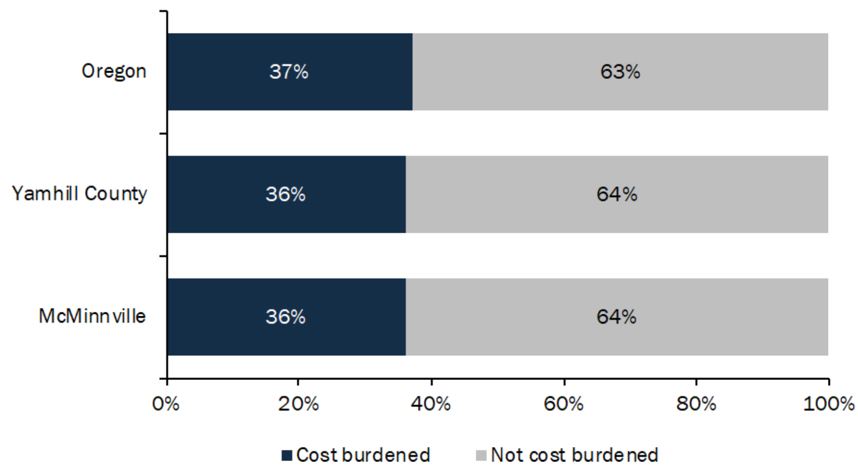
Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

Exhibit 68. Housing Cost Burden by Tenure, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



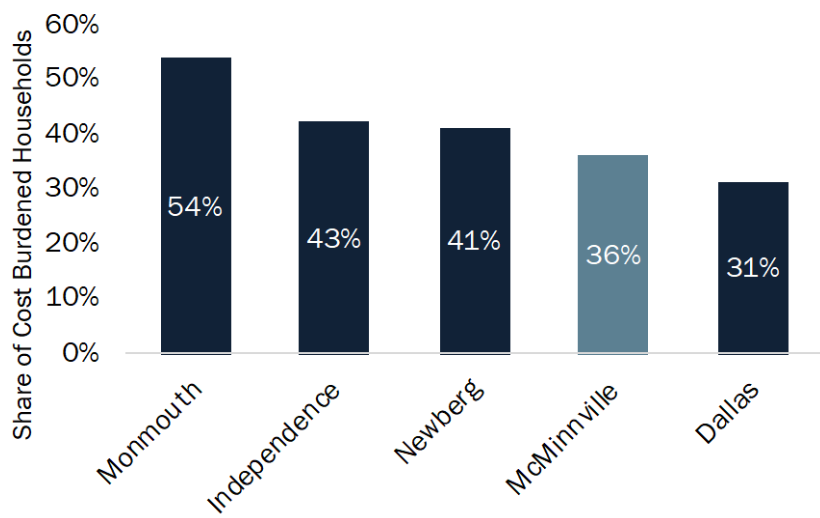
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



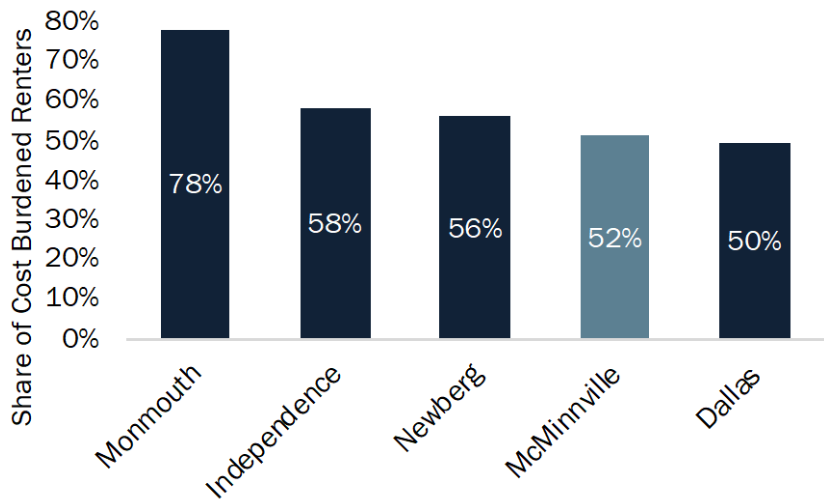
Other communities in the region have a larger share of cost-burdened households than McMinnville does.

Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



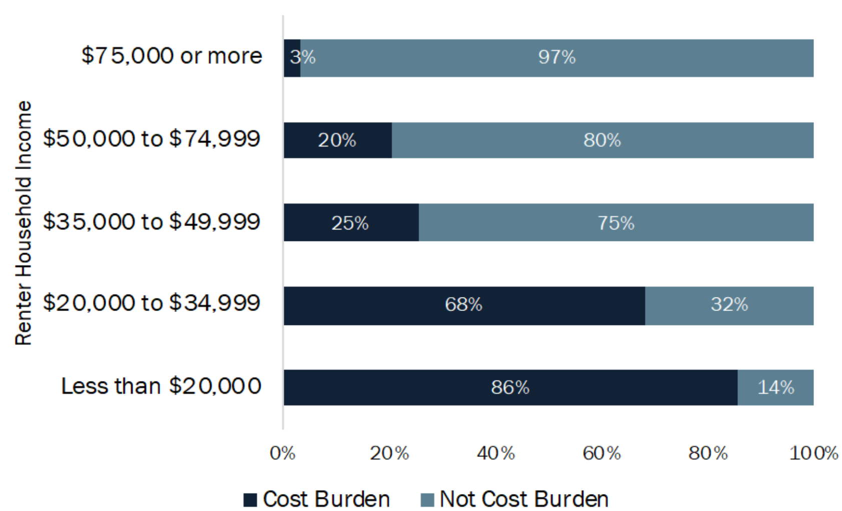
Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 73. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
$1,026	$1,132	$1,330	$1,935	$2,343

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

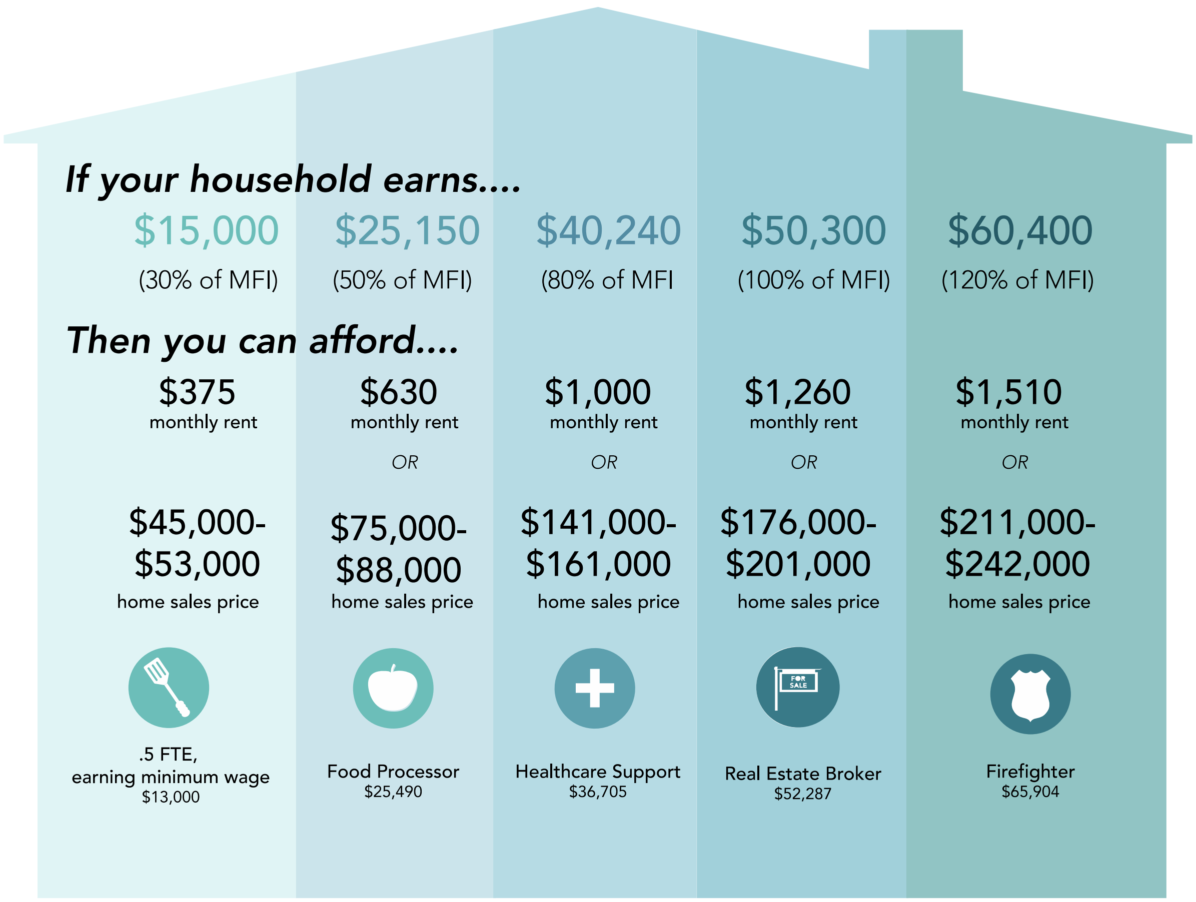
$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 75. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017

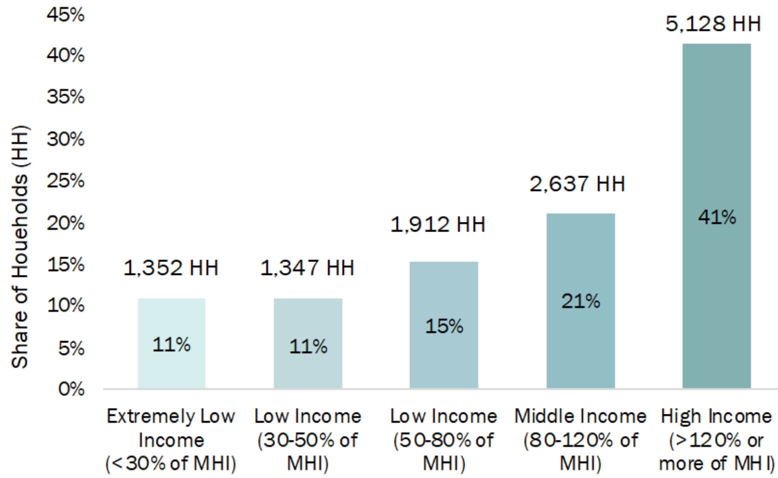
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

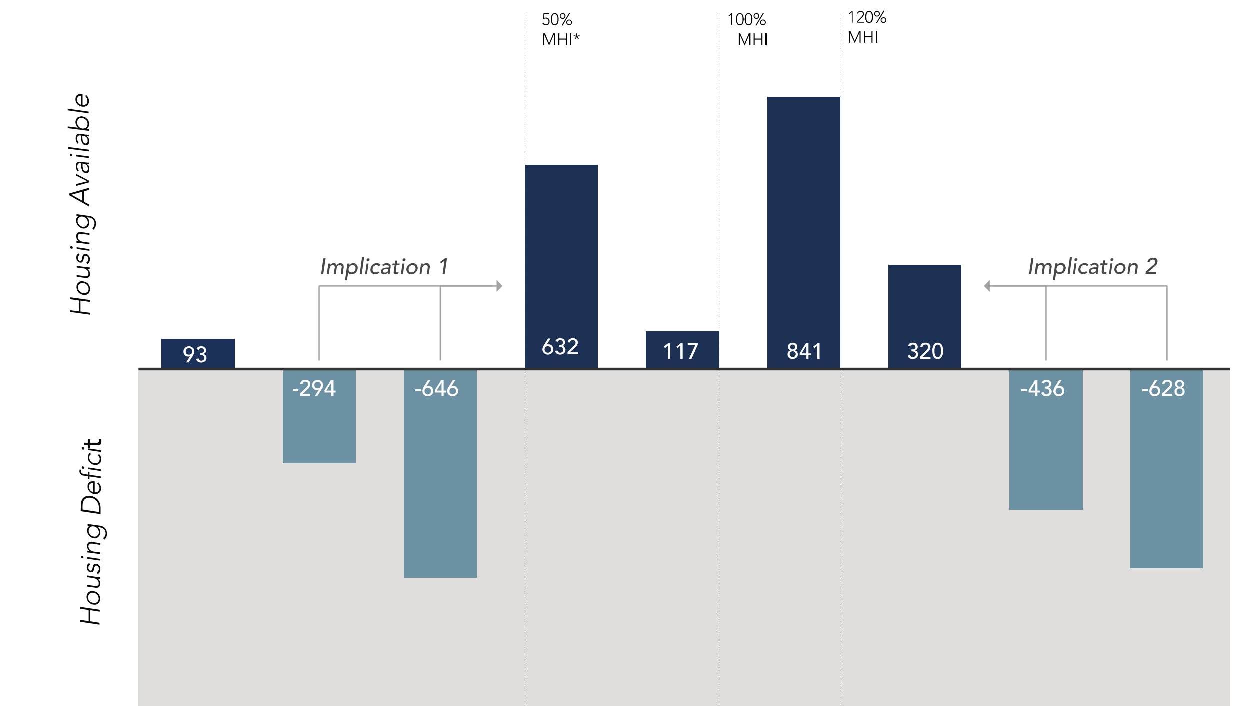
Exhibit 76. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017

Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 77. Affordable Housing Costs and Units by Income Level, McMinnville, 2017
Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1
Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2
Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 78. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

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[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

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[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	**4,657**
Annual average of new dwelling units	**233**

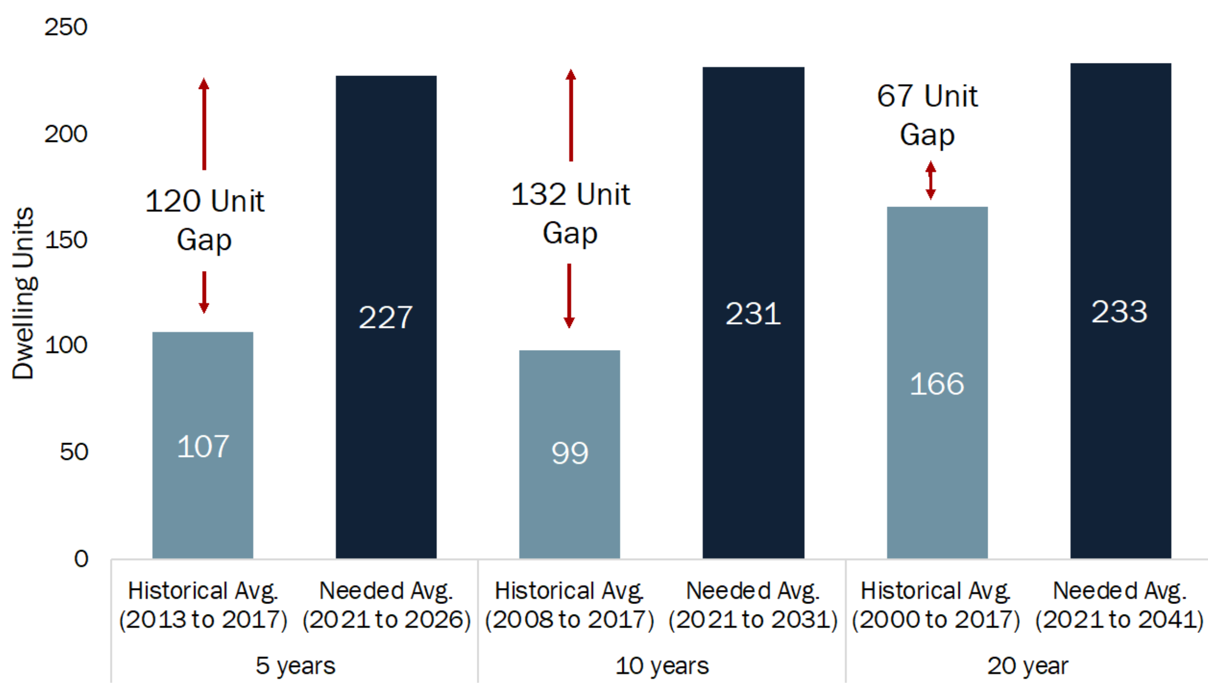
Exhibit 79 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 79. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**
Annual average of new dwelling units	**227**	**231**	**233**	**234**

As illustrated in Exhibit 80, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated through December 2021. This update accounted for actual growth that occurred through 2021.

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

(b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
(c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.
- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[56] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:

(A) the number, density, and average mix of housing types of urban residential development that have actually occurred;

(B) trends in density and average mix of housing types of urban residential development;

---

[56] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(C) demographic and population trends;

(D) economic trends and cycles; and

(E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply with these two requirements. Exhibit 81 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

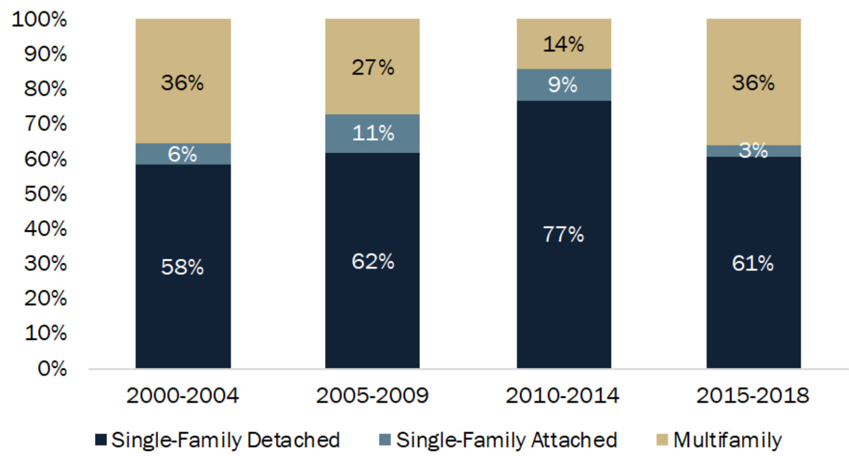
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 82. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

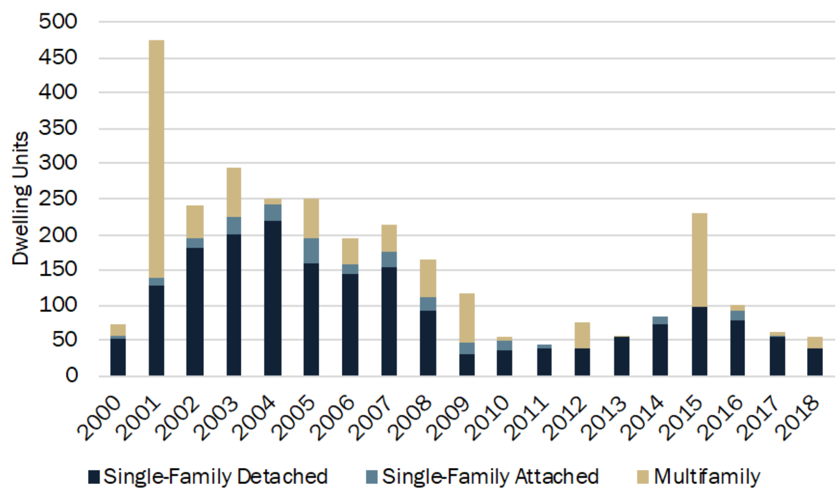
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 83. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

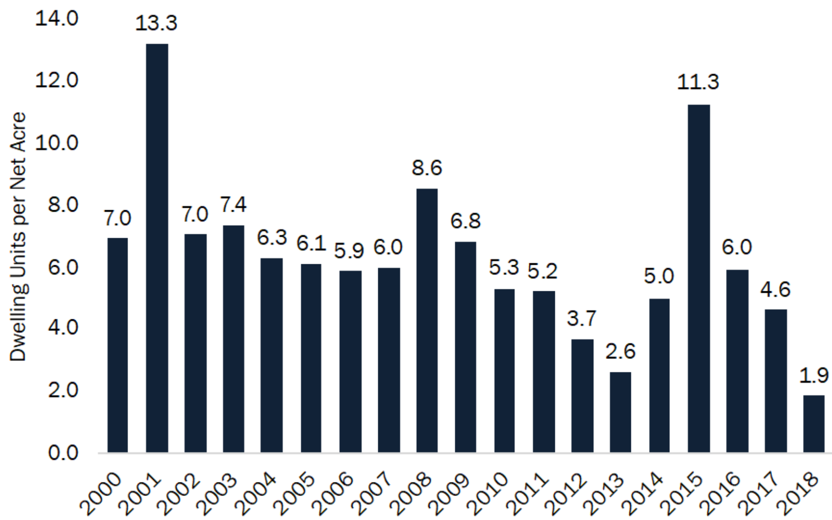
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 84. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 78)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
    - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
    - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

    - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[57] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[58]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[59] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

[57] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[58] *Ibid*.

[59] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
  - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
  - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
  - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	**4,657**

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	**373**

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	**373**
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	**4,284**

To summarize Exhibit 85, Exhibit 86, and Exhibit 87, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 85). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 86), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 87). Exhibit 88 presents a summary.

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	**1,136**	**2,305**	**4,657**	**10,986**

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	**91**	**184**	**373**	**879**

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	**82**	**166**	**335**	**791**
Total Units in Infill or Redevelopment	**91**	**184**	**373**	**879**
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	**1,045**	**2,121**	**4,284**	**10,107**

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[60] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[61] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

[60] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[61] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[62]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

[62] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).[63] If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	**5.05**

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

[63] The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

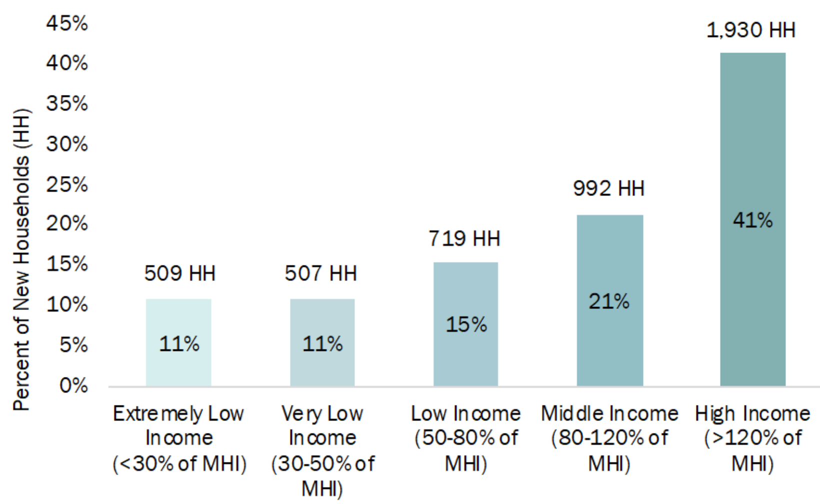


Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
  - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The projected growth before 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[66] and ORS 197.296[67] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[68] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[69], OAR 660-008,[70] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City's compliance with HB 2001 (2019))

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[66] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[67] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[68] OAR 660-008-0005(4)

[69] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[70] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[71] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

[71] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
  - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

    Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.
- **Needed densities.** [72] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

[72] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	108	3.19	345
R-2 Single Family Residential	113	4.43	499
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in rural residential zoning with reduced capacity*			72
All other land in County zoning	394	5.05	1,986
TOTAL	**708**	**4.49**	**3,183**

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,[73] with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

[73] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.
*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	**577**	**4.52**	**2,608**

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Capacity (DU)
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	**22**		**22**	**25**		**50**	**72**

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[74]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

[74] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	**2,608**	**2,608**	**3,183**	**3,183**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.[75]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**.

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

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[75] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

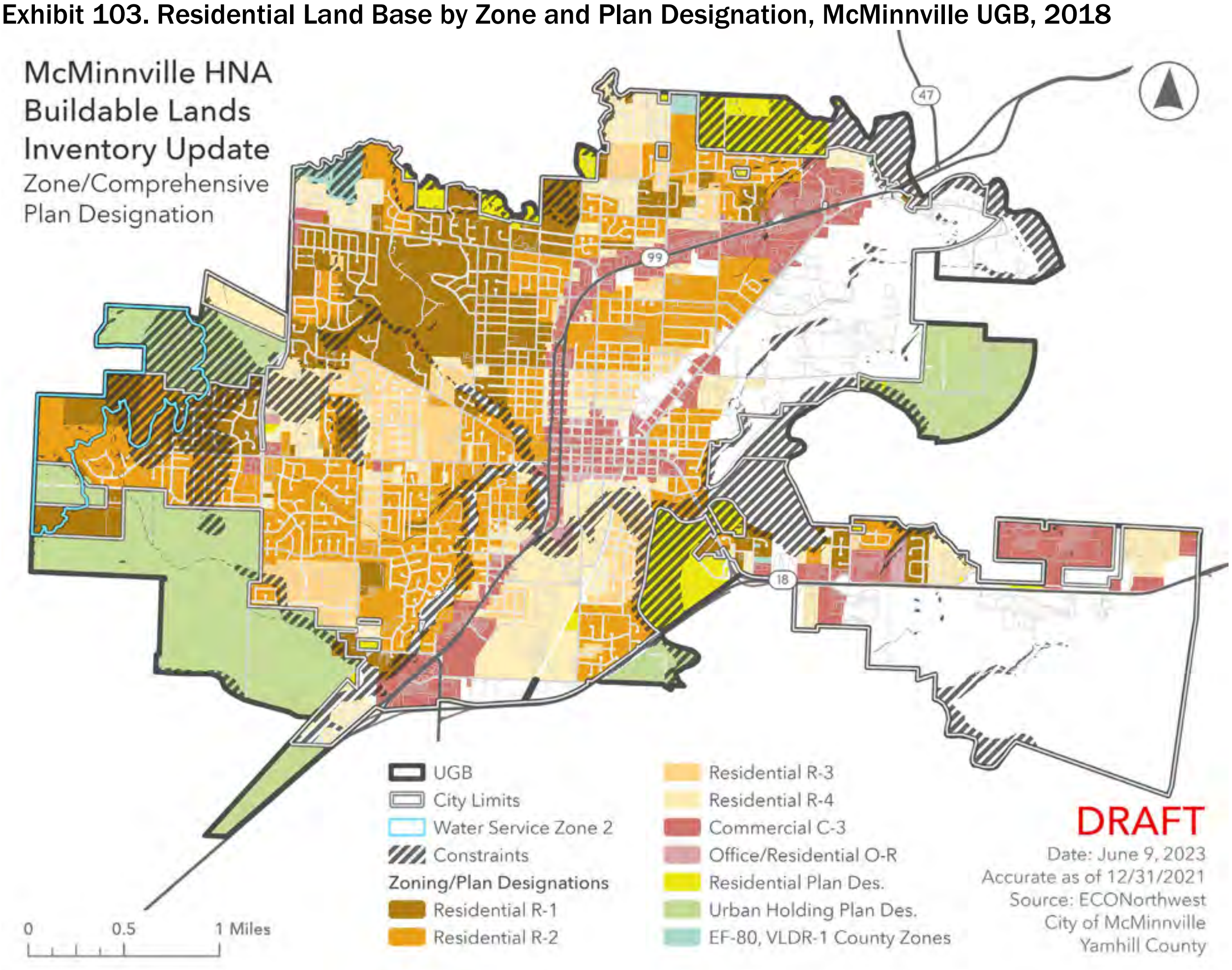
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	**68%**	**62%**	**60%**	**55%**
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	**9%**	**8%**	**10%**	**12%**
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	**23%**	**31%**	**30%**	**33%**
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	**4,424**	**4,424**	**4,424**	**4,424**

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067

Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	**1,079**	**2,190**	**4,424**	**10,435**

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 106 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041
Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations R-1	R-2	R-3	R-4	O-R	County Zoning	C-3	Total
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations R-1	R-2	R-3	R-4	O-R	County Zoning	C-3	Total
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	**836**	**759**	**737**	**676**
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	**43**	**36**	**48**	**57**
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	**74**	**99**	**97**	**107**
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	**953**	**894**	**882**	**839**

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(321)**

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(320)**

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(325)**

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	**2,921**	**4,424**	**(1,503)**	**(323)**

City of McMinnville Economic Opportunities Analysis

June 2023

Prepared for:

City of McMinnville

***FINAL* DRAFT REPORT**

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Acknowledgments

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its "Growing McMinnville Mindfully" program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to "Planned Development" overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

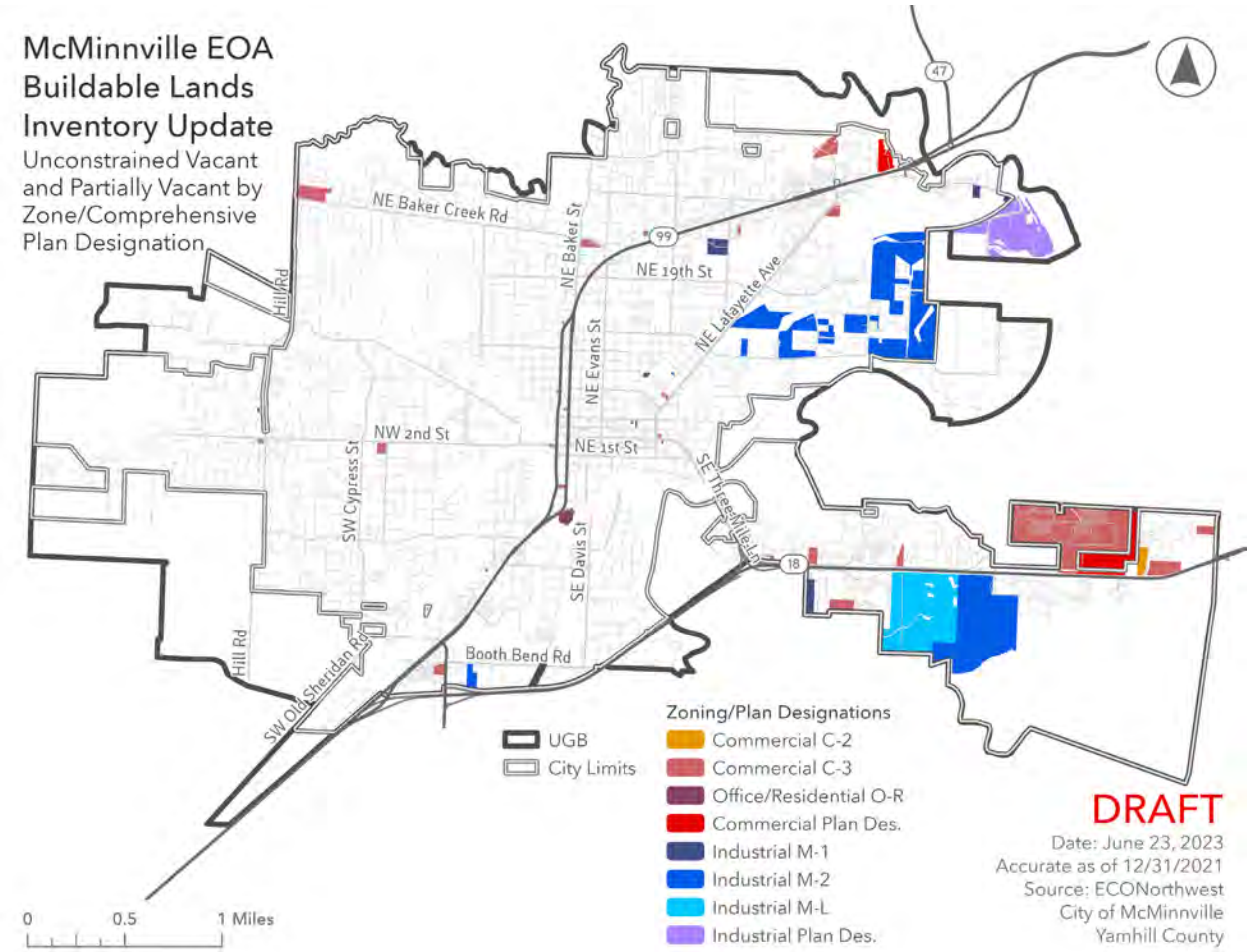
When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need 20-Year (2021-2041)	Additional Land Need 46-Year (2021-2067)
City of McMinnville (non-parks),1	7	11
City of McMinnville (parks),2	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	**477**	**780**

The City expanded its UGB in 2020, including land for public and semi-public uses by 383 acres. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that

McMinnville's UGB expansion added about 383 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	383	477	(94)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
  - Accounting for land brought into the urban growth boundary in 2020
  - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors
  - Improve systems for economic mobility and inclusion
  - Foster opportunity in technology and entrepreneurship
  - Be a leader in hospitality and place-based tourism
  - Locate higher job density activities in McMinnville
  - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

> Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

> Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.
>
> Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.
>
> Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

> Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.
>
> Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

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[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs –** detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes two appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

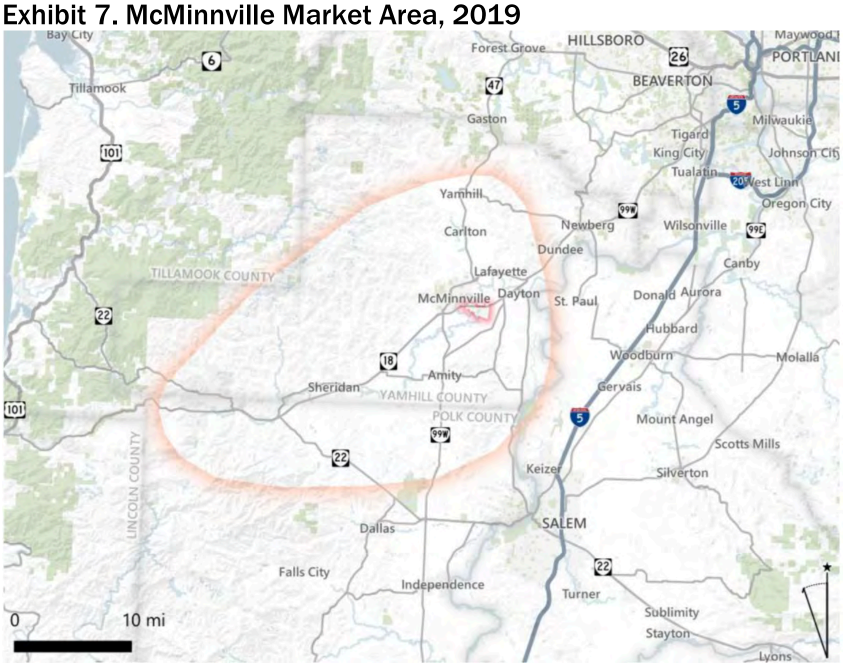
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

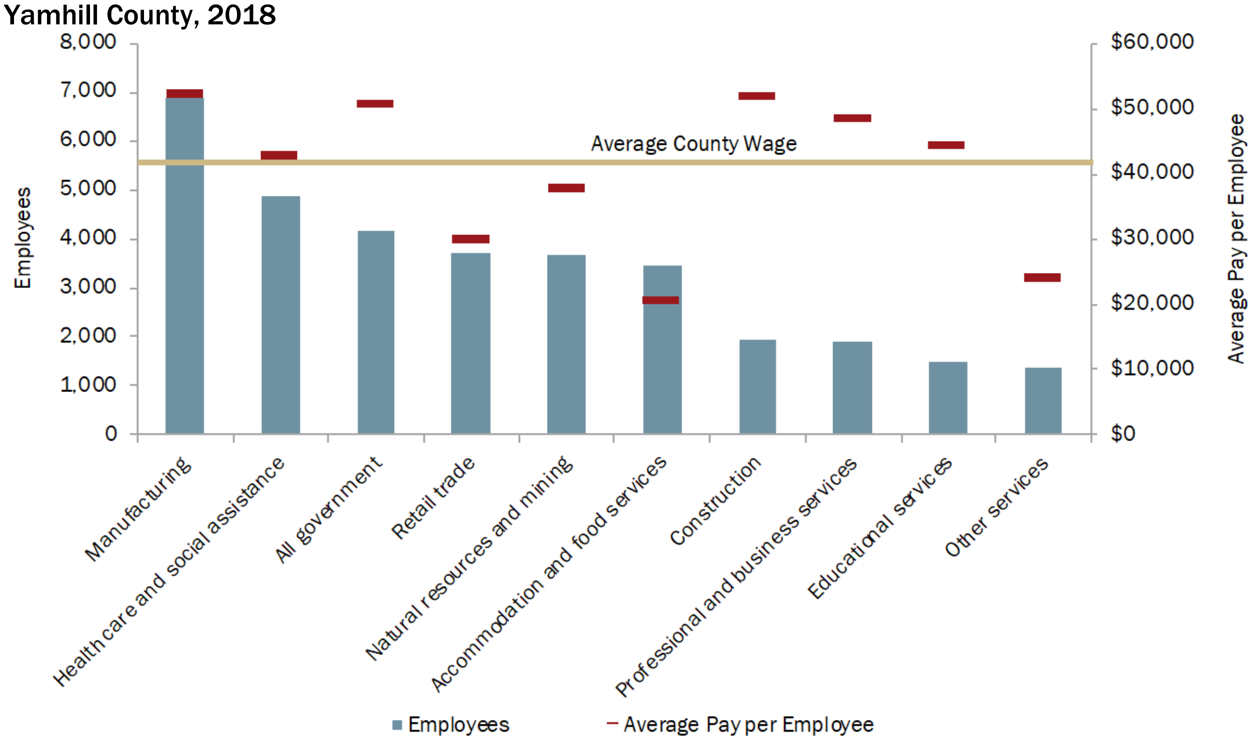
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

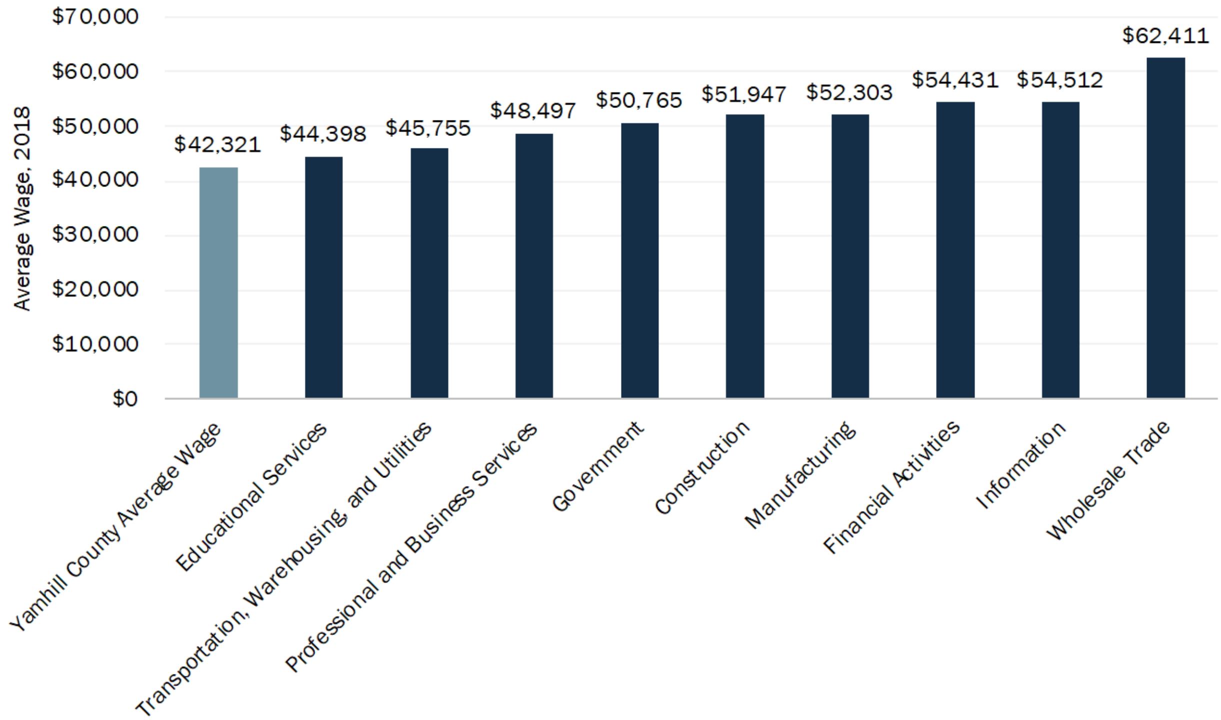
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

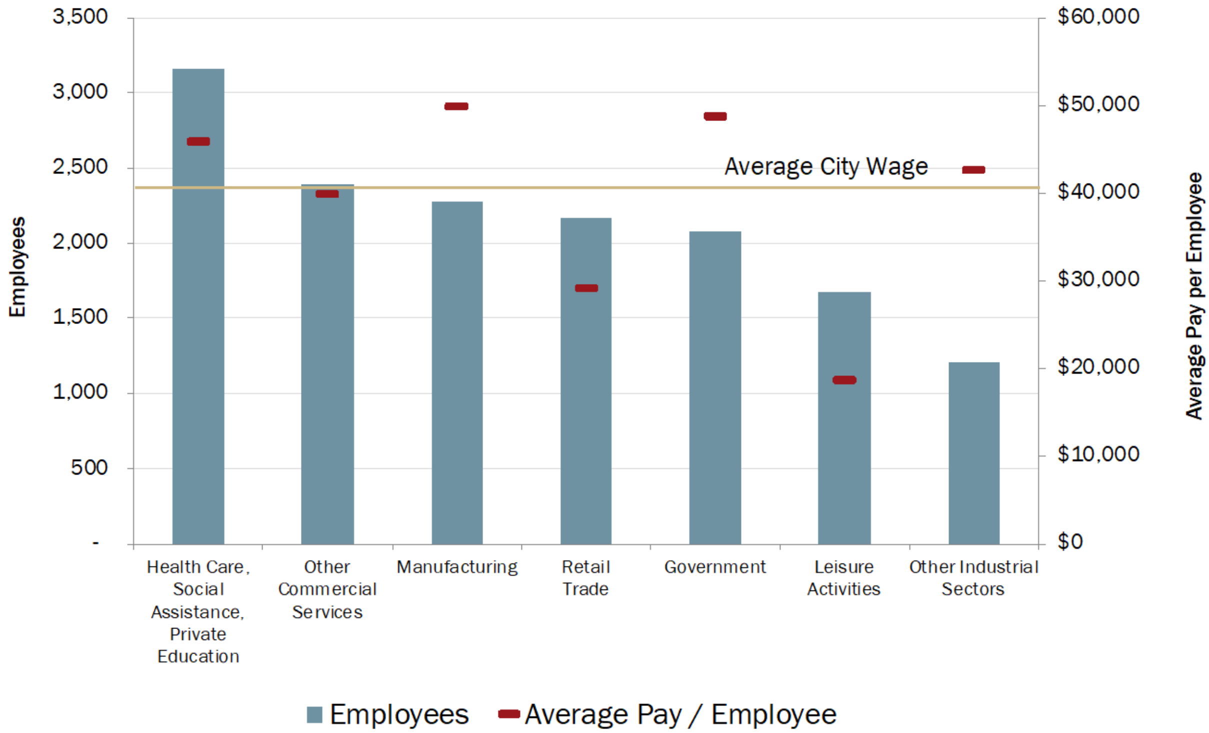
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

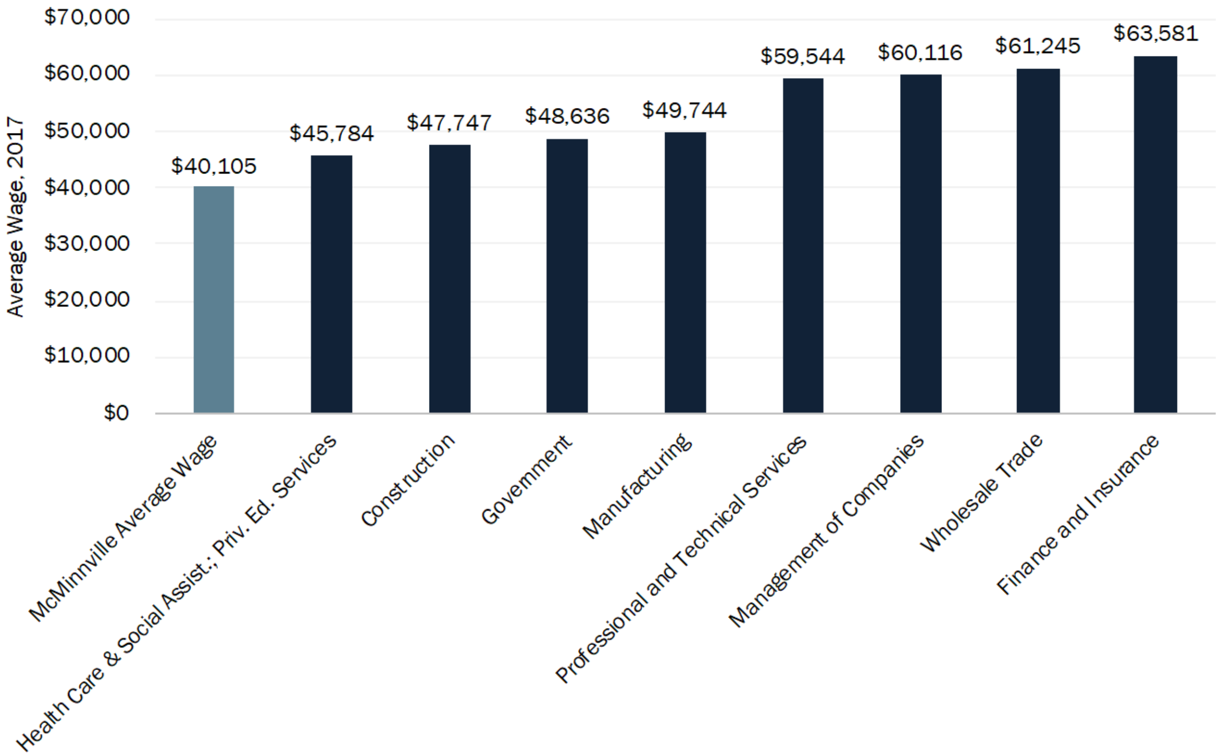
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

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[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

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[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

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[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics,* March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

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[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

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[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see,* for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

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[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]

- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]

- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

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[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

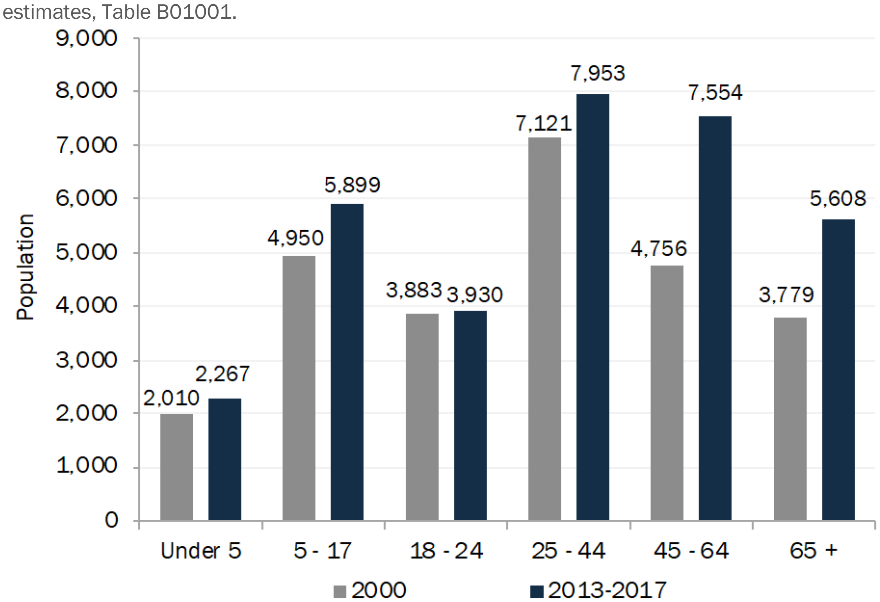
McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017.
This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).
This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



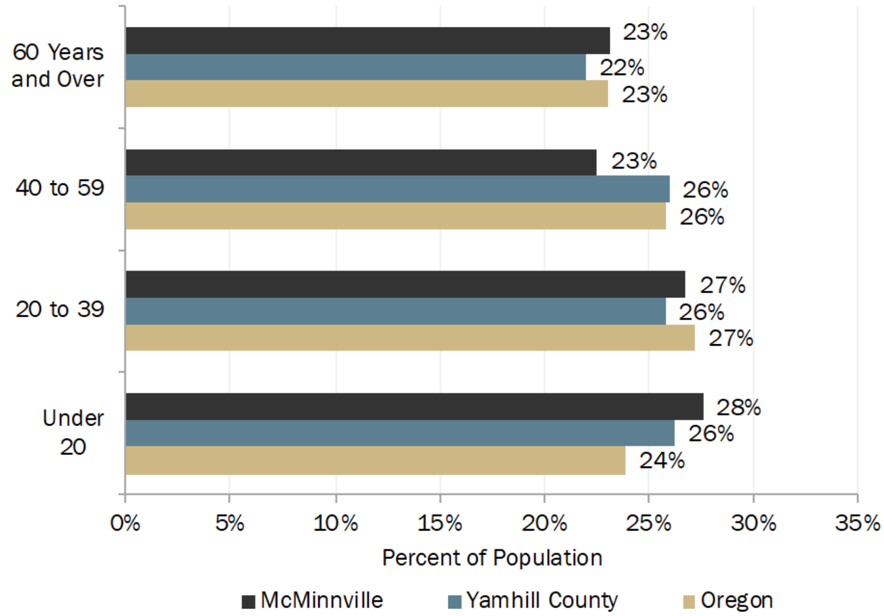
During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.

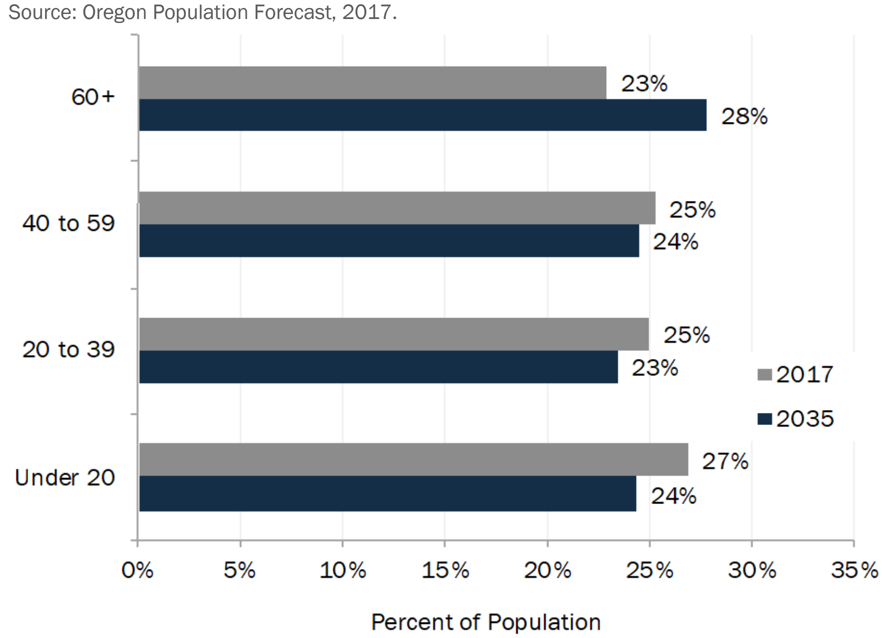


By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



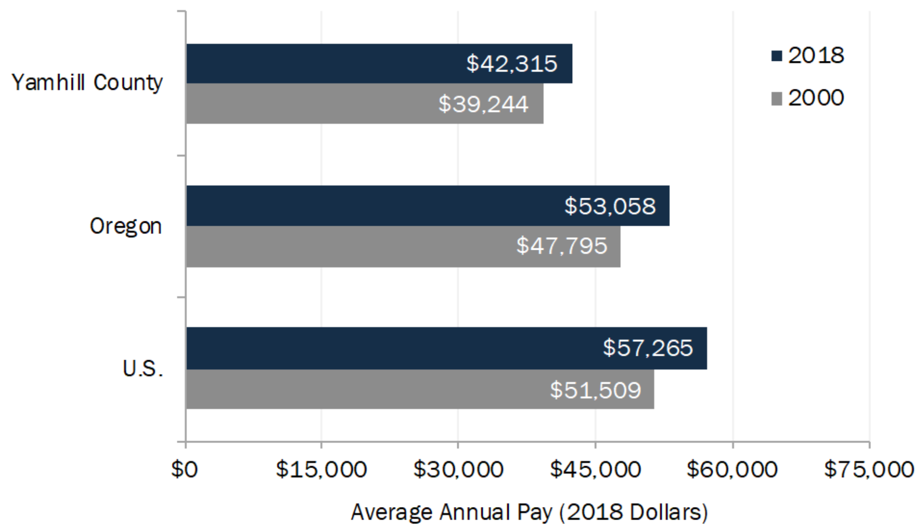
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299 McMinnville

$58,392 Yamhill County

$56,119 Oregon

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,[69] 2013-2017

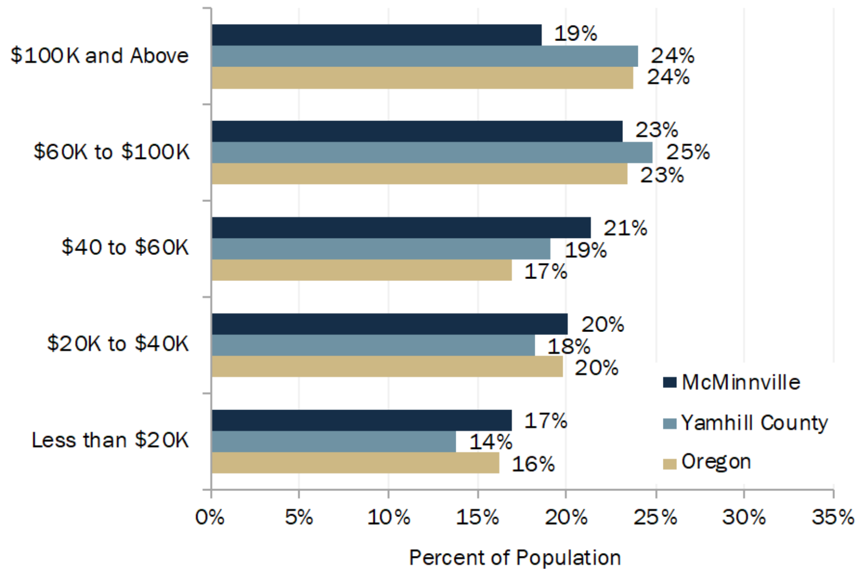
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



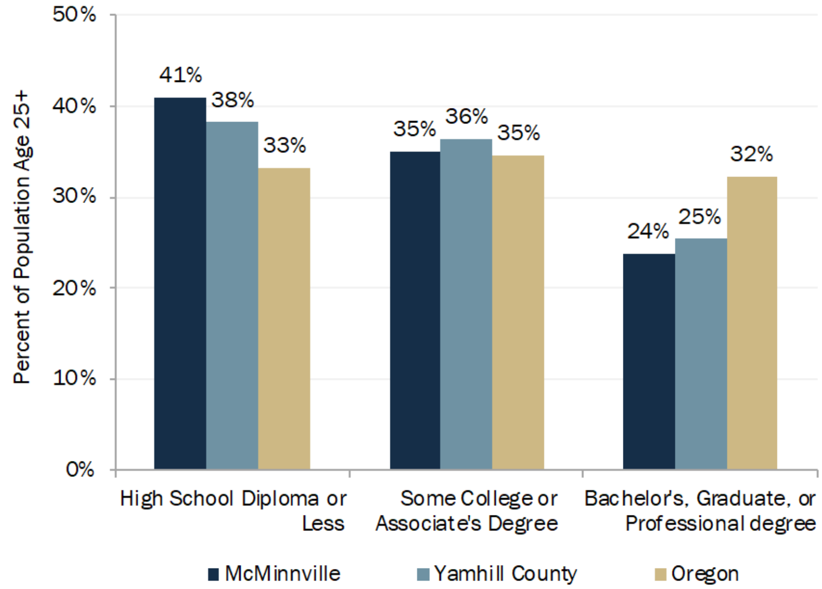
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

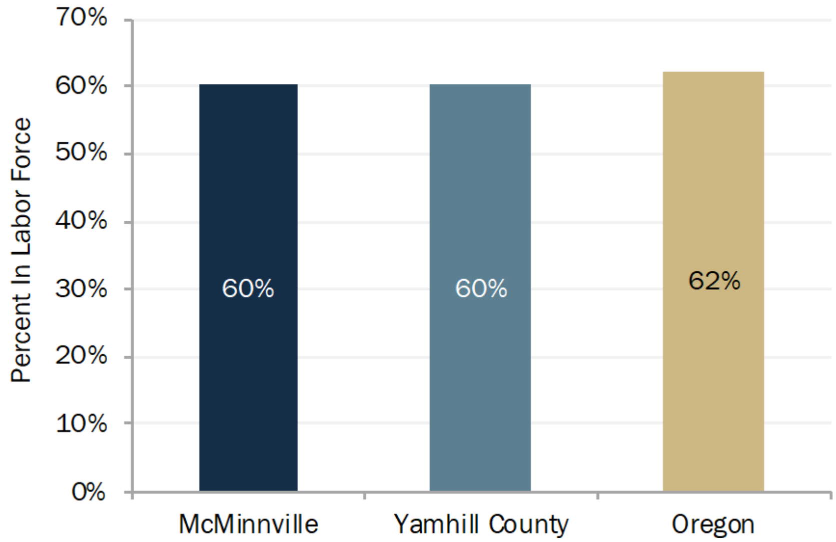
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



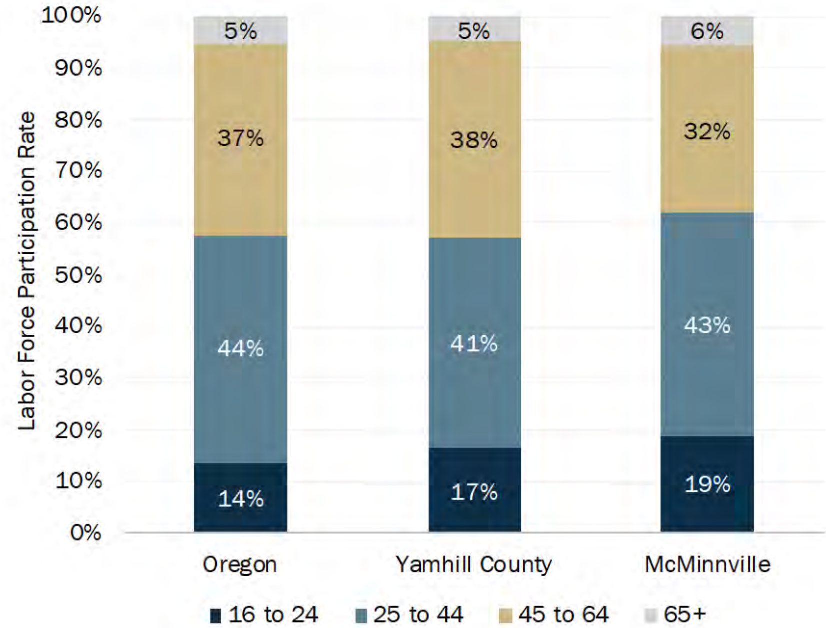
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

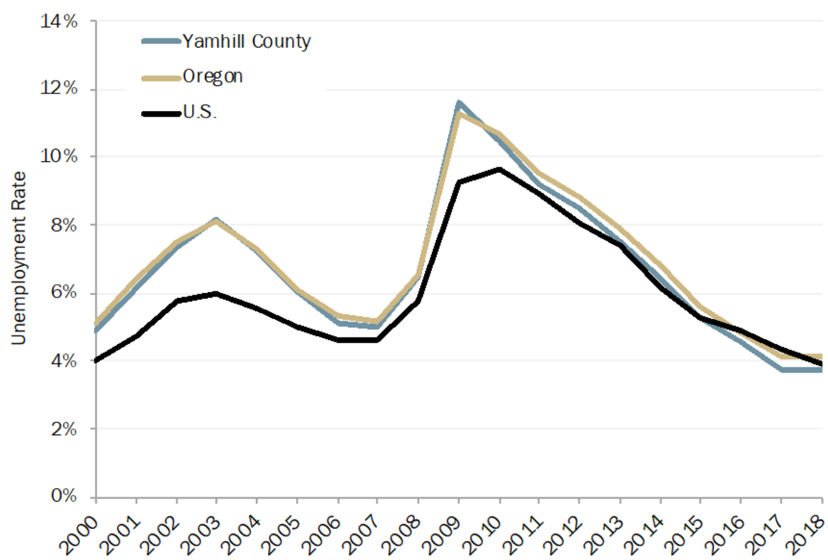


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



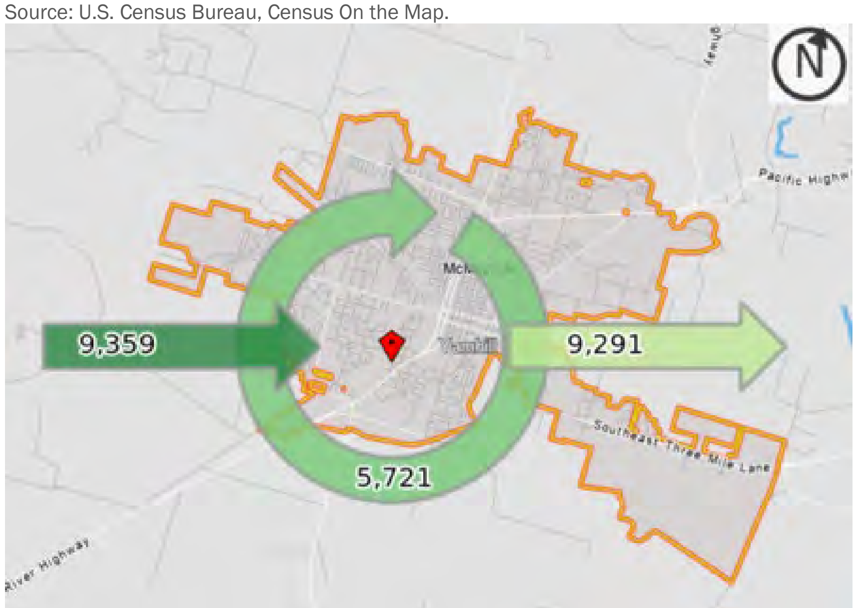
Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.
Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017
Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,[71] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

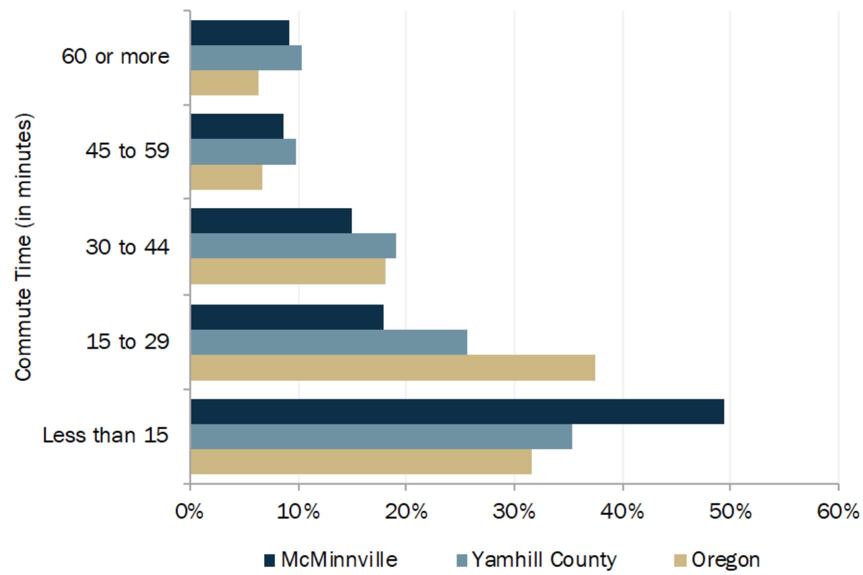
Exhibit 33. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

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[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018.
The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

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[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

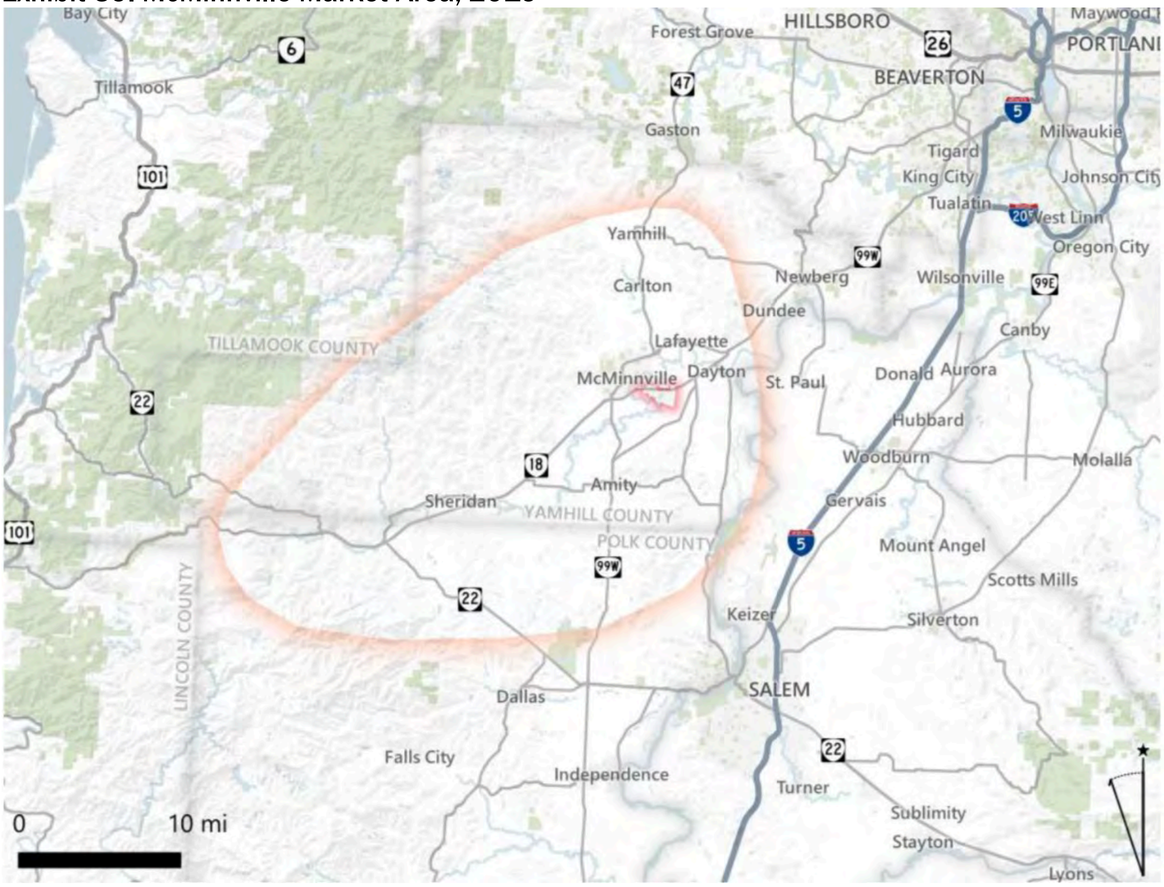
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 39.[80]

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

> "Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."

- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

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[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

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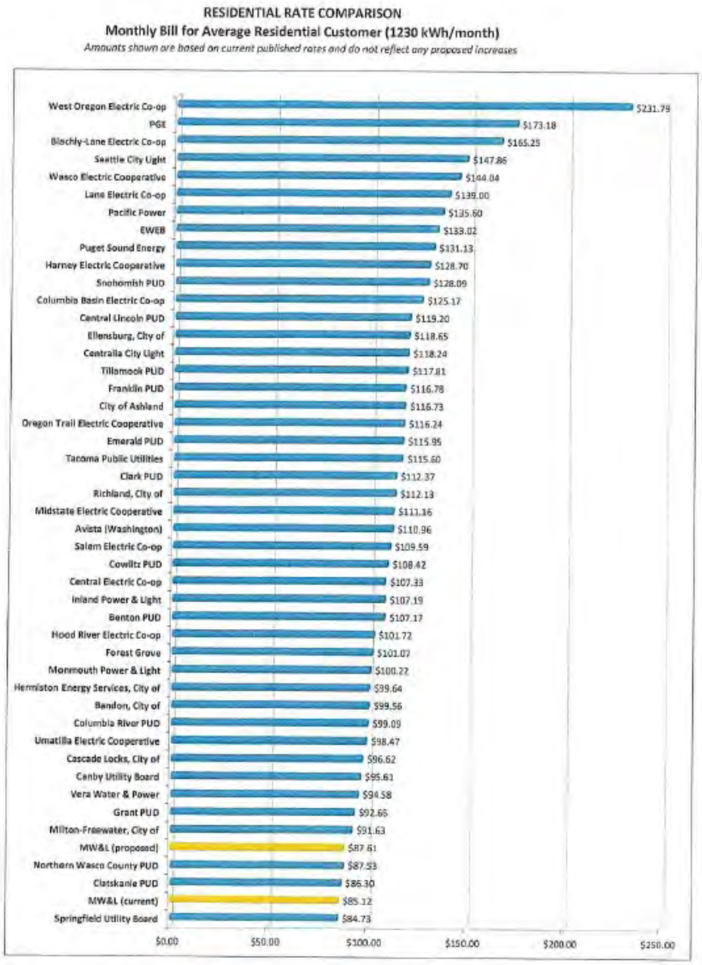
[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*

    - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.

    - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.

- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.

- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.

- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.
- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

Strengths • High quality of life to boast about and attract investment • Strong, widely-recognized downtown • Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors • Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets • Balanced employment across industry sectors • Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College) • Location advantages: • Good location in proximity to major metro area • High quality soils in surrounding areas, climate suited for agriculture • Natural environment assets nearby, including Yamhill River, access to the ocean and mountains • Inexpensive power and water, with sustainable sources • Major infrastructure assets: major highways, freight rail, airport • Various parks and recreational assets • Positive business climate perceptions and a sense of civic leadership	**Weaknesses** • Relatively low educational attainment • A limited labor pool for local companies and those looking to relocate • Difficult access to and from I-5 and no near near-term possibility of a more direct connection • End-of -the-line location for wine country visitors coming from the Portland area • Lack of housing options • Low levels of professional and office office-using employment • Comparatively high poverty rates and low median household income
Opportunities • Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities • Local airport has comparative advantages over other regional airports • Highway 99 bypass : future completion will improve access to McMinnville • A stronger framework for regional collaboration , improved opportunity in surrounding communities • Opportunity sites for new downtown development • New housing development – higher density , diversity of types, live live-work units • Improved connections to the University of Oregon and Oregon State University • Stronger branding and improved gateways into McMinnville • Innovation in agriculture and food systems • Wine -oriented makerspace • Food hub • $6M gift to Linfield College's wine program • Expanded culinary and craft beverage retail offerings	**Threats** • Limited land availability for residential, commercial and industrial development • Regulatory challenges associated with UGB expansion • Worsening housing affordability • Brain drain due to local graduates leaving for other job markets • Absorption of projected growth without detrimental impacts to character, congestion, affordability • Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs • Need to find a sustainable solution to homelessness • Future impacts of climate change on agriculture and related industries, including tourism

Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
    - 4.1 Ensure workforce availability in trades and other mid-skill positions.
        - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
        - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
  - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
  - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
  - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
  - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
  - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
  - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
  - 5.1 Become a place where small and medium technology firms can relocate and grow.
    - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
    - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
    - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
    - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
    - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
    - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
    - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
    - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
    - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
    - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
    - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
    - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
    - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
    - 6.1 Make downtown the best it can be.
        - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
        - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
        - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
        - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
    - 6.2 Become the preferred destination for wine-related tourism.

- Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
- Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
- Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
- Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville

  - 6.3 Diversify tourism destinations beyond wine.
    - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
    - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
    - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
    - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
    - Become a national destination for bicycle tourism and other recreational and leisure activities.
  - 6.4 Market and promote McMinnville.
    - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
    - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
    - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
  - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

- Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
- Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
- Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
- Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.

o 7.2 Locate higher job-density food and beverage activities within McMinnville.

- Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
- Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
- Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
- Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
- Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
- Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
- Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
- Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer’s market.
- In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

    - Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
    - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
    - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
- 7.4 Open new markets for local agricultural products.
    - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
    - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
    - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
- 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
    - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
    - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
    - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
    - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
    - Evaluate alignment of current food cart regulations with community goals.
- 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
    - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
    - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA’s Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville’s large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a “university district” or similar near one or more of McMinnville’s college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in “Eds and Meds” occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon’s four-year public universities.

- Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
- Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
- Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
- Foster R&D opportunities for existing and emerging industries.

o 8.4 Improve and expand connections between key institutions and the City of McMinnville.

- Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
- Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.[97]

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	**718**	**73%**	**607**	**41%**
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	**265**	**27%**	**888**	**59%**
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	**100%**	**1,494**	**100%**

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

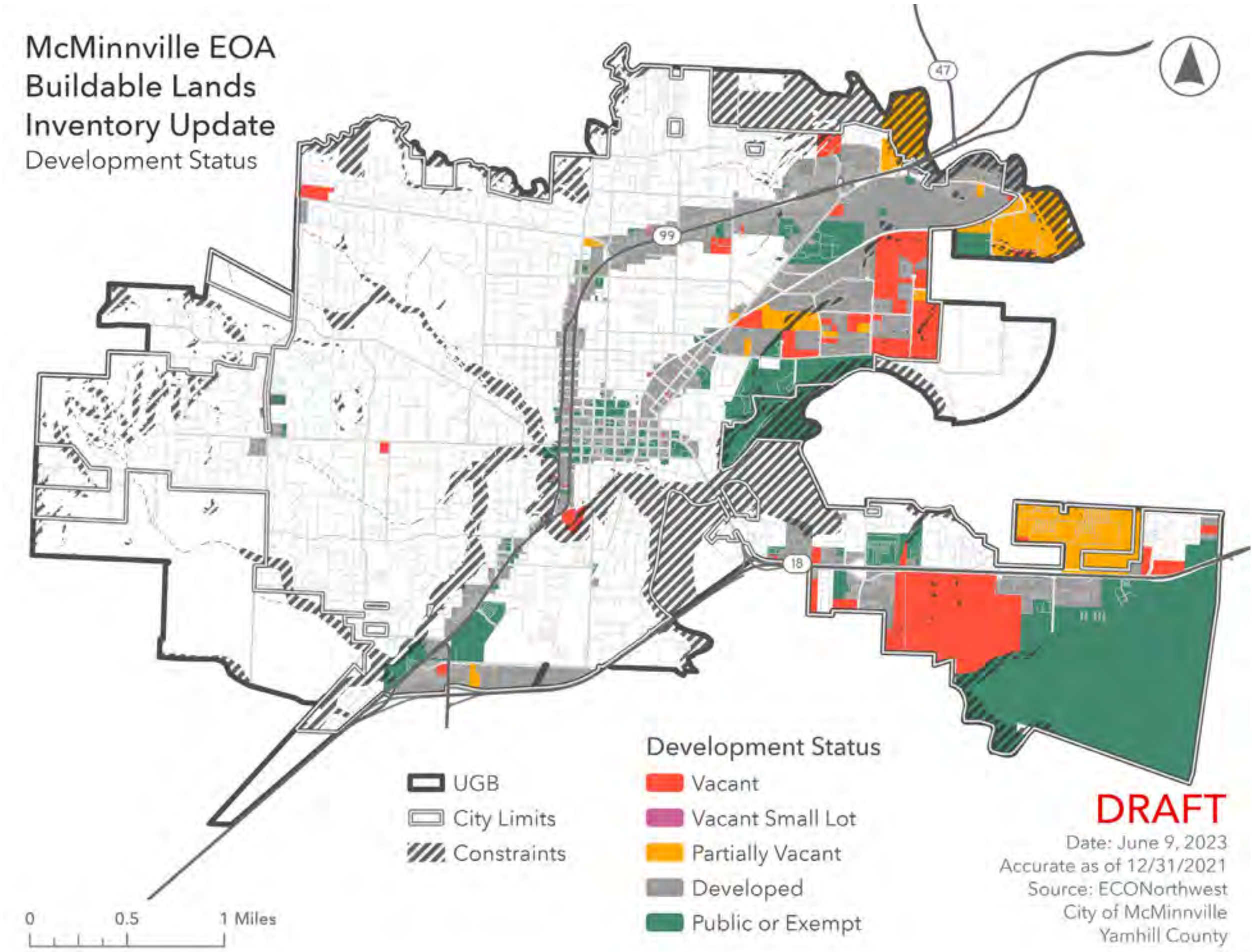
Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	**607**	**433**	**59**	**115**
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	**888**	**445**	**88**	**354**
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	**1,494**	**878**	**147**	**469**

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	**115**	**50**	**65**
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	**354**	**301**	**53**
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	**469**	**352**	**117**

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	**154**
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	**354**
Total	**508**

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

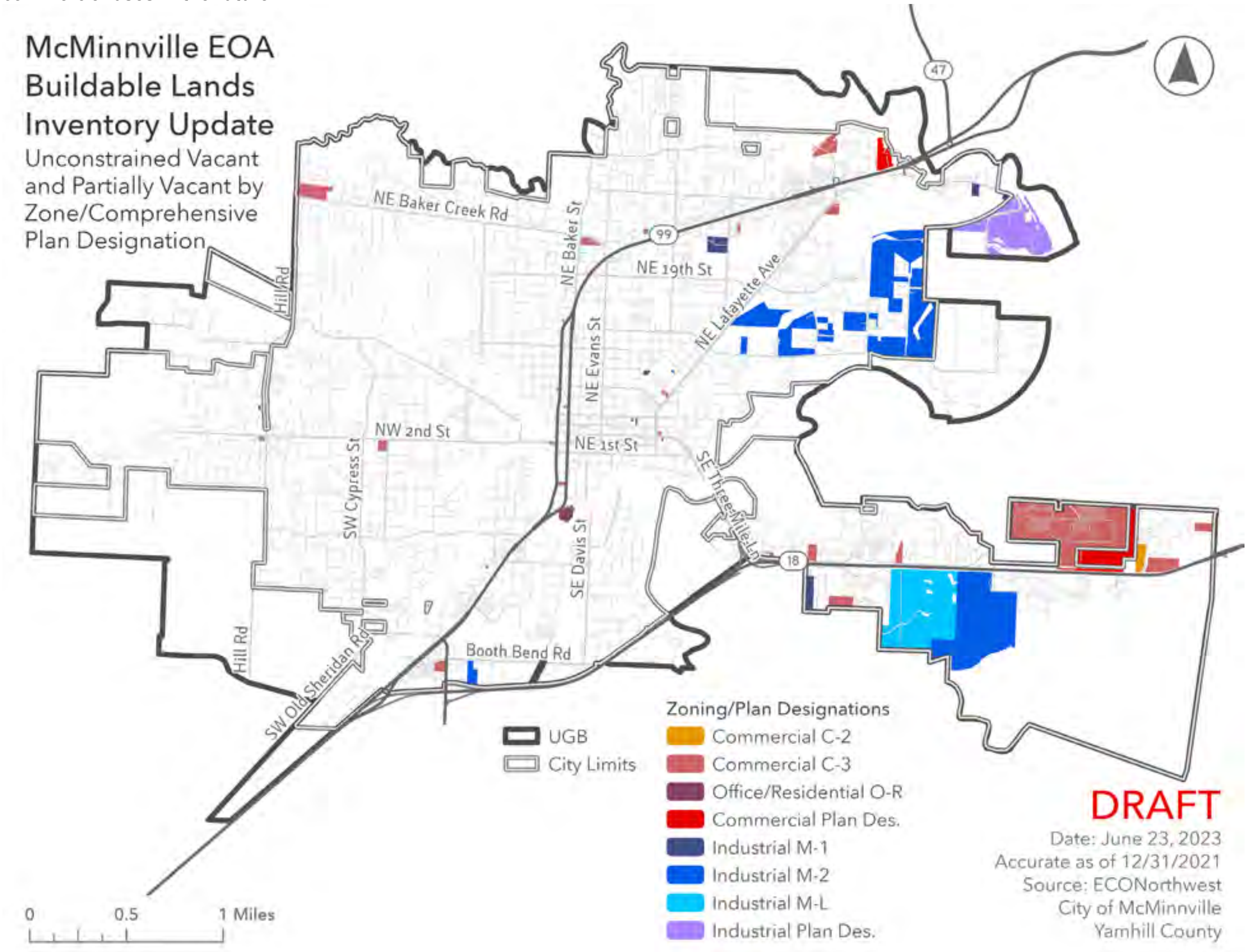
Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

	Buildable Acres in Tax Lots									
	< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres	Total
Buildable Acres on Partially Vacant Tax Lots										
Commercial	**0.4**	**0.7**	**-**	**4.4**	**22.4**	**13.5**	**23.2**	**-**	**-**	**65**
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
Industrial	**1.1**	**5.6**	**3.5**	**25.5**	**-**	**16.8**	**-**	**-**	**-**	**53**
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
Commercial	**3.3**	**2.9**	**3.5**	**21.2**	**19.5**	**-**	**-**	**-**	**-**	**50**
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
Industrial	**1.1**	**6.2**	**12.3**	**9.4**	**31.0**	**39.4**	**24.3**	**-**	**177.8**	**301**
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	**5.9**	**15.4**	**19.4**	**60.5**	**72.8**	**69.6**	**47.5**	**-**	**177.8**	**469**
Number of Partially Vacant Tax Lots with Buildable Acreage										
Commercial	**1**	**1**	**-**	**1**	**3**	**1**	**1**	**-**	**-**	**8**
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
Industrial	**3**	**8**	**3**	**7**	**-**	**1**	**-**	**-**	**-**	**22**
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
Commercial	**15**	**4**	**2**	**7**	**3**	**-**	**-**	**-**	**-**	**31**
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
Industrial	**4**	**7**	**9**	**4**	**5**	**3**	**1**	**-**	**2**	**35**
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	**23**	**20**	**14**	**19**	**11**	**5**	**2**	**-**	**2**	**96**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The *McMinnville Housing Needs Analysis* buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

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[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	**23,228**	**23,708**	**24,429**
2031	**24,573**	**25,367**	**26,577**
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

Land Use Type	2021		2041		Change
	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	**5-year (2021-2026)**	**10-year (2021-2031)**	**20-year (2021-2041)**	**46-year (2021-2067)**
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Employment on Vacant Land			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City’s downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[107]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[108]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

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[107] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[108] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[109] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

109 https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[110]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[111]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[112]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

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[110] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[111] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

[112] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**56 acres**	**153 employees** 153 employees @ 23 emp/acre = 7 acres 56 acres – 7 acres **= <u>net increase of 49 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft² of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[113]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

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[113] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

	Developed acres size									
Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC

ICSC

U.S. Shopping-Center Classification and Typical Characteristics*								
Type of Shopping Center	**Concept**	**Typical GLA Range (Sq. Ft.)**	**Acres**	**# of Anchors**	**% Anchor GLA**	**Typical Number of Tenants**	**Typical Type of Anchors**	**Trade Area Size**
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience-store anchor	N/A	N/A	Convenience store, such as a mini-mart	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors, retail includes specialty retail and restaurants	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

#	CRITERIA		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
		PROFILE	A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	GENERAL REQUIREMENTS		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site [illegible] does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 50 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Diameter)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Diameter)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1620 (GPD / Acre)	5200 (GPD / Acre)	5150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1620 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Diameter)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2100 (GPD / Acre)	1620 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1500 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Diameter)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
##	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.) Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical	'Required' factors are seen as mandatory in a vast majority of cases and have become industry standards
↑	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon*. May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
Less Critical	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[114] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			Revised Size Classes and Assignments		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

114 https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			**<u>4:</u>**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			**<u>4:</u>**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Light/Flex Industrial</u>			**<u>6:</u>**							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
			1	25-50 ac						1
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					
<u>Warehousing & Distribution</u>			**<u>5:</u>**							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
			3	10-25 ac			1	1	1	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred			(1) 10ac, (1) 15ac, (1) 20ac					

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Specialized</u>			**<u>2:</u>**							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**354**	**384**	**(29)**
Commercial	**154**	**313**	**(159)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*49*	
Total	**508**	**697**	**(189)**

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 56 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that <u>all lands within tax lots</u> identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from $0 to values over $10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial[115]
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

[115] The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name

Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
    - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
    - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

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[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

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[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	<u>**Examples:**</u> Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	<u>**Example:**</u> Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	<u>**Master Plan Facilities:**</u> Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building, Student Housing): 6</u> **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		**56 acres (total)**		**Average Annual Employment:** Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 Makerspace: 3 **Sum: 153 Employees** 153 Employees @ 23 emp/acre= 7 acres 56 acres - 11 acres = **net increase of 49 acres** for other needed sites, over acres calculated from average employees/acre	

Growing McMinnville MINDFULLY

Growing McMinnville MINDFULLY

PART 2

Tonight's Work Session

Review Draft Results of:

- ❖ **Housing Needs Analysis**
- ❖ **Economic Opportunities Analysis**
- ❖ **Public Lands Need Analysis**

Discuss Next Steps

Updates of 2019/2020 Drafts

Tonight's Work Session

Review Draft Results of:

- ❖ Housing Needs Analysis
- ❖ Economic Opportunities Analysis
- ❖ Public Lands Need Analysis

Discuss Next Steps

Updates of 2019/2020 Drafts

State Mandate – HB 2003 (2019 Legislative Session), McMinnville needs to submit a Housing Needs Analysis and updated Buildable Lands Inventory prior to December 31, 2023.

City Council Strategies

<u>GOAL: HOUSING</u> – Create diverse housing opportunities that support great neighborhoods.

OBJECTIVE: Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks and land supply align with market-driven housing needs.

<u>GOAL: GROWTH AND DEVELOPMENT CHARACTER</u> – Guide growth and development strategically, responsively, and responsibly to enhance our unique character.

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

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

Background and History

City of McMinnville

2016 - LONG RANGE PLANNING NEEDS ASSESSMENT

PLANNING DEPARTMENT: REVIEW/STATUS OF LONG RANGE PLANNING PROGRAM

TYPE OF PLAN	PLAN	ADOPTED	UPDATED	PRIORITY (H, M, L)	RISK (H, M, L)	Tax Base ROI	Quality of Life	CASH RESOURCE	STAFF RESOURCE
COMPREHENSIVE PLAN	Community Vision	1981	2001: 15 Years Past Due	H		X	X	$225,000	1.25 FTE for 2 Years
	Comprehensive Comp Plan Update	1981	2001: 15 Years Past Due	H		X	X	$75,000	.5 FTE for 1 Year
	Transportation System Plan	2010	2020	L		X	X	$150,000	.5 FTE for 1 Year
	Public Facility Plan	1995	2005: 10 Years Past Due	M		X	X	$150,000	.5 FTE for 1 Year
	Parks Master Plan	1999	2009: 6 Years Past Due	M		X	X	$75,000	.5 FTE for 1 Year
	Historic Preservation Plan	1987	1997: 20 Years Past Due	H			X	$15,000	.25 FTE for 6 months
	BLI – Housing	2001	2005: 10 Years Past Due	H		X	X	In-House	.5 FTE for 6 months
	BLI – Economic	2012 (2001)	2017	H		X	X	In-House	.5 FTE for 6 months
	Housing Needs Analysis	1998	2008: 8 Years Past Due	H		X	X	$50,000	.5 FTE for 1 Year
	Economic Opportunity Analysis	2014 (2001)	2024	M		X	X	$25,000	.25 FTE for 1 Year
	Urban Reserve Area	NEVER DONE		H		X	X	$500,000	2 FTES for 2 Years
	UGB Amendment	1998 – Never Final	2003: 13 Years Past Due	H		X	X	$500,000	2 FTES for 2 Years
	Add Zones to Comp Plan – Airport, Park, Public Facility	NEVER DONE		H				In-House	.25 FTE for 1 Year

State Law Mandates

Federal Law Mandates

Strategic Planning

Foundational

Documents

- **Comprehensive Plan**
- **Development Code**

Slide from January 2017 City Council Meeting

City of McMinnville

2016 - LONG RANGE PLANNING NEEDS ASSESSMENT

PLANNING DEPARTMENT: REVIEW/STATUS OF LONG RANGE PLANNING PROGRAM

TYPE OF PLAN	PLAN	ADOPTED	UPDATED	PRIORITY (H, M, L)	RISK (H, M, L)	Tax Base ROI	Quality of Life	CASH RESOURCE	STAFF RESOURCE
COMPREHENSIVE PLAN	Community Vision	1981	2001: 15 Years Past Due	H		X	X	$225,000	1.25 FTE for 2 Years
	Comprehensive Comp Plan Update	1981	2001: 15 Years Past Due	H				75,000	.5 FTE for 1 Year
	Transportation System Plan	2010	2020					0,000	.5 FTE for 1 Year
	Public Facility Plan							000	.5 FTE for 1 Year
									.5 FTE for 1 Year
	H Pl								.25 FTE for 6 months
	BLI							In-House	.5 FTE for 6 months
	BLI – E					X	X	In-House	.5 FTE for 6 months
	Housing Analysis		ears Past Due	H		X	X	$50,000	.5 FTE for 1 Year
	Economic Opportunity Analysis	2014 (2001)	2024	M		X	X	$25,000	.25 FTE for 1 Year
	Urban Reserve Area	NEVER DONE		H		X	X	$500,000	2 FTES for 2 Years
	UGB Amendment	1998 – Never Final	2003: 13 Years Past Due	H		X	X	$500,000	2 FTES for 2 Years
	Add Zones to Comp Plan – Airport, Park, Public Facility	NEVER DONE		H				In-House	.25 FTE for 1 Year

Comp Plan - 1981
BLI/ Housing – 1999
HNA - 2001
Parks - 1999

State Law Mandates

Federal Law Mandates

Strategic Planning

Foundational

Documents

- Comprehensive Plan
- Development Code

$1,700,000
+ 2 FTES

Slide from January 2017 City Council Meeting

City of McMinnville

WORK SESSION DISCUSSION

Long Range Strategic Planning

PLANNING DEPARTMENT: REVIEW/STATUS OF LONG RANGE PLANNING PROGRAM

TYPE OF PLAN	PLAN	ADOPTED	UPDATED	PRIORITY (H, M, L)	RISK (H, M, L)	Tax Base ROI	Quality of Life	CASH RESOURCE	STAFF RESOURCE
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	Add Zones to Comp Plan – Airport, Park, Public Facility	NEVER DONE		H				In-House	.25 FTE for 1 Year

DRAFT

THE CITY OF MCMINNVILLE MISSION:

The City of McMinnville is primarily responsible for maintaining a safe and livable environment within the community. This is achieved by providing open governance and efficient delivery of services.

THE PLANNING DEPARTMENT ACHIEVES THIS BY:

Providing excellent customer service, public engagement, and proactive planning programs to promote McMinnville as the most livable and prosperous city in the state of Oregon now and into the future.

Work Product	June 30, 2017	FY 2017-18	FY 2018 – 19	FY 2019 – 2020
Long-Range Plans	• Three Mile Lane • Great Neighborhood Principles • Annexation • BLI – Housing and Economic	• Community Vision • Historic Preservation Plan • Housing Needs Analysis • Economic Development Strategy	• City Center Housing Strategy • Downtown Plan • Urban Reserve Area • Airport Ec Dev Strategy	• UGB Amendment • Parks Master Plan
Comprehensive Plan Amendments	• Citizen Advisory Committee • Airport Zone • Park Zone	• Airport Zone • University Zone • Public Facility Zone	• Housing • Economic Development	• Livability
Zoning Ordinance Amendments	• Travel Commercial Zone • Wireless Facilities • Landscape • Trees • Historic Preservation	• General Procedures • Multi Family • Residential Zone Amendments	• Commercial Zone Amendments • Industrial Zones • Site/Design Review	• Planned Development • Land Division Standards
BUDGET NEEDS		$200,000 Contractual Services	Add One FTE $300,000 Contractual Serices	Add One FTE $300,000 Contractual Services

Slide from January 2017 City Council Meeting

FIVE YEAR WORK PLAN

Work Product	2017-19	2019-21	2021-23
Long-Range Plans	• Three Mile Lane • Great Neighborhood Principles • Annexation • BLI – Housing • Historic Preservation Plan • Housing Needs Analysis / Strategy • Economic Development Strategy	• City Center Housing Strategy • Downtown Plan • Urban Reserve Area • Airport Ec Dev Strategy	• UGB Amendment • Parks Master Plan • Highway 99 Corridor Study
Comprehensive Plan Amendments	• Citizen Involvement • Park Zone • Public Facility Zone	• Airport Zone • University Zone	
Zoning Ordinance Amendments	• Travel Commercial Zone • Wireless Facilities • Steep Streets • Landscape • Trees • Historic Preservation • Multi-Family Site Design Review • Residential Zone Amendments • Neighborhood Meetings • Accessory Dwelling Units • Cottage Code Developments • Sign Code Enforcement	• Commercial Zone Amendments • Industrial Zones • Site/Design Review	• Planned Development • Land Division Standards

Slide from January 2017 City Council Meeting

City of McMinnville

NEXT SIX MONTHS

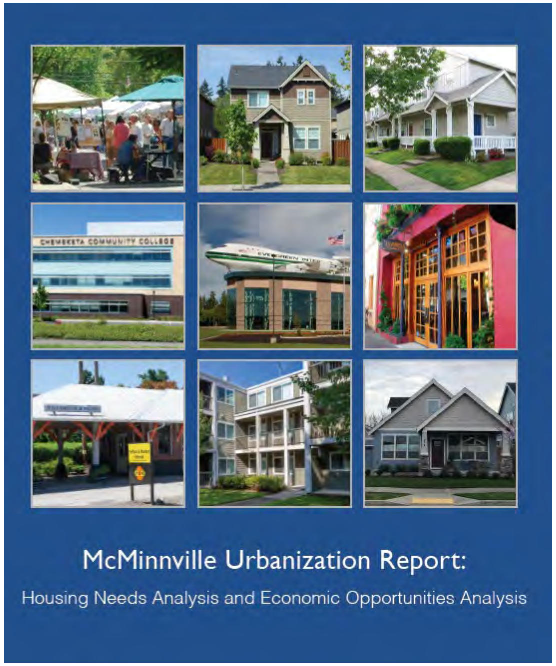
Long Range Plans	Comp Plan Amendments	Zoning Ordinance Amendments
Great Neighborhood Principles	Citizen Advisory Committee	Landscape and Tree
Annexation	Airport Zone	Wireless Facilities
BLI – Housing and Employment Lands	Park Zone	Historic Preservation
Three Mile Lane		Travel Commercial Zone

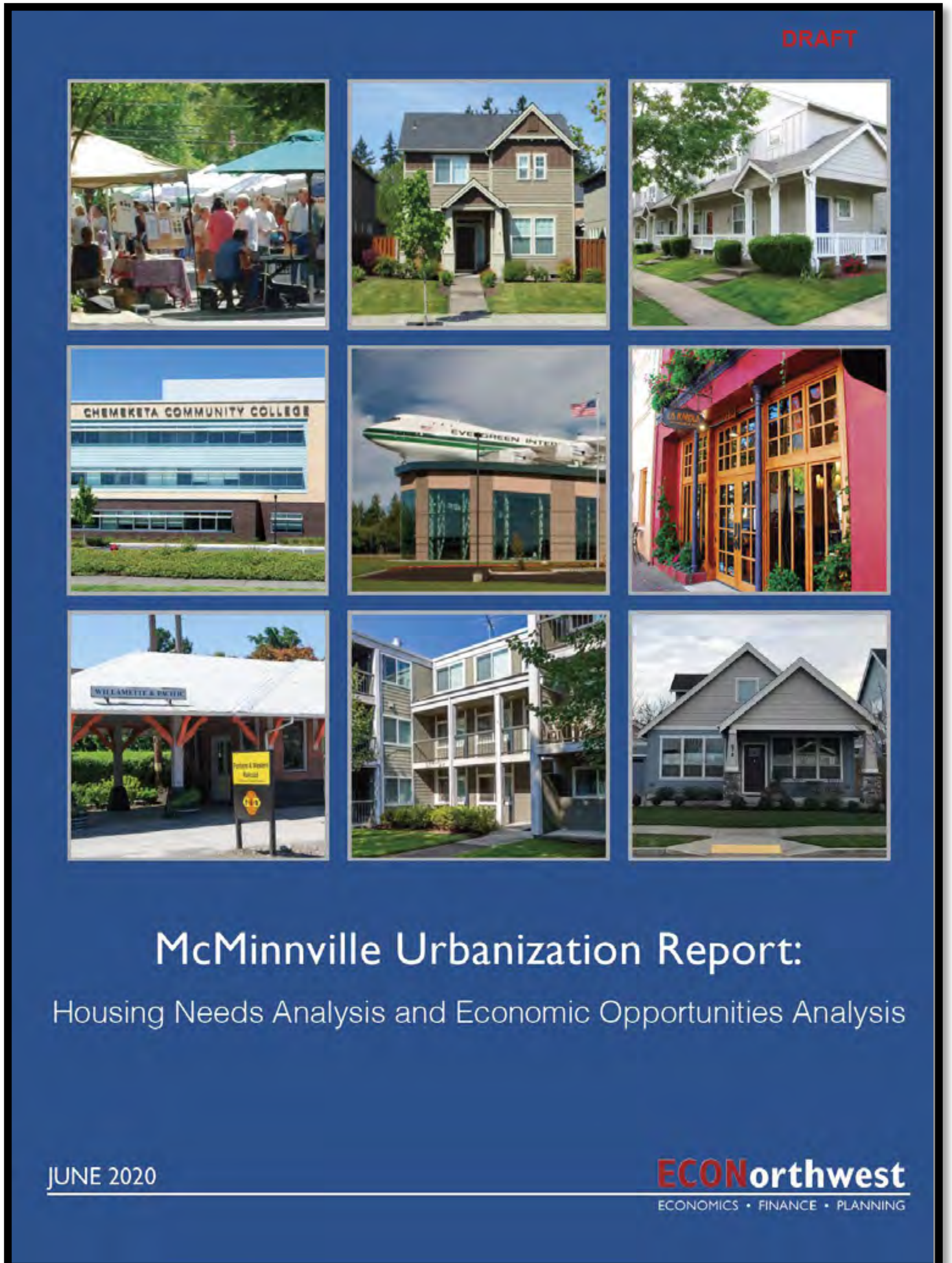
Slide from January 2017 City Council Meeting

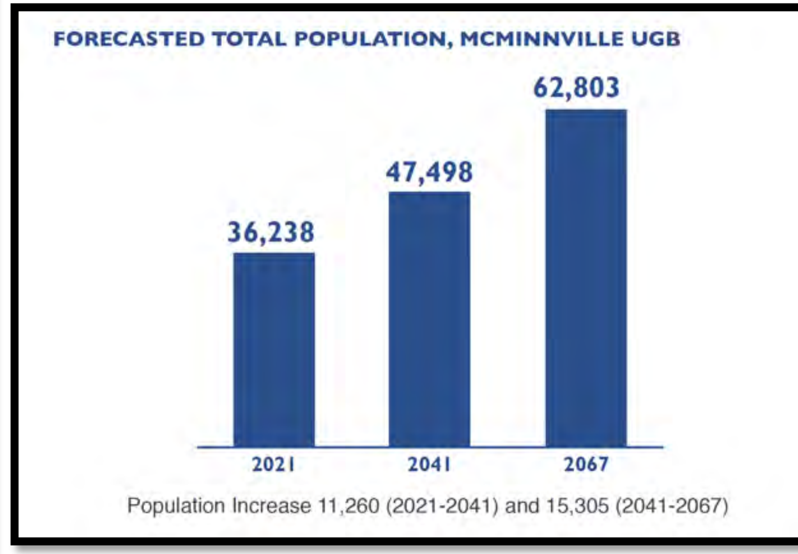
City of McMinnville

DRAFT HNA/EOA AND URBANIZATION STUDY

- **Applied for Grants - 2017**
- **Appointed a Project Advisory Committee – 2017/18**
- **Developed draft documents - 2018/19/20**
    - ❖ **Housing Needs Analysis**
    - ❖ **Economic Opportunity Analysis**
    - ❖ **Public Lands Analysis**







	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,561 new dwelling units	559 new dwelling units	1,537 new dwelling units
2021-2067	6,042 new dwelling units	1,318 new dwelling units	3,626 new dwelling units


McMINNVILLE'S FUTURE GROWTH
Housing Needs
Extremely Low Income
<30% MEDIAN HOUSEHOLD INCOME
11% NEW HOMES
509 HOMES
Very Low Income
30%-50% MEDIAN HOUSEHOLD INCOME
11% NEW HOMES
507 HOMES
Low Income
80% MEDIAN HOUSEHOLD INCOME
15% NEW HOMES
719 HOMES
Middle Income
80%-120% MEDIAN HOUSEHOLD INCOME
21% NEW HOMES
992 HOMES
High Income
>120% MEDIAN HOUSEHOLD INCOME
41% NEW HOMES
1,930 HOMES
Growing McMinnville MINDFULLY

CONCLUSION:
MCMINNVILLE HAS NEED FOR ADDITIONAL LAND SUPPLY

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing in the 2021 to 2041 period. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment during the 2021 to 2041 period.

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(576)	(1,481)
Public or Institutional	(473)	(780)
Industrial	(70)	(70)
Commercial	(280)	(494)
Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

McMinnville Urbanization Report: Housing Needs Analysis and Economic Opportunities Analysis • 3

SHOULD McMINNVILLE GROW...

Up?

HIGHER DENSITY RESIDENTIAL DEVELOPMENT
(apartment complexes, smaller lots, duplexes & triplexes)

NO URBAN GROWTH BOUNDARY EXPANSION

Out?

MAINTAIN THE EXISTING MIX OF HOUSING TYPES

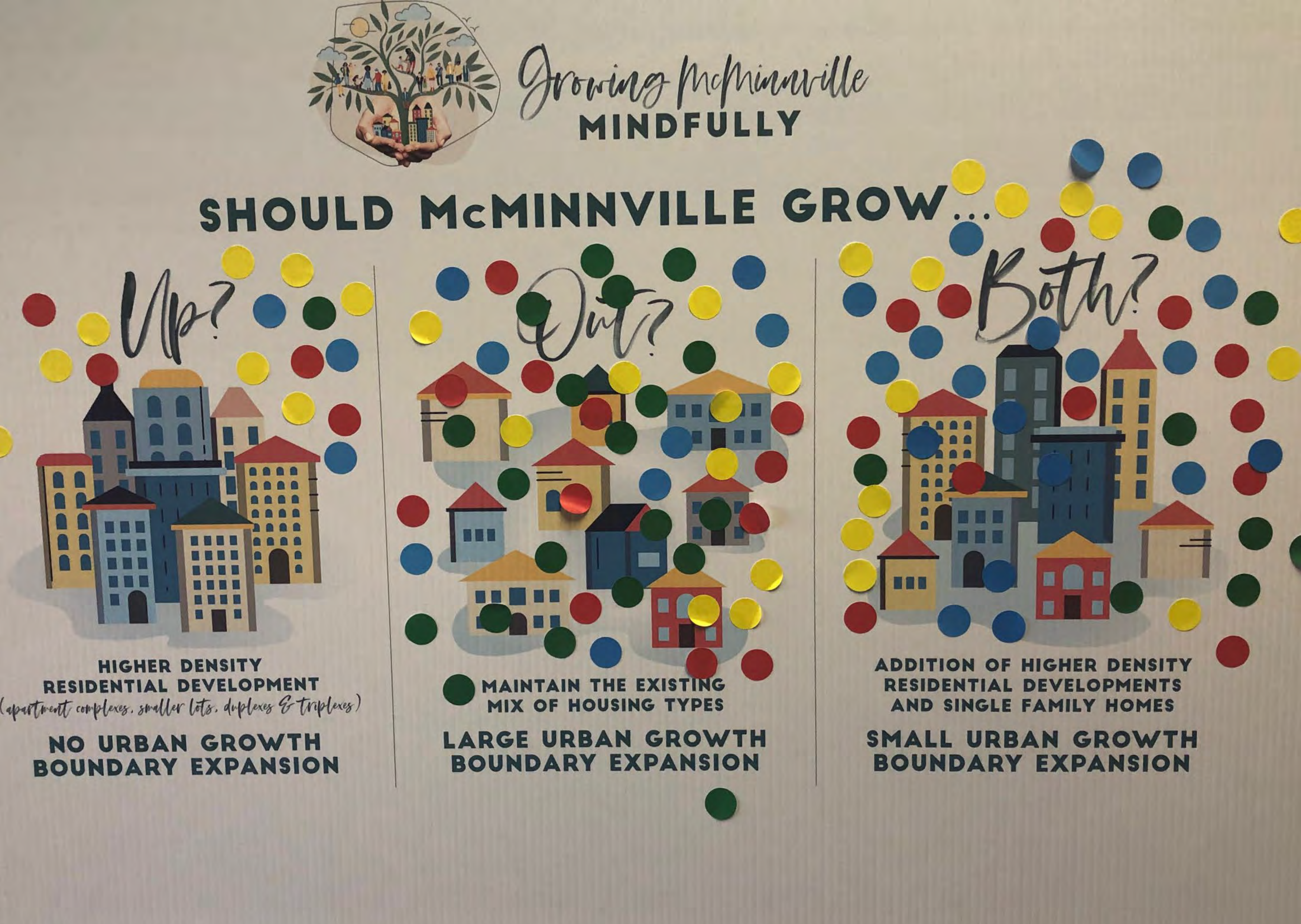
LARGE URBAN GROWTH BOUNDARY EXPANSION

Both?

ADDITION OF HIGHER DENSITY RESIDENTIAL DEVELOPMENTS AND SINGLE FAMILY HOMES

SMALL URBAN GROWTH BOUNDARY EXPANSION

Growing McMinnville
MINDFULLY


Growing McMinnville
MINDFULLY
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Out?
MAINTAIN THE EXISTING
MIX OF HOUSING TYPES
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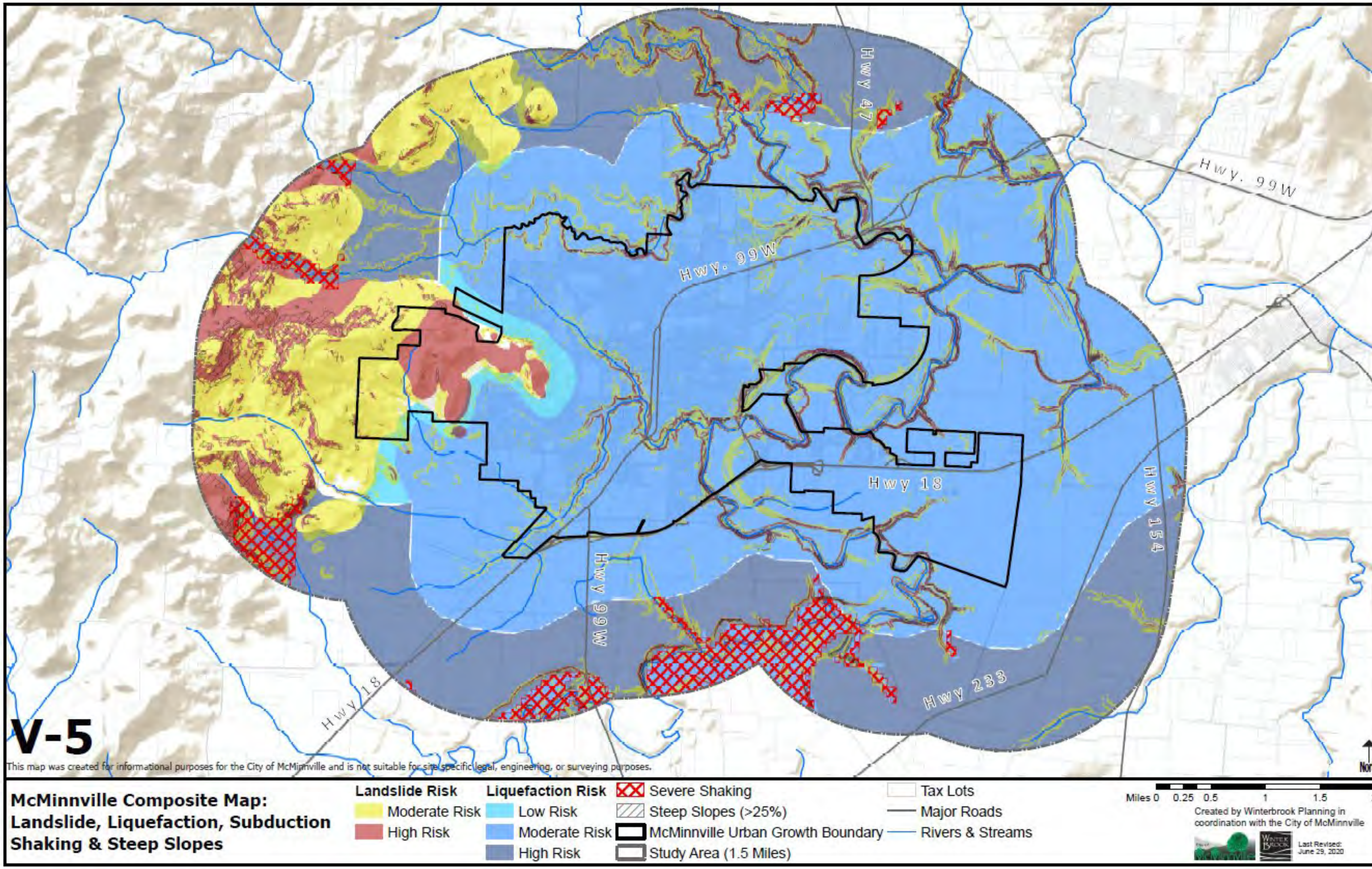
BOUNDARY EXPANSION
Both?
ADDITION OF HIGHER DENSITY
RESIDENTIAL DEVELOPMENTS
AND SINGLE FAMILY HOMES
SMALL URBAN GROWTH
BOUNDARY EXPANSION

COMPOSITE HAZARD MAP – URA STUDY BOUNDARY



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Total	**(1,399)**	**(2,825)**

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McMinnville Urbanization Report: Housing Needs Analysis and Economic Opportunities Analysis • 3

Land supply was quickly dwindling and the PAC conversations were demonstrating opposition, so went back to City Council ....

January 21, 2020 CC Discussion

How do we move forward?

Is there a path for McMinnville that makes sense?

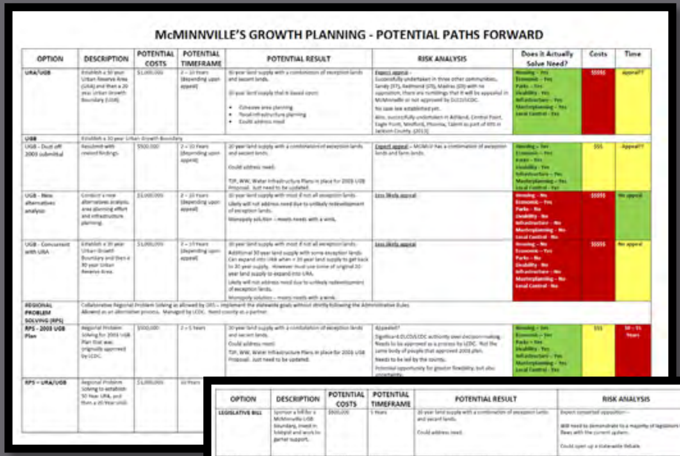
City Council Direction . . . .

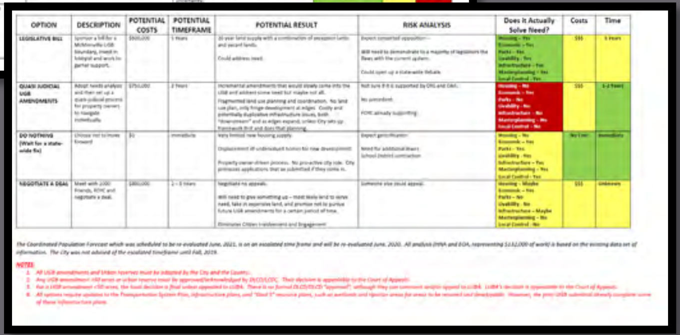
POTENTIAL PATHS FORWARD

1. URA/UGB
2. UGB
   a. Dust off 2003 Submittal, resubmit with revised findings
   b. New alternatives analysis
   c. Concurrent with URA
3. REGIONAL PROBLEM SOLVING
   a. RPS – 2003 UGB Plan
   b. RPS – URA/UGB
4. LEGISLATIVE BILL
5. QUASI-JUDICIAL UGB AMENDMENTS
6. DO NOTHING (Wait for a state-wide fix)
7. NEGOTIATE A DEAL

DECISION MAKING FILTER

1. **DOES IT ACHIEVE SUCCESS – Reality not Monopoly**
    a. Housing
    b. Economy
    c. Parks
    d. Livability
    e. Infrastructure
    f. Master planning
    g. Local Control
2. **ACHIEVEMENT OF GOALS**
3. **COSTS**
4. **TIME**





City Council Work Session, 07.11.23

CITY COUNCIL DIRECTED STAFF TO:

EVALUATE RESPONDING TO THE 2013 REMAND OF THE 2003 MGMUP

City Council Work Session, 07.11.23

City of McMinnville

MCMINNVILLE'S UGB REMAND RESPONSE:

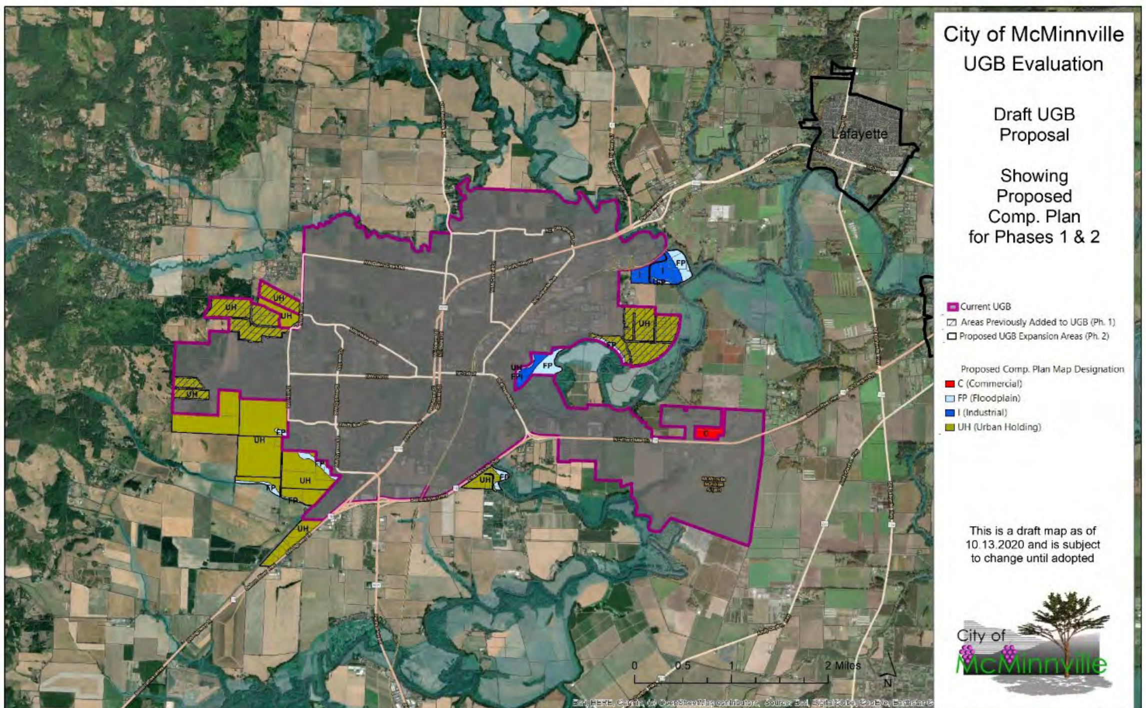
We responded to the LCDC remand to the City of McMinnville for the MGMUP 2003-2023, first submitted in 2003 and modified in 2005.

HNA/EOA UPDATE PAC MEETING, 05.08.23

City of McMinnville

MCMINNVILLE UGB AMENDMENT

Comprehensive Plan Designation	Phase I (2003)	Phase II (2020)	Gross Buildable Acres (to satisfy land need)
Urban Holding	259.00	595.40	854.40
Commercial		26.70	26.70
Industrial[1]		40.30	40.30
Total	259.00	662.40	921.40

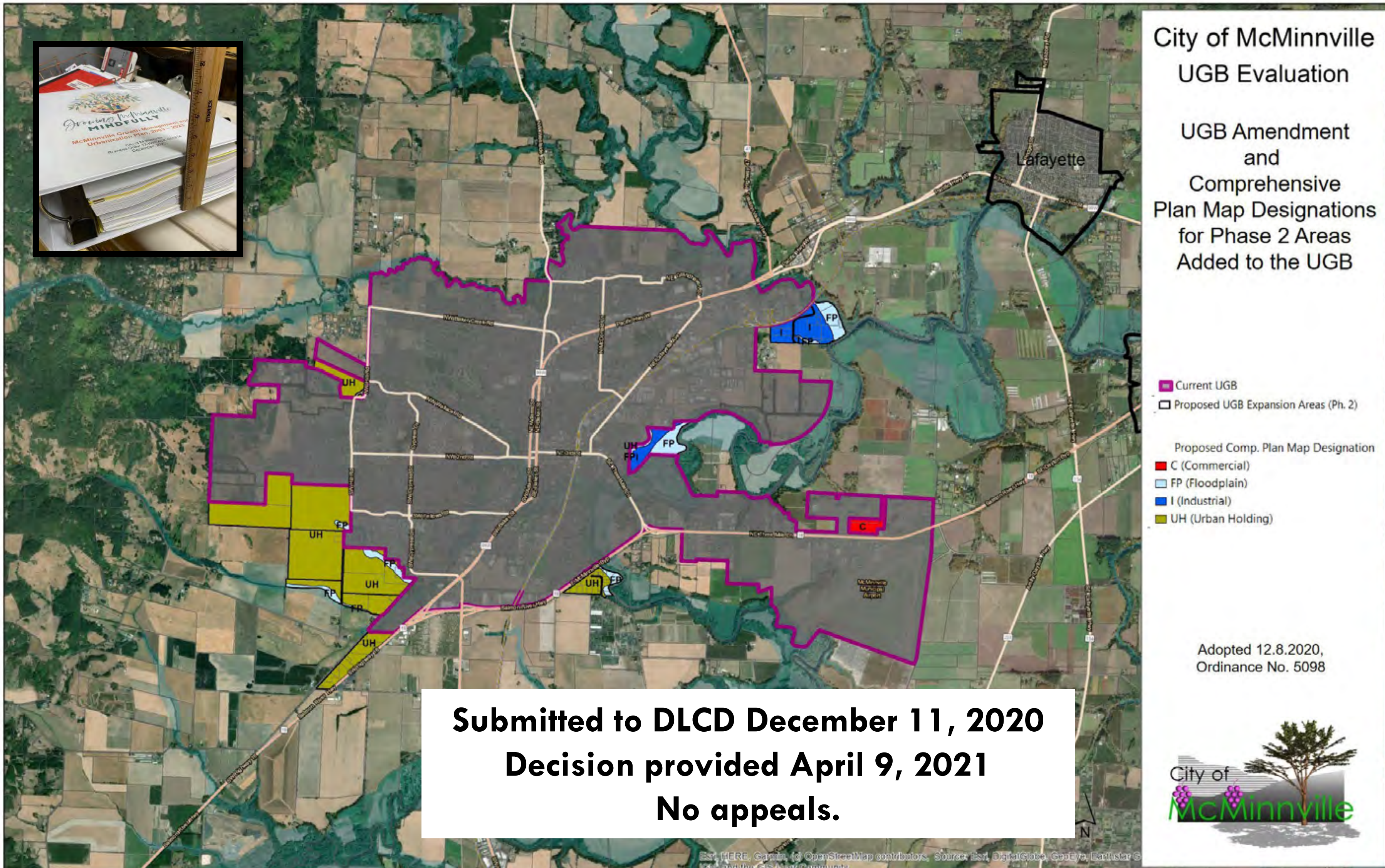


921.40 gross buildable acres

To serve a future population of 44,055 people.

Approximately 2,511 dwelling units, 254 acres of park land, 106 acres of employment land, and 121 acres of other public and semi-public uses.

MGMUP 2020 UGB AMENDMENT



Submitted to DLCD December 11, 2020
Decision provided April 9, 2021
No appeals.

OAR 660-008-0045

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

Adopt a new HNA and BLI by December, 2023

If we need more land . . . .

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing in the 2021 to 2041 period. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment during the 2021 to 2041 period.

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Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

662.40

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Industrial[1]		40.30	40.30
Total	259.00	662.40	921.40

We might have to do another UGB?!!?

OPTION #1 – HB 2003 COMPLIANCE

OPTION	TIMEFRAME	COSTS	NOTES
1. Adopt draft HNA/EOA and BLI, and submit UGB Amendment by December, 2023 **2 – 3 Years** **$440,000**	TOTAL = 2 – 3 Years 18 Months for 660-008-0045 compliance 12 months for URA	$15,000 FY 20/21 HNA Refresh $175,000 FY 21/22 Efficiency Measures and UGB Analysis $175,000 FY 22/23 UGB Development FY 23/24 $75,000 URA	Gets it done. Can use data from most recent UGB. Likely to be contested in appeals. However probably resolved by the time that the current UGB runs out of land. URA – can start on URA immediately afterwards using the same data and documents. Will need to invest in consultants due to timeframe and other workload issues associated with the UGB Remand entitlement work.

OPTION #2 – AMEND OAR TO EXTEND DEADLINE TO 2027

OPTION	TIMEFRAME	COSTS	NOTES
2. **Request that the LCDC amend the Exhibit in 660-008-0045 to put McMinnville in 2027** **7 Years** **$825,000**	TOTAL = 7 Years Would need to start the work in 2023.	$200,000 in FY 23/24 HNA/EOA $300,000 in FY 25/26 Efficiency Measures and UGB Data $250,000 in FY 26/27 UGB Development FY 27/28 $75,000 URA	Defers the work but the city loses all of the work that it has done to this point and will need to reinvest. Can use new population forecast and new census data. Likely contested in court. Land supply would become constrained again as City fights the proposal in court, creating a similar scenario to today. URA – can start on URA immediately afterwards using the same data and documents.

OPTION #3 – SEQUENTIAL UGB

OPTION	TIMEFRAME	COSTS	NOTES
3. Adopt existing draft HNA/EOA and BLI in 2021, but ask to participate in the sequential UGB program (OAR 660-025-0040). **Work with DLCD to put together a work program that would allow for two years to do efficiency measures and two years to UGB amendment.** **5-6 Years** **$390,000**	6 months for first step. Seq UGB – try to negotiate for five years for two additional steps – efficiency measures and UGB amendment TOTAL = 5 – 6 Years	FY 20/21 $15,000 to refresh the document – in current budget. FY 22/23 $50,000 for efficiency measures FY 23/24 $150,000 UGB Amendment FY 24/25 $100,000 UGB Amendment FY 25/26 $75,000 URA TOTAL = $390,000	Allows City to use existing investment in data for HNA/EOA and BLI, conduct the efficiency measures and then defer work for a UGB amendment if necessitated over the following 2 - 3 years, spreading out costs and workload. Would satisfy HB 2003 requirement. UGB submittal prior to absorption of current buildable land. 8 year sequence in HB 2003 would start from 2023. Likely contested in court. URA – can start on URA immediately afterwards using the same data and documents that we have in existing draft information.

SEQUENTIAL UGB

OPTION	TIMEFRAME	COSTS	NOTES
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Picking Up Where We Left Off

DOCUMENT UPDATES

- ❖ **Housing Needs Analysis**
- ❖ **Economic Opportunities Analysis**
- ❖ **Public Lands Need Analysis**

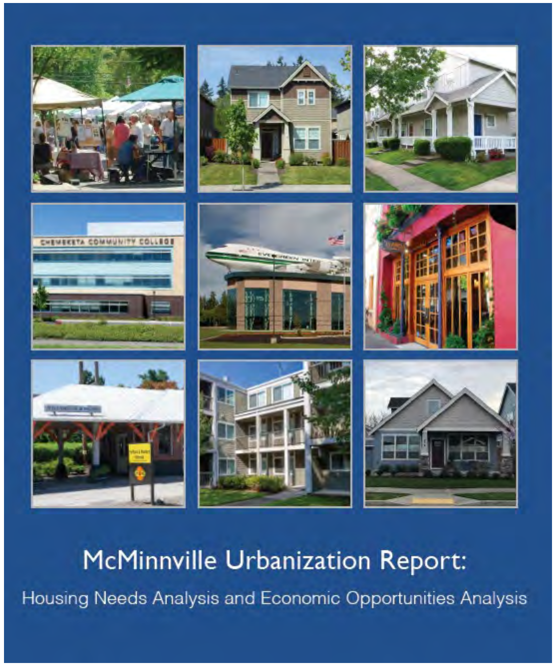
Updates of 2019/2020 Drafts

Update Buildable Lands Inventory:
- **Include new UGB amendment (662.40 acres)**
- **Include development through 12/31/21**

Update Housing Capacity:
- **HB 2001 – Missing Middle (Increase density assumptions)**
- **Rural Residential (Decrease density assumptions)**

UPDATE HNA/EOA AND URBANIZATION STUDY

- **Applied for Grants - 2022**
- **Appointed a Project Advisory Committee – 2023**
- **Hired ECONorthwest**
- **Updated draft documents - 2023**
  - ❖ **Housing Needs Analysis**
  - ❖ **Economic Opportunity Analysis**
  - ❖ **Public Lands Analysis**



Housing Needs Analysis

City of McMinnville

GOAL 10 - HOUSING

Goal 10, ORS 197.296, and OAR 660-008 require:

- **Housing needs analysis**
  - **Analysis of national, state and local trends**
  - **Historical density and mix**
  - **Needed housing by price and type**
- **20-year supply of buildable land**

COMPONENTS OF HOUSING NEEDS ANALYSIS

- **Determining Planning Horizon (2021 – 2041, 2041 – 2067, plus a five and ten-year look)**
- **Determining Population Forecast**
- **Buildable Lands Inventory – what is available**
- **Housing Capacity – how much housing can be built on current land inventory.**
- **Housing Need – how much more land is needed to meet housing supply for planning horizon and project population growth.**

POPULATION FORECAST

Population Forecast Used:

McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

Buildable Lands Inventory

City of McMinnville

STEPS IN THE BUILDABLE LANDS INVENTORY

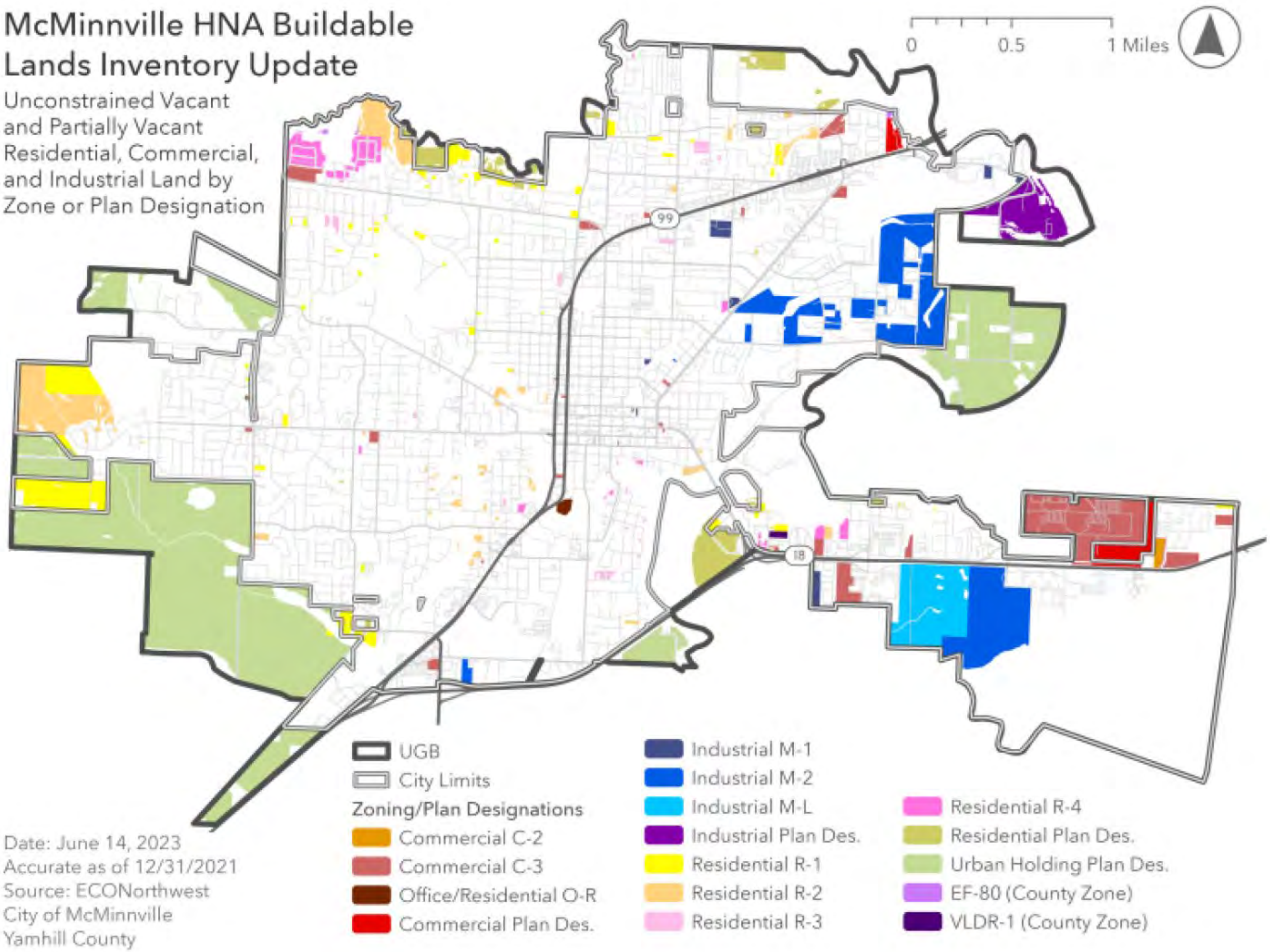
1. Gather and Assemble Data
2. Classify Land
3. Identify Constraints
4. Identify Redevelopment Potential
5. Verification
6. Summarize Results

Figure 1. Framework for land and constraint classification in a buildable land inventory.

<table>
<tr><td colspan="3" rowspan="2"></td><td colspan="2">Presence of Improvements</td></tr>
<tr><td>Developable</td><td>Developed</td></tr>
<tr><td rowspan="4">Constraining Conditions</td><td rowspan="2">Prohibitively constrained</td><td>Committed</td><td colspan="2">No Capacity</td></tr>
<tr><td>Protected</td><td colspan="2">No Capacity</td></tr>
<tr><td colspan="2">Partially Constrained</td><td>Partial Capacity</td><td rowspan="2">Potential Infill/ Redevelopment Capacity</td></tr>
<tr><td colspan="2">Unconstrained</td><td>Full Capacity</td></tr>
</table>

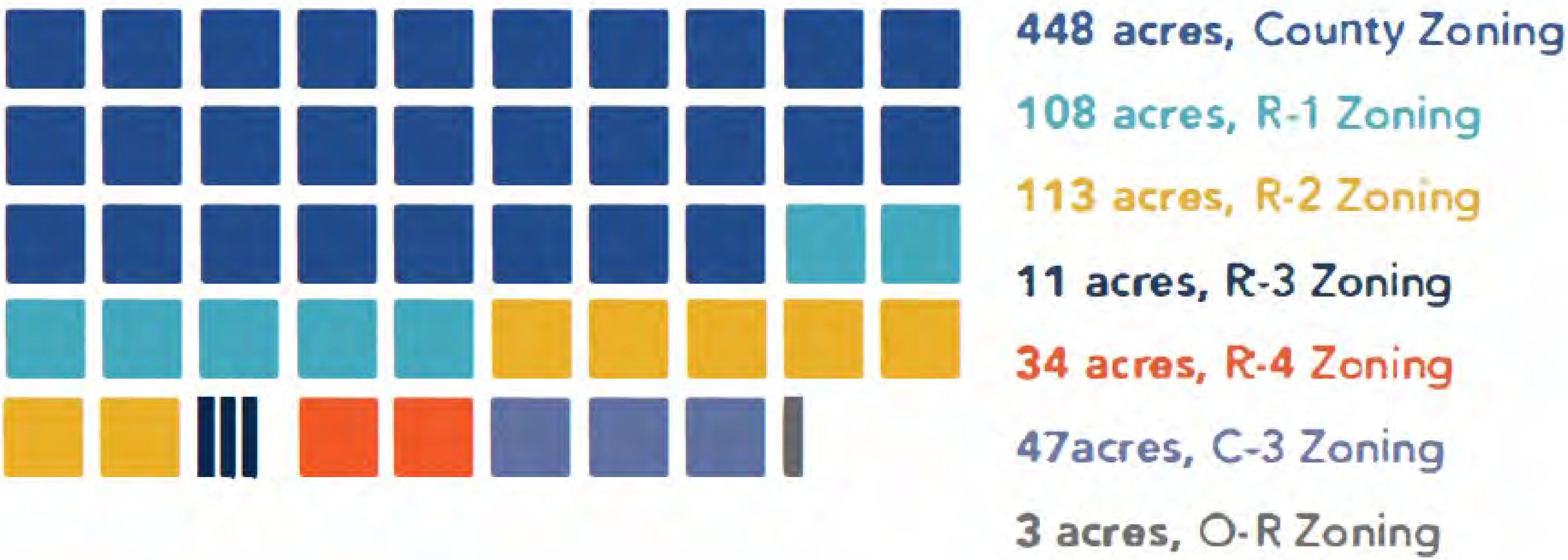
McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023

763 total acres 1 square represents 16 acres



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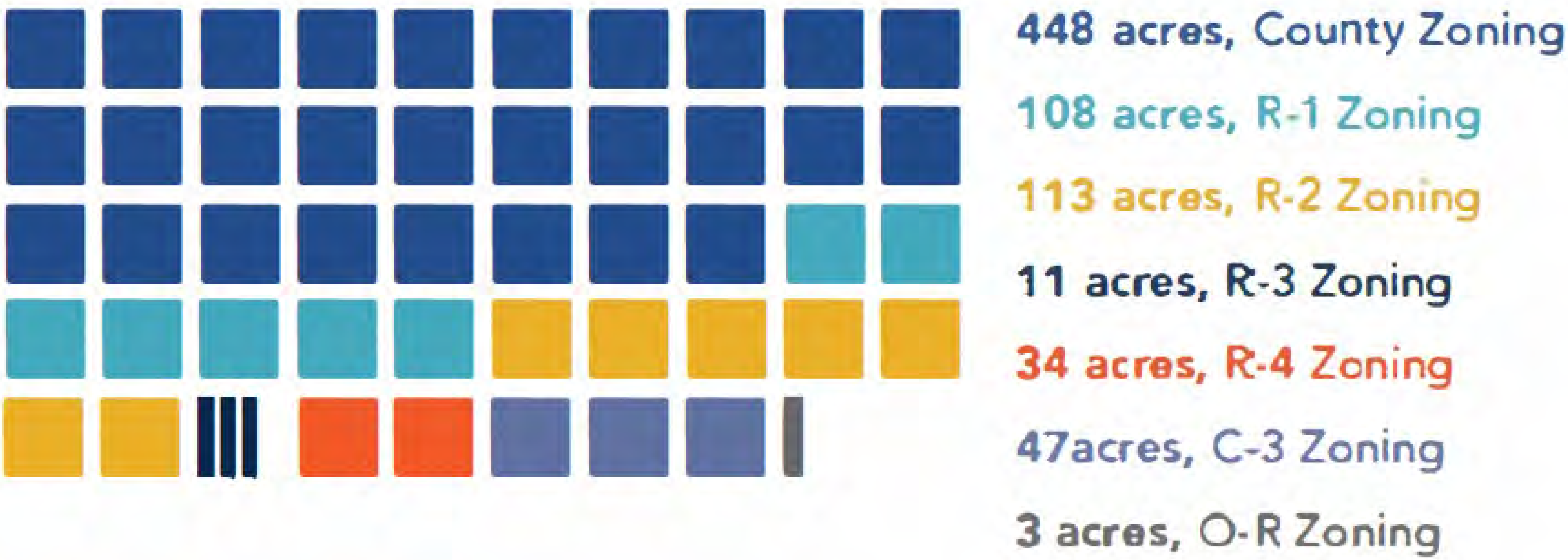
763 total acres   1 square represents 16 acres



763 acres of vacant or partially vacant land. 448 acres (59%) are in county zoning. 131 acres (17%) are in Water Zone 2. 184 acres (24%) are in city zoning and have water service.

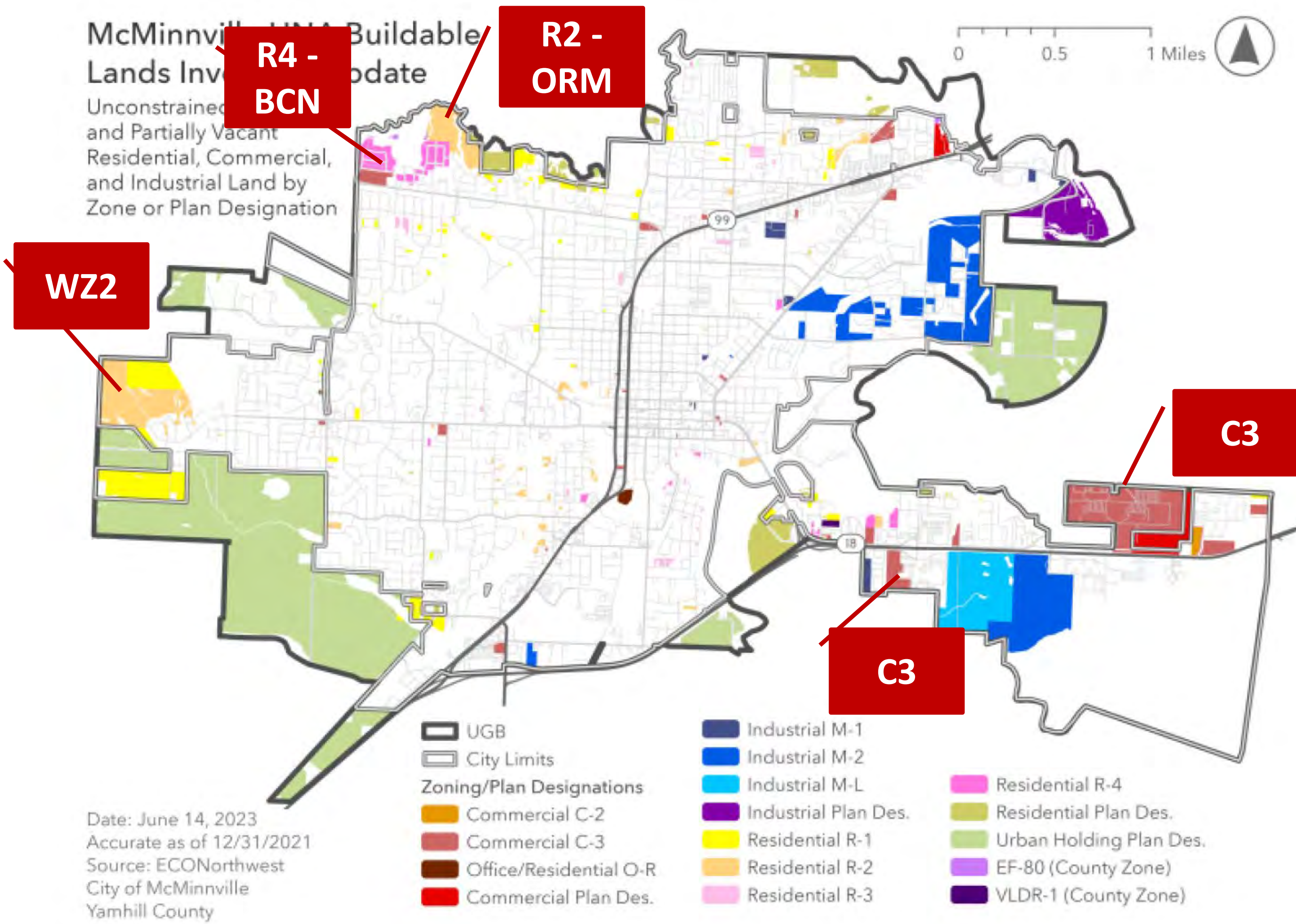
MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2023

763 total acres   1 square represents 16 acres

763 acres of vacant or partially vacant land. 448 acres (59%) are in county zoning. 131 acres (17%) are in Water Zone 2. 184 acres (24%) are in city zoning and have water service.

McMinnville Buildable Lands Inventory

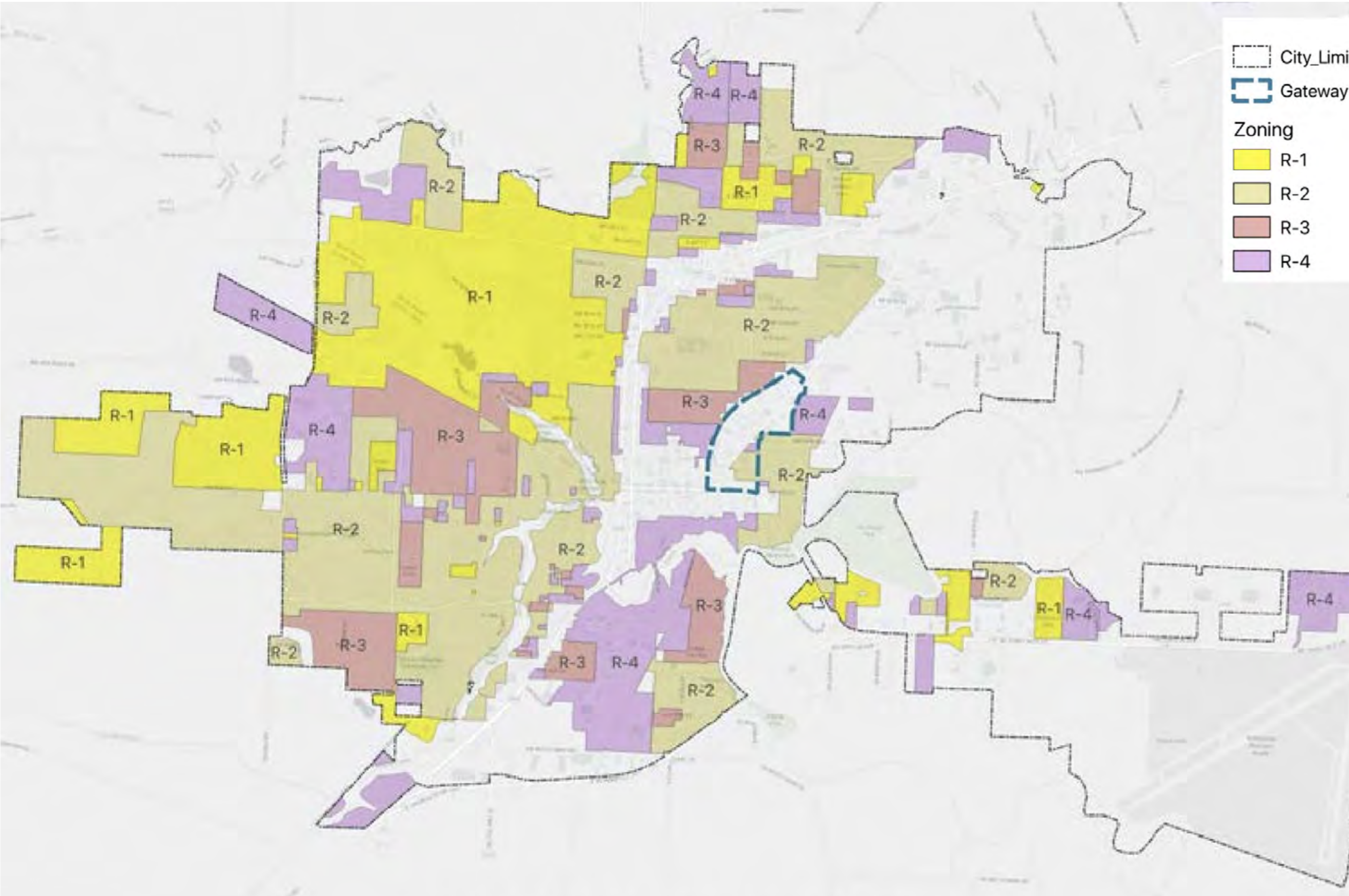
Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



HOUSING CAPACITY

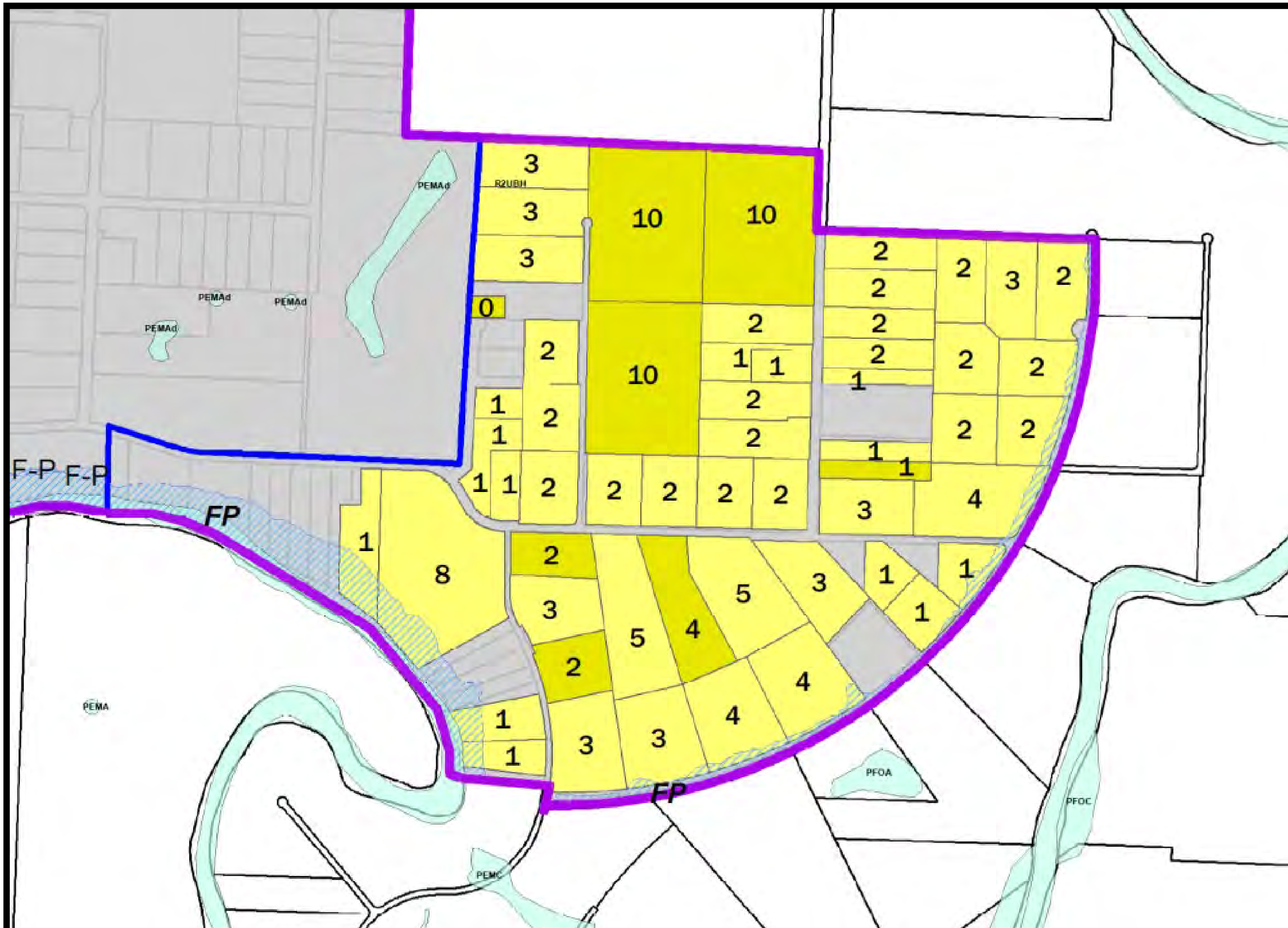
City of McMinnville

HB 2001 Code Amendments – 3% More Capacity



City of McMinnville: HB2001 Applicable Zones

Rural Residential Reduced Capacity



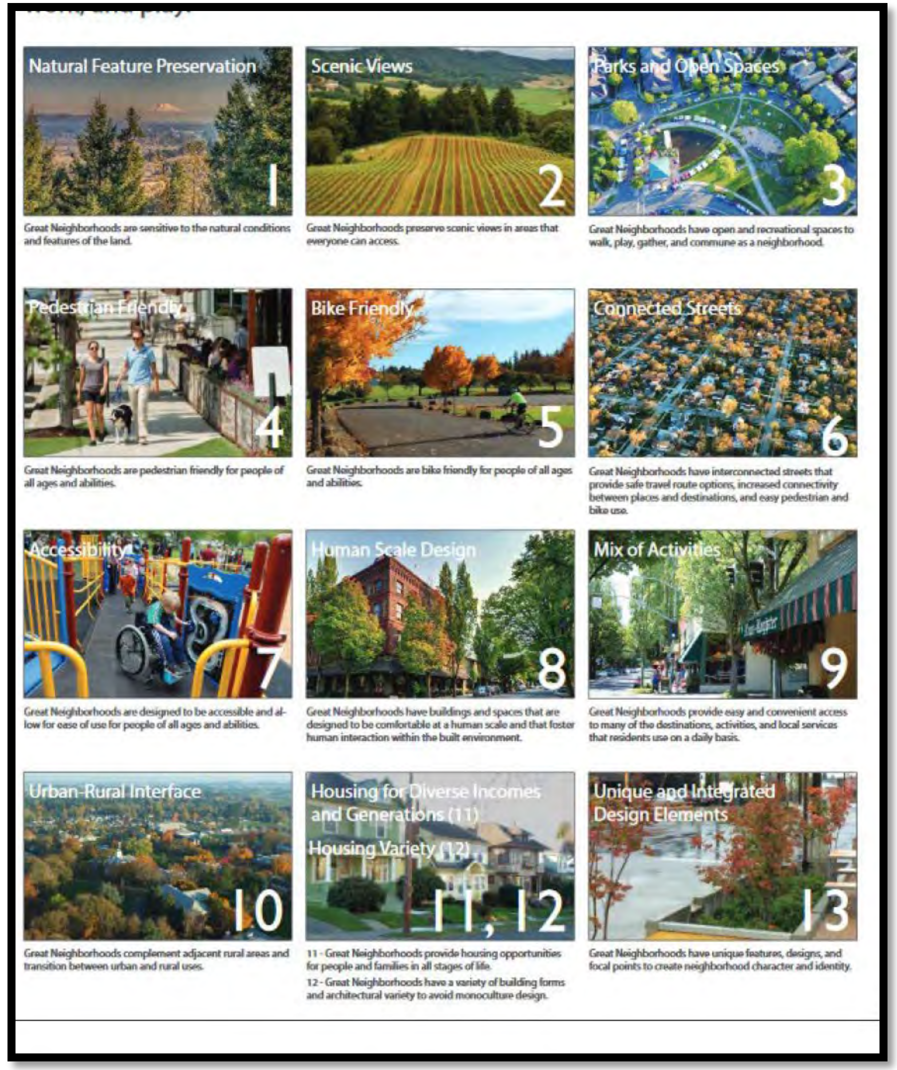
VALUES THAT SHAPE OUR HOUSING STRATEGIES

EVERYBODY DESERVES TO LIVE IN A GREAT NEIGHBORHOOD

<u>Great Neighborhood Principles:</u>

Great neighborhoods must have . .

- Variety of housing types serving a variety of household incomes.
- Variety of housing types attractive to a variety of generations.
- Human Scale Design
- Unique and Integrated Design Elements



Natural Feature Preservation
1
Great Neighborhoods are sensitive to the natural conditions and features of the land.

Scenic Views
2
Great Neighborhoods preserve scenic views in areas that everyone can access.

Parks and Open Spaces
3
Great Neighborhoods have open and recreational spaces to walk, play, gather, and commune as a neighborhood.

Pedestrian Friendly
4
Great Neighborhoods are pedestrian friendly for people of all ages and abilities.

Bike Friendly
5
Great Neighborhoods are bike friendly for people of all ages and abilities.

Connected Streets
6
Great Neighborhoods have interconnected streets that provide safe travel route options, increased connectivity between places and destinations, and easy pedestrian and bike use.

Accessibility
7
Great Neighborhoods are designed to be accessible and allow for ease of use for people of all ages and abilities.

Human Scale Design
8
Great Neighborhoods have buildings and spaces that are designed to be comfortable at a human scale and that foster human interaction within the built environment.

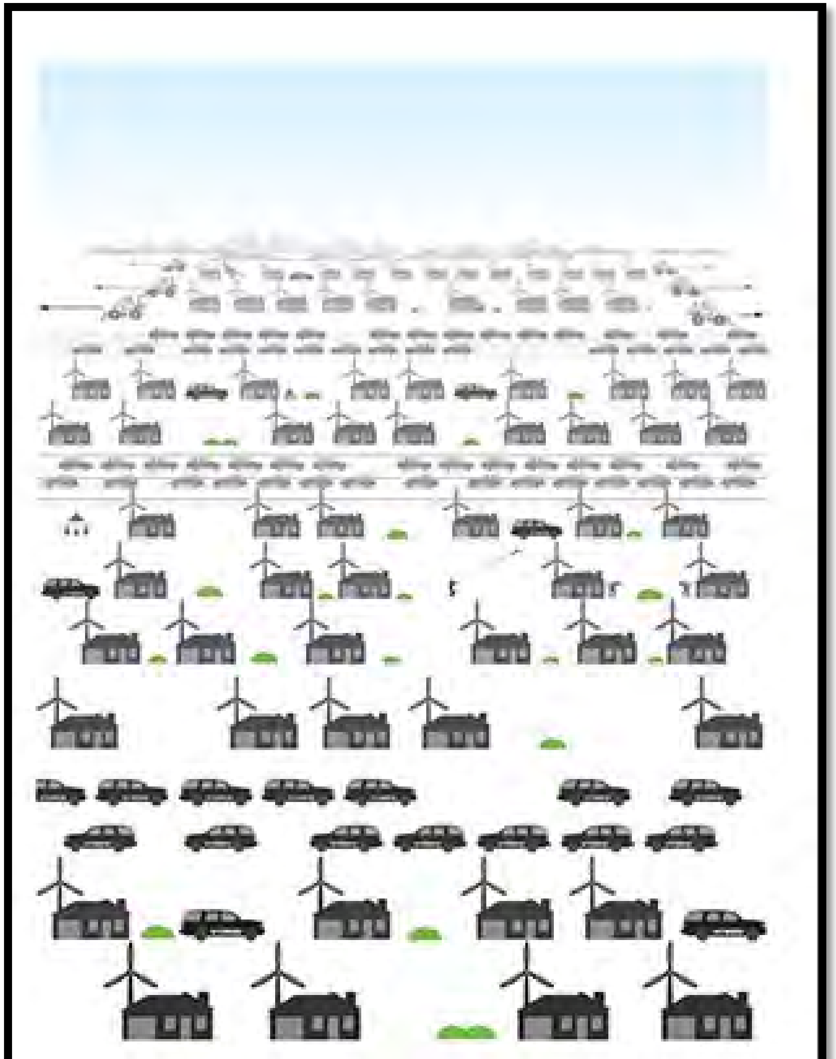
Mix of Activities
9
Great Neighborhoods provide easy and convenient access to many of the destinations, activities, and local services that residents use on a daily basis.

Urban-Rural Interface
10
Great Neighborhoods complement adjacent rural areas and transition between urban and rural uses.

Housing for Diverse Incomes and Generations (11)
Housing Variety (12)
11, 12
11 - Great Neighborhoods provide housing opportunities for people and families in all stages of life.
12 - Great Neighborhoods have a variety of building forms and architectural variety to avoid monoculture design.

Unique and Integrated Design Elements
13
Great Neighborhoods have unique features, designs, and focal points to create neighborhood character and identity.

WE DON'T LIKE SPRAWL BUT WE DON'T LIKE HIGH DENSITY



WE SHOULD NOT ASSUME THAT ALL MULTI-FAMILY HOUSING IS LOW INCOME

WE SHOULD NOT PUSH ALL LOWER INCOME HOUSEHOLDS INTO MULTI-FAMILY HOUSING

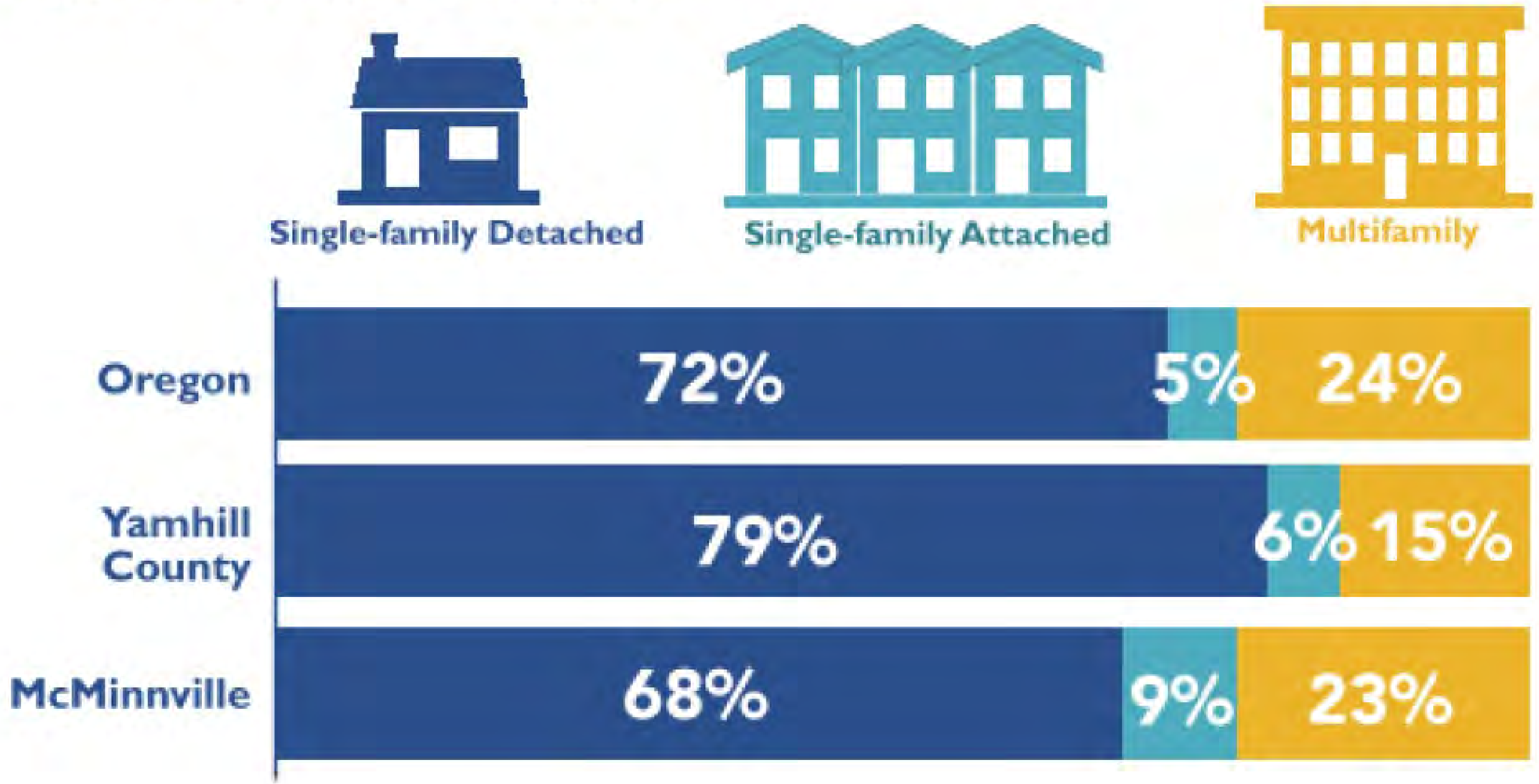
HOUSING CHOICE IS IMPORTANT

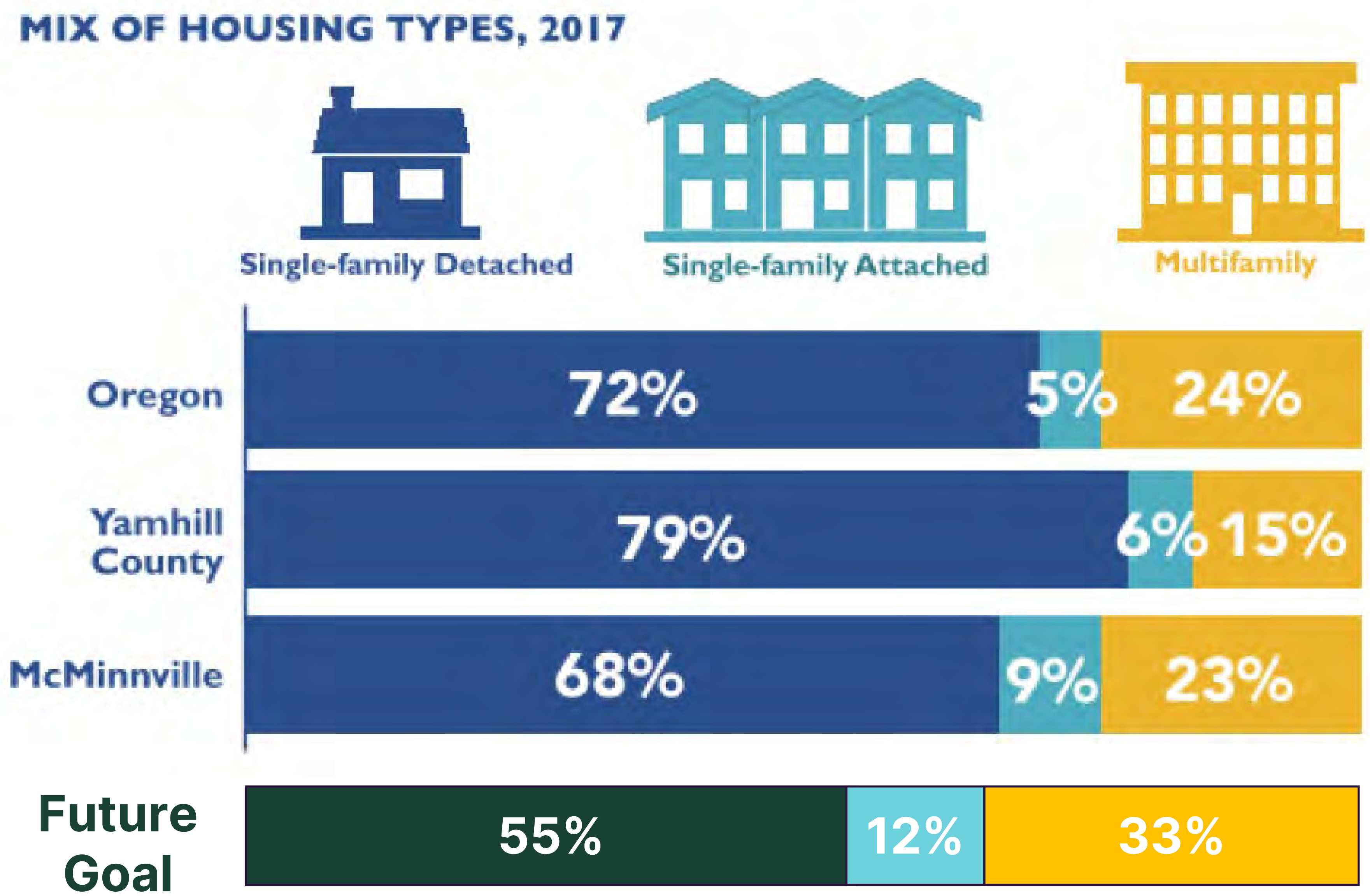
Figure 2:

	Extremely Low Income (≤ 30% of MHI) **483 HH** in 20 Year Forecast **11%** of total units	**Very Low Income** (30 – 50% of MHI) **482 HH** in 20 Year Forecast **11%** of total units	**Low Income** (50-80% of MHI) **683 HH** in 20 Year Forecast **15%** of total units	**Middle Income** (80 - 120% of MHI) **943 HH** in 20 Year Forecast **21%** of total units	**High Income** (≥ 120% of MHI) **1,833 HH** in 20 Year Forecast **41%** of total units
Single Family Detached	Tiny Home Villages Mobile Homes	Tiny Home Villages Mobile Homes Manufactured Homes Single Family Detached – Habitat and CHB, Section 8	Tiny Home Villages Mobile Homes Manufactured Homes Cottage Clusters Small Lot Subdivisions Single Family Detached – Habitat and CHB, Section 8	Single Family Detached Cottage Clusters Small Lot Subdivisions	Single Family Detached Cottage Clusters Small Lot Subdivisions
Single Family Attached		Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes Townhomes	Common Wall Duplexes Townhomes
Multi-Family	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes Triplexes Quadplexes Apartments Condos	High End Duplexes High End Triplexes High End Quadplexes Apartments Condos

AS LOTS GET SMALLER, ACCESS TO OPEN SPACE IS MORE IMPORTANT

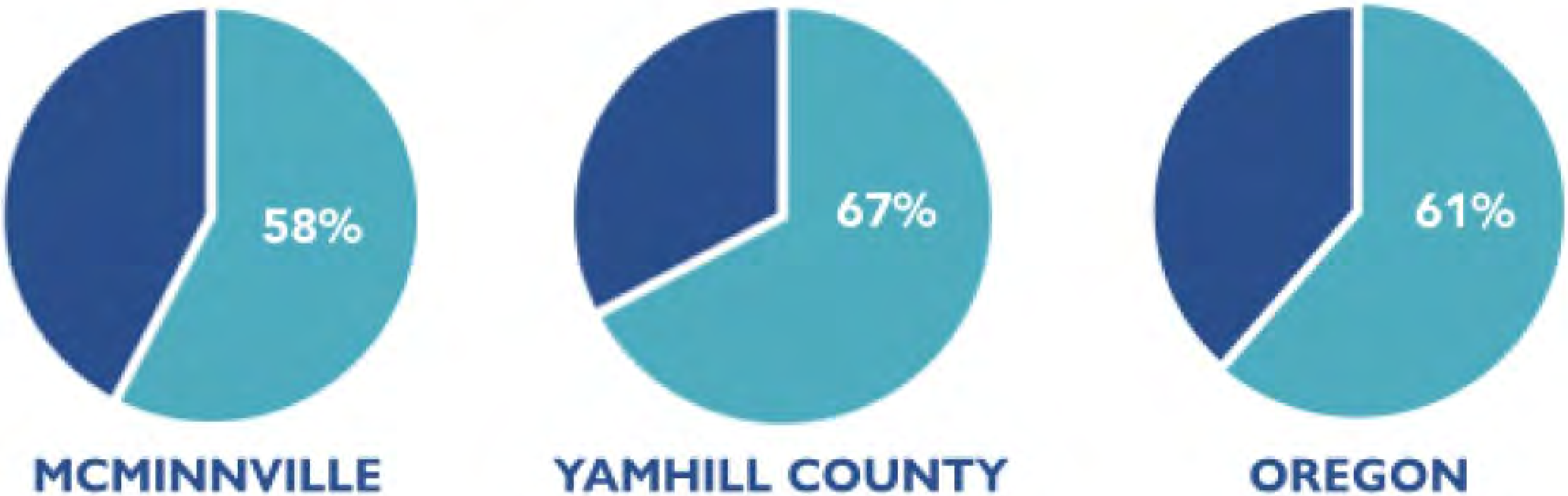
MIX OF HOUSING TYPES, 2017




MIX OF HOUSING TYPES, 2017
Single-family Detached
Single-family Attached
Multifamily
Oregon
72%
5%
24%
Yamhill County
79%
6%
15%
McMinnville
68%
9%
23%
Future Goal
55%
12%
33%

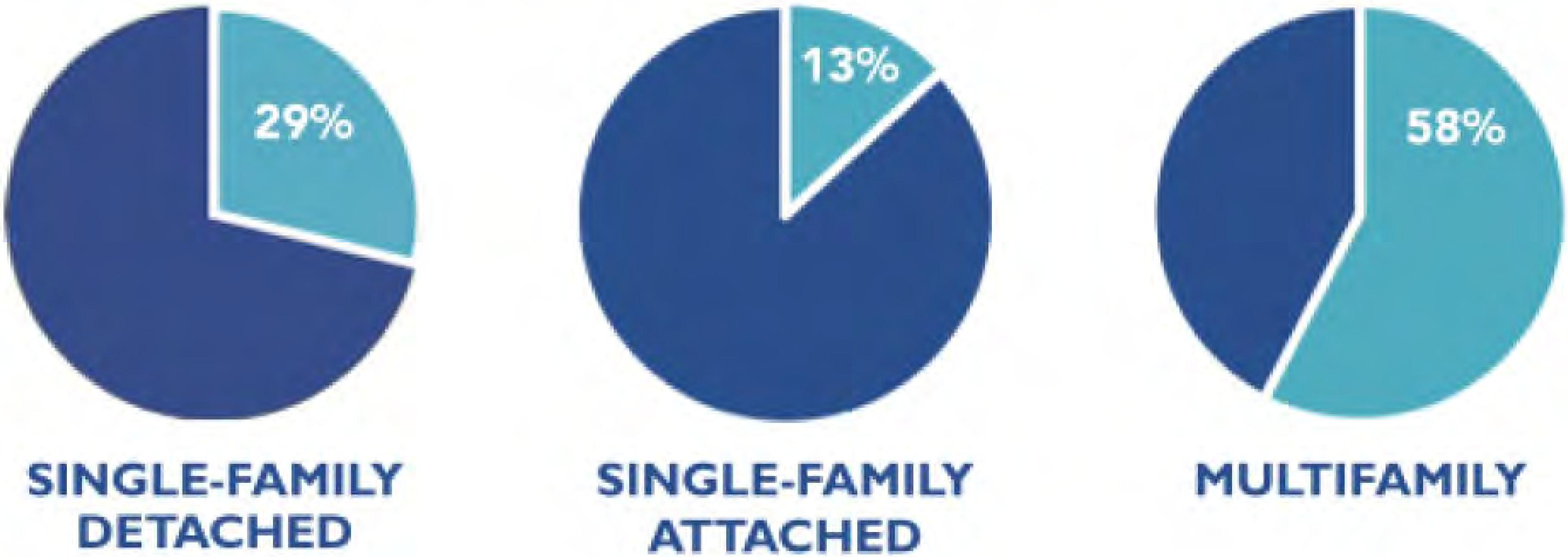
EXISTING HOUSING CONDITIONS

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

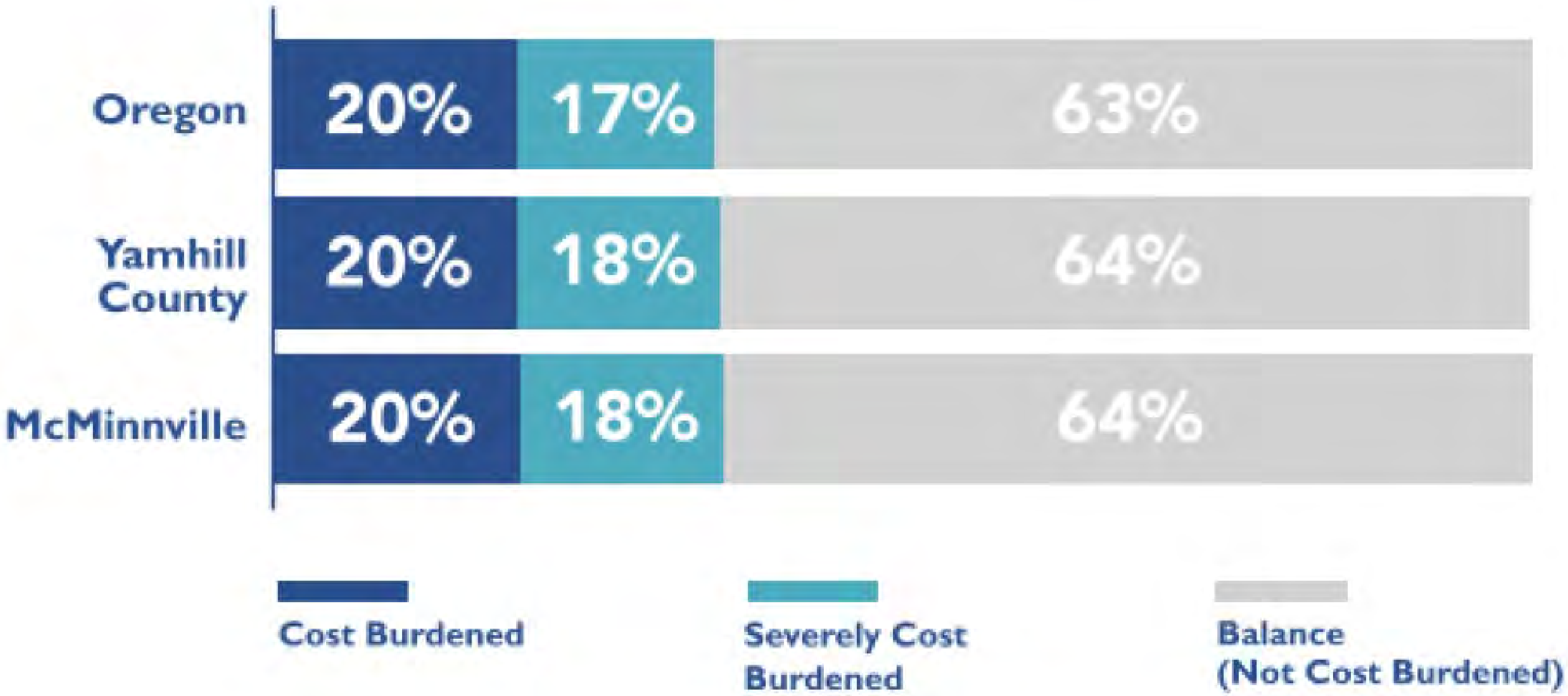
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016



A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



2021 ACS shows that 26.5% of McMinnville households (1,184) are severely cost burdened, putting McMinnville in a new category of housing distress statewide.

Other Cities that are Severely Rent Burdened		Cities that are not Severely Rent Burdened	
Corvallis	37.7%	Springfield	24.8%
Happy Valley	35.8%	Silverton	24.6%
Klamath Falls	32.3%	Redmond	24.7%
Monmouth	33.2%	Astoria	24.6%
Gresham	33.1%	Lincoln City	23.9%
Baker City	31.5%	Albany	23.7%
Ashland	31.0%	Milwaukie	23.6%
Cottage Grove	31.0%	Molalla	23.5%
Troutdale	30.5%	Oregon City	23.5%
Eugene	30.5%	Canby	23.4%
Sandy	30.3%	Keizer	23.3%
Forest Grove	29.9%	Newport	23.2%
Grants Pass	28.6%	Sweet Home	21.0%
Lake Oswego	28.5%	Coos Bay	22.7%
The Dalles	27.4%	Coos Bay	22.7%
Medford	27.2%	Independence	22.6%
Wilsonville	27.2%	Beaverton	22.3%
Salem	27.1%	Newberg	21.9%
McMinnville	**26.5%**	Prineville	20.5%
West Linn	26.0%	Roseburg	19.3%
Tigard	25.8%	Cornelius	19.1%
Tualatin	25.8%	Fairview	18.2%
Woodburn	25.8%	Central Point	17.1%
La Grande	25.6%	Ontario	17.7%
Bend	25.5%	Hillsboro	15.0%
Gladstone	25.5%	North Bend	15.0%
Lebanon	25.3%	St Helens	13.8%
Pendleton	25.3%	Sherwood	13.7%
Portland	25.2%	Hermiston	10.6%

Affordability is critical and an increasing problem in McMinnville

$55,400

If your household earns....	$15,000 (30% of MFI)	$25,150 (50% of MFI)	$40,240 (80% of MFI	$50,300 (100% of MFI)	$60,400 (120% of MFI)
Then you can afford....	$375 monthly rent	$630 monthly rent OR	$1,000 monthly rent OR	$1,260 monthly rent OR	$1,510 monthly rent OR
	$45,000-$53,000 home sales price	$75,000-$88,000 home sales price	$141,000-$161,000 home sales price	$176,000-$201,000 home sales price	$211,000-$242,000 home sales price
	.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

$55,400

If your household earns....

$15,000	$25,150	$40,240	$50,300	$60,400
(30% of MFI)	(50% of MFI)	(80% of MFI	(100% of MFI)	(120% of MFI)

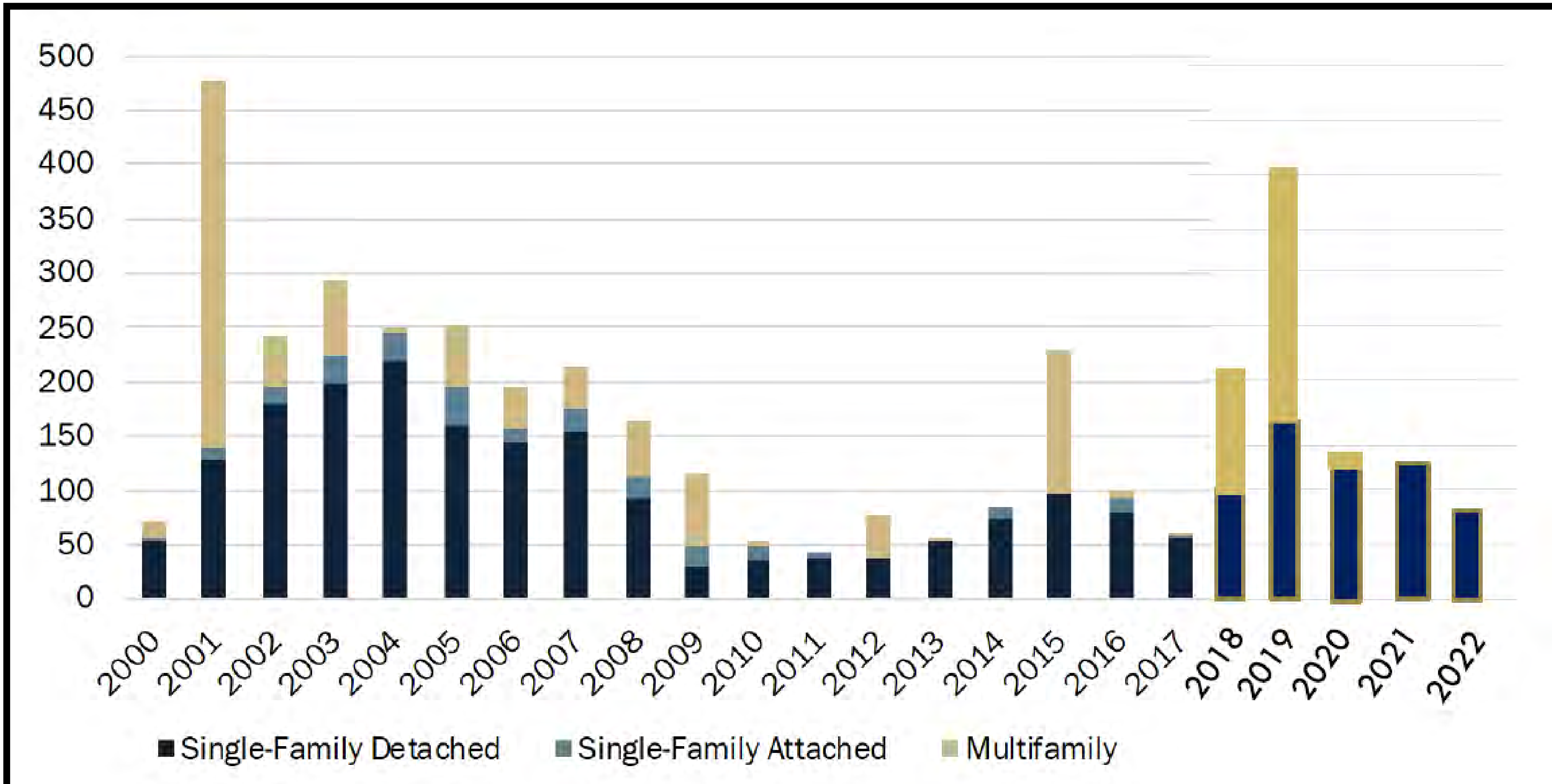
Then you can afford....

$375 monthly rent	$630 monthly rent	$1,000 monthly rent	$1,260 monthly rent	$1,510 monthly rent
	OR	*OR*	*OR*	*OR*
$45,000-$53,000 home sales price	$75,000-$88,000 home sales price	$141,000-$161,000 home sales price	$176,000-$201,000 home sales price	$211,000-$242,000 home sales price
.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

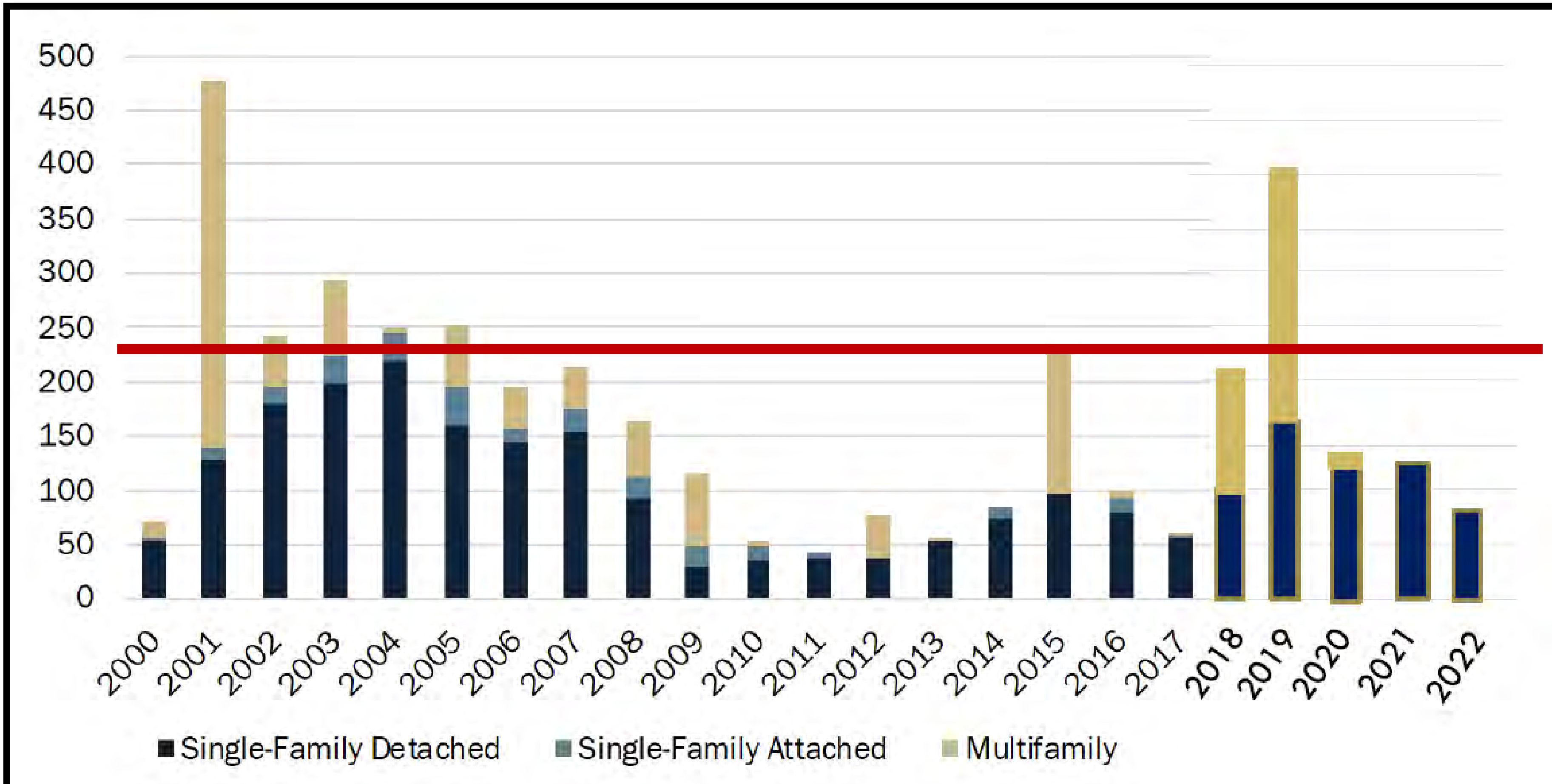
Average Home Sales Price = $398,200

Housing supply contributes to affordability and supply is an increasing problem

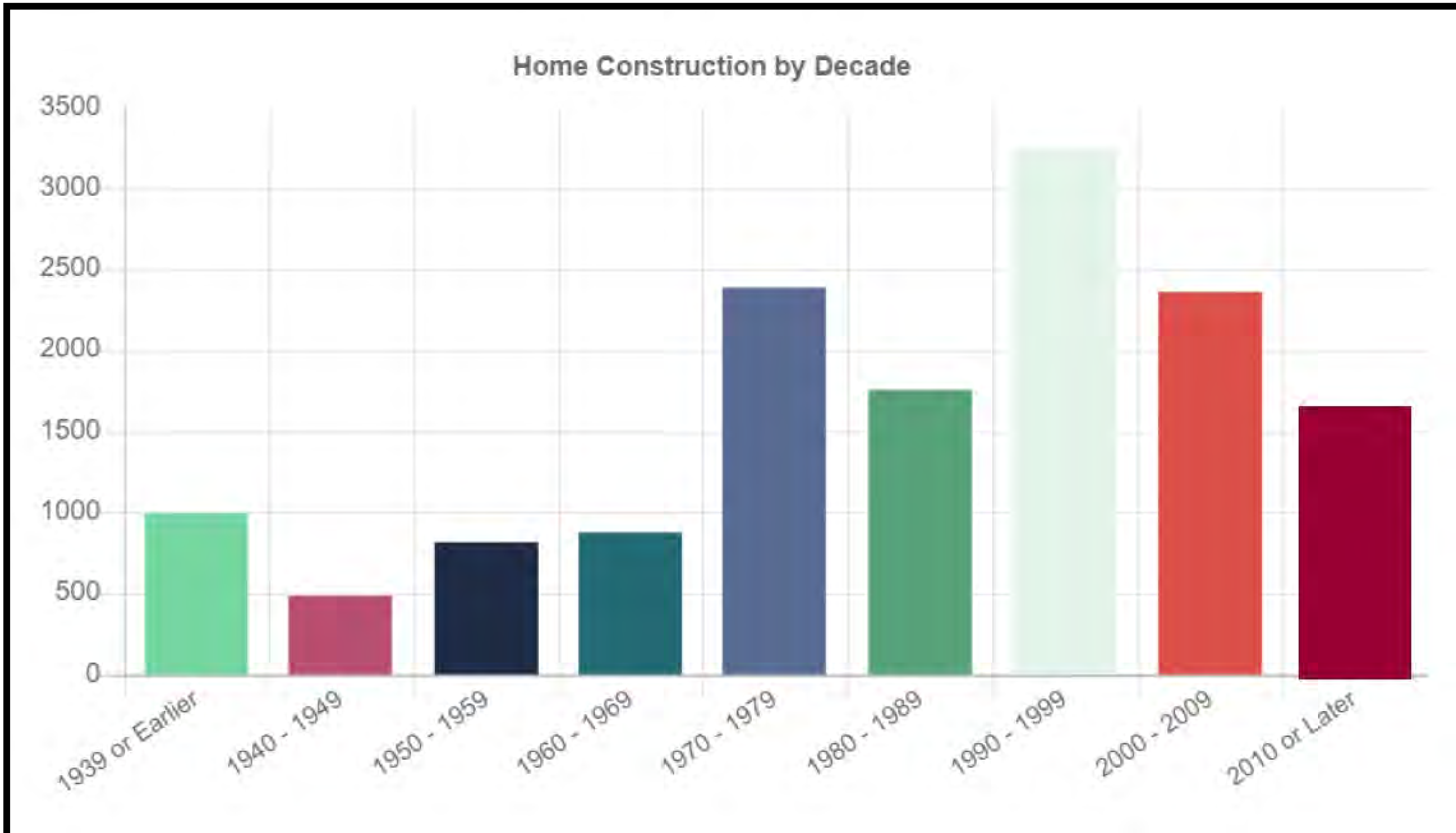
Building Permits – Housing



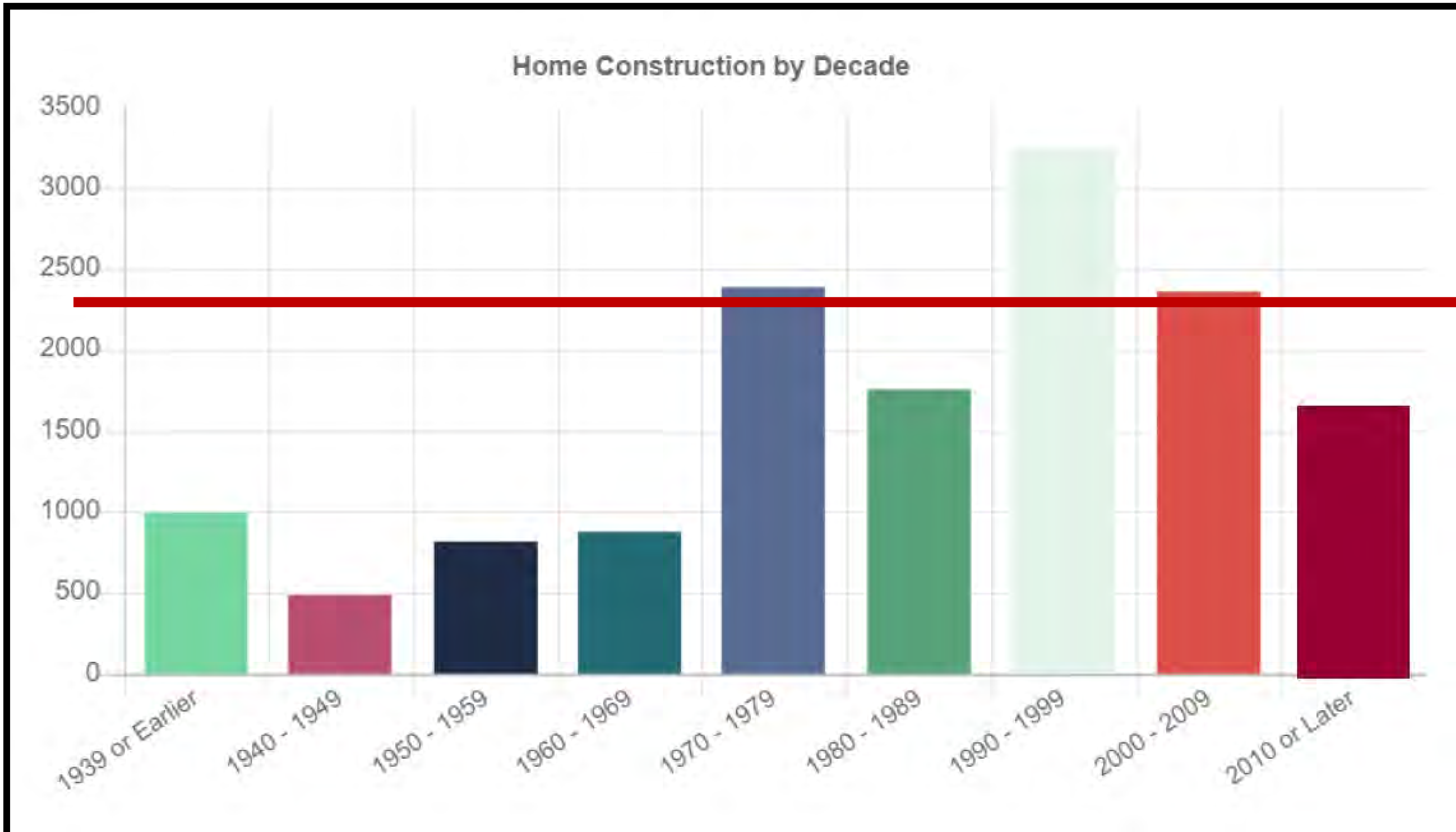
Building Permits – Housing (Goal = 233/Year)



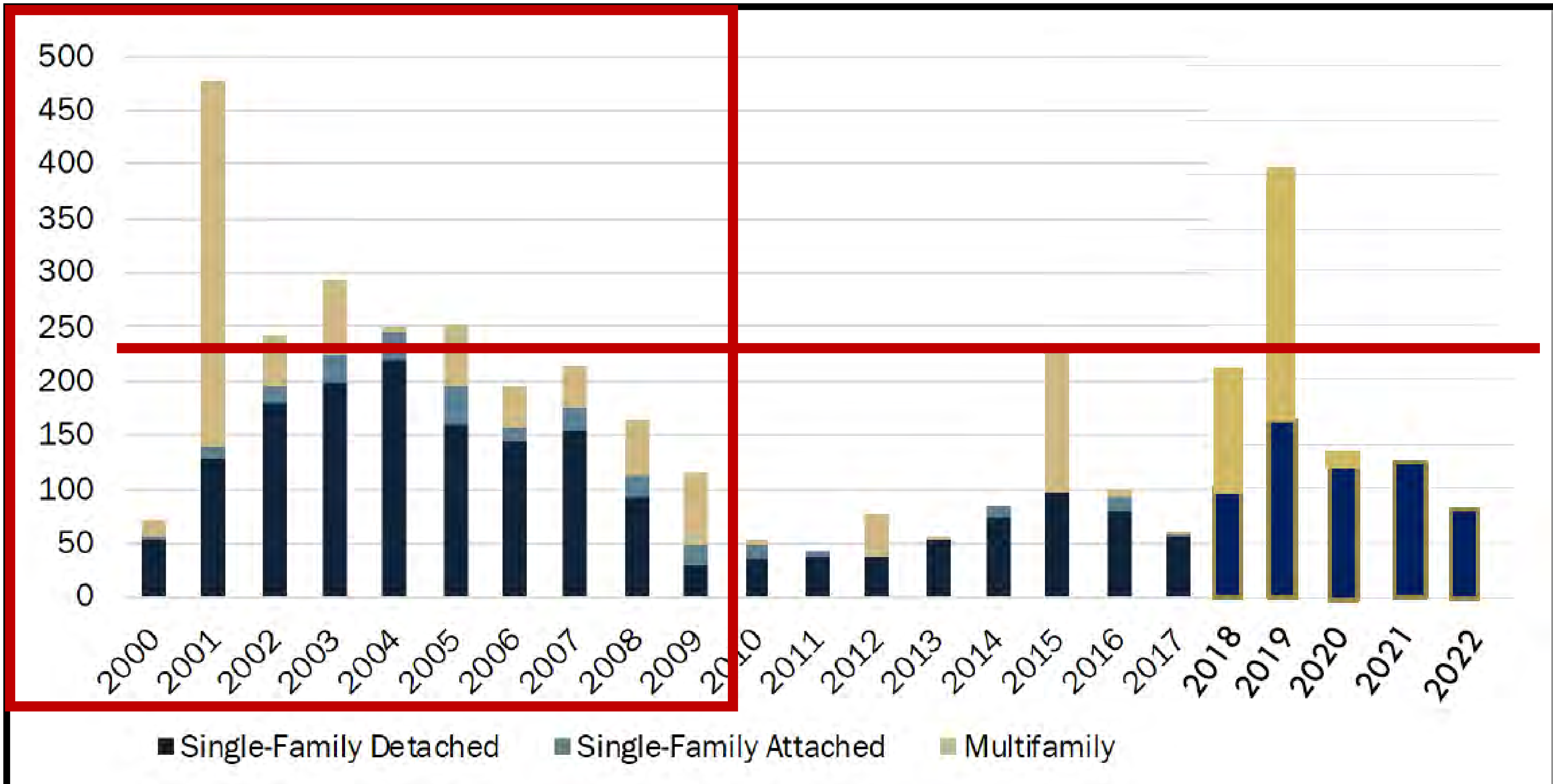
Building Permits – Housing (by decade)



Building Permits – Housing (by decade)



Building Permits – Housing (Goal = 233/Year)



Building Permits - Housing

2022 – Issued Building Permit Recap

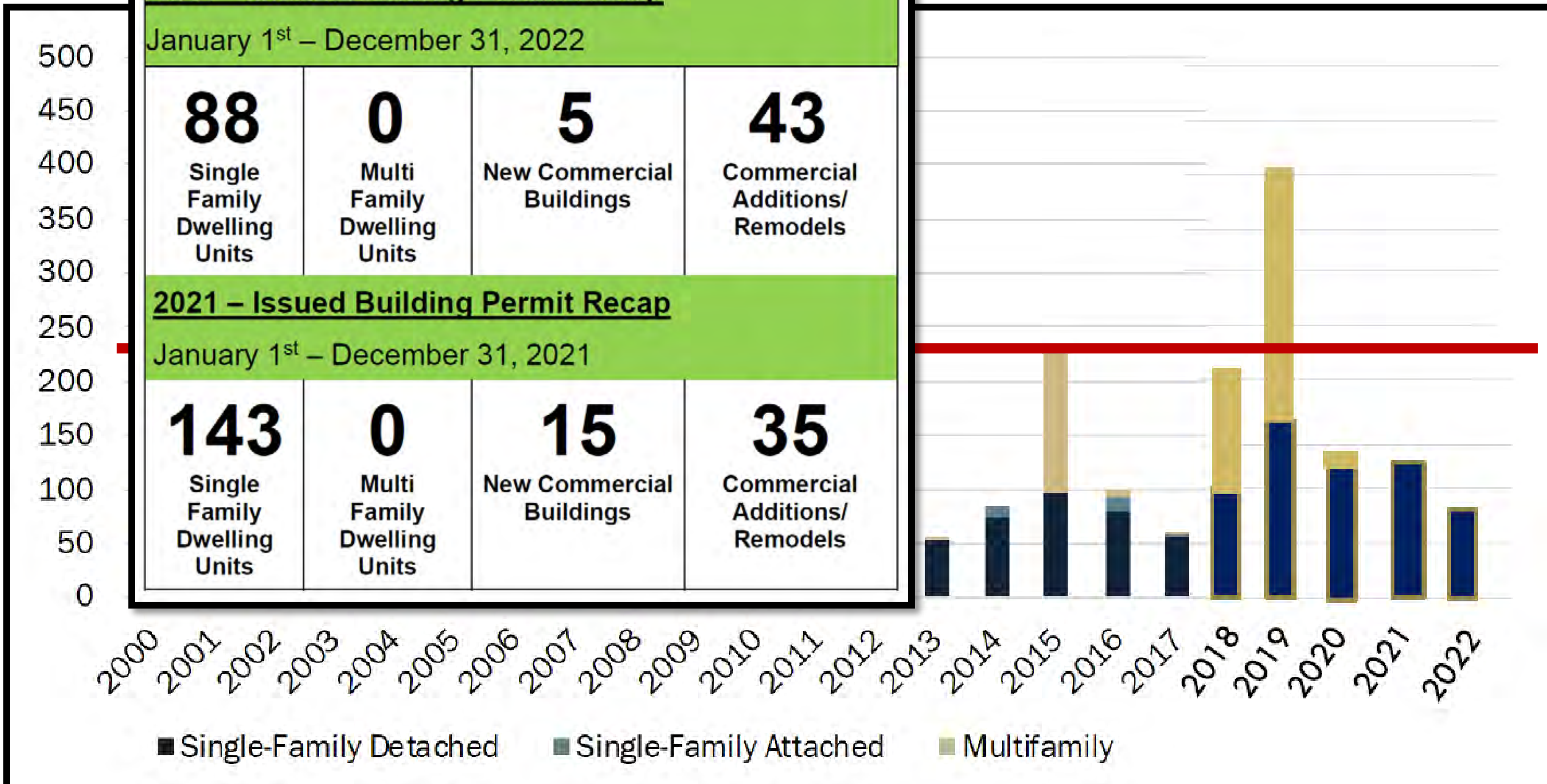
January 1st – December 31, 2022

88	0	5	43
Single Family Dwelling Units	Multi Family Dwelling Units	New Commercial Buildings	Commercial Additions/ Remodels

2021 – Issued Building Permit Recap

January 1st – December 31, 2021

143	0	15	35
Single Family Dwelling Units	Multi Family Dwelling Units	New Commercial Buildings	Commercial Additions/ Remodels



RESULTS

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2021-2041

A deficit of 1,101 dwelling units results in a deficit of:

218 GROSS ACRES
at historic densities
(5.05 units per gross acre)

202 GROSS ACRES
at proposed densities
(5.46 units per gross acre)

LAND NEED FOR HOUSING

To serve a population of 47,498 in 2041, the City of McMinnville needs an additional 202 gross buildable acres dedicated to housing.

Planning Horizon	Land Need
2021 – 2041 (UGB)	202 Acres
2041 – 2067 (Urban Reserve Area)	1066 Acres

ECONOMIC OPPORTUNITY ANALYSIS

City of McMinnville

Developing an Economic Opportunity Analysis to Support a Local Economic Development Strategy

McMINNVILLE
oregon

Economic Opportunity Analysis (660-009-0015)

Five main steps

1. Review national, state, and local trends
2. Identification of Required Site Types
3. Inventory of Industrial and other Employment Land Needs
4. Assessment of Community Economic Development Potential
5. Visioning through Citizen Involvement

Reordering the steps

Customize it to your local needs.

1	5	4	3	2
Review national, state, and local trends	Visioning through Citizen Involvement	Assessment of Community Economic Development Potential	Inventory of Industrial and other Employment Land Needs	Identification of Required Site Types

OAR 660-009-0015

1) Review of National , State, Regional, County and Local Trends.

2) Identification of Required Site Types

3) Inventory of Industrial and Other Employment Lands

4) Assessment of Community Economic Development Potential

5) Community Economic Development Visioning

OAR 660-009-0015 (5)

(5) Cities and counties are strongly encouraged to assess community economic development potential through a VISIONING or SOME OTHER PUBLIC INPUT based process in conjunction with state agencies. Cities and counties are strongly encouraged to use the assessment of community economic development potential to form the community economic development objectives pursuant to OAR 660-009-0020(1)(a).g

City of McMinnville

OAR 660-009-0020(1)

1) Comprehensive plans subject to this division must include policies stating the economic development objectives for the planning area. These policies must be based on the community economic opportunities analysis prepared pursuant to OAR 660-009-0015 and must provide the following:

(a) Community Economic Development Objectives.
(b) Commitment to Provide a Competitive Short-Term Supply.
(c) Commitment to Provide Adequate Sites and Facilities.

HISTORY OF DIALOGUE

2001 – Adopted EOA
2013 – Adopted Updated EOA
2020 – Drafting Updated EOA

City of McMinnville

HISTORY OF DIALOGUE

2001 – Adopted EOA

2013 – Adopted Updated EOA

2017 – New ED Goals

2018 – New Economic Development Strategic Plan

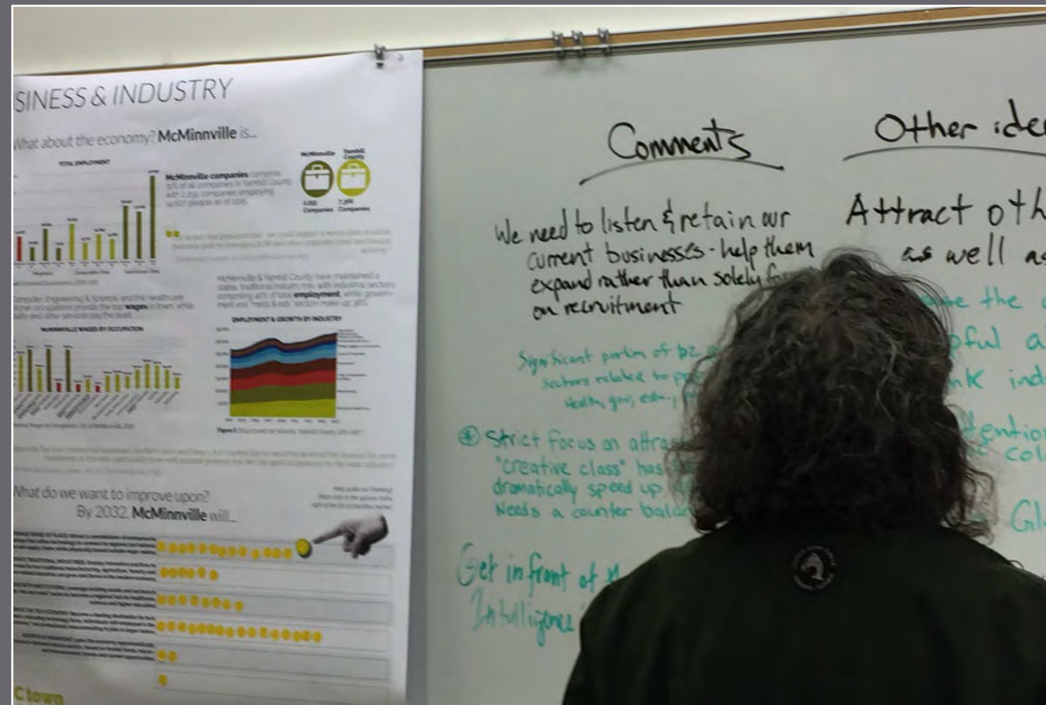
2020 – Drafted Updated EOA

City of McMinnville

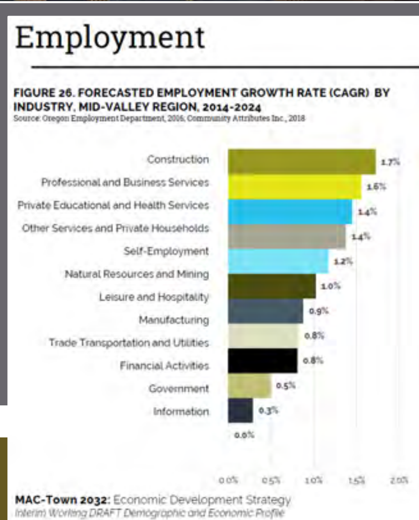

MAC-Town 2032
Economic Development Strategic Plan
COMMUNITY

PROCESS


PLACEMAKING & QUALITY OF LIFE
Ideas?


SINESS & INDUSTRY
What about the economy? McMinnville is...
What do we want to improve upon? By 2032, McMinnville will...
Comments
We need to listen & retain our current businesses - help them
on recruitment


Public Comment Tool


Employment
FIGURE 26. FORECASTED EMPLOYMENT GROWTH RATE (CAGR) BY INDUSTRY, MID-VALLEY REGION, 2014-2024
Source: Oregon Employment Department, 2016; Community Attributes Inc., 2018
Construction 1.7%
Professional and Business Services 1.6%
Private Educational and Health Services 1.4%
Other Services and Private Households 1.4%
Self-Employment 1.2%
Natural Resources and Mining 1.0%
Leisure and Hospitality 0.9%
Manufacturing 0.8%
Trade Transportation and Utilities 0.8%
Financial Activities 0.5%
Government 0.3%
Information 0.0%
0.0% 0.5% 1.0% 1.5% 2.0%
MAC-Town 2032: Economic Development Strategy
Interim Working DRAFT Demographic and Economic Profile


LOVE

STRENGTHS

- **High quality of life** to boast about and attract investment
- Strong, widely-recognized **downtown**
- **Robust wine and tourism economy,** as well a
amenities that bring visitors
- **Well known regionally and nationally** as a de
assets
- **Balanced employment across industry secto**
- Presence and involvement of **postsecondar**
Community College)
- **Location advantages:**
  - Good location in proximity to major m
  - High quality soils in surrounding areas, climate suited for agriculture
  - Natural environment assets nearby, including Yamhill River, access to the ocean and mountains

WEAKNESSES

- **Relatively low educational attainment**
- **A limited labor pool** for local companies and those looking to relocate
- **Difficult access to and from I-5** and no near-term possibility of a more direct connection
- **End-of-the-line location for wine country visitors** coming from the Portland area
- **Lack of housing options**
- **Low levels of professional and office-using employment**
- Comparatively **high poverty rates** and **low median household income**

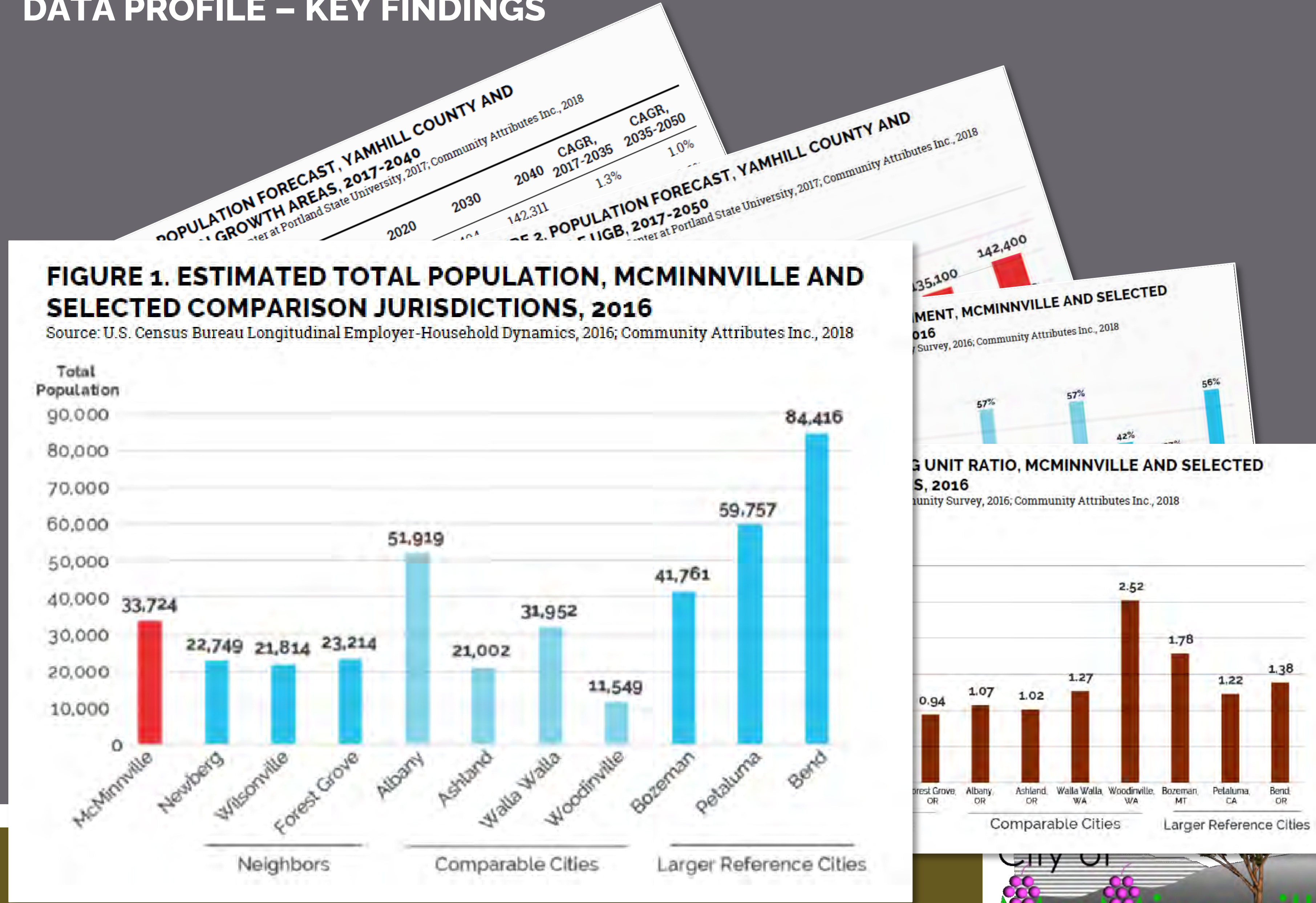
OPPORTUNITIES

- **Proximity to Portland** allows McMinnville to capitalize on urban infrastructure and amenities
- **Local airport** has comparative advantages over other regional airports
- **Highway 99 bypass:** future completion will improve access to McMinnville
- A stronger framework for **regional collaboration**, improved opportunity in surrounding communities
- Opportunity sites for **new downtown development**
  - New housing development – **higher density**, diversity of types, live-work units
- Improved connections to the **University of Oregon and Oregon State University**
- **Stronger branding and improved gateways** into McMinnville
- **Innovation in agriculture and food systems,**
  - Wine-oriented makerspace
  - Food hub
  - $6M gift to **Linfield College's wine program**
  - Expanded **culinary and craft beverage** retail offerings
- Better use of recreational assets
  - Creating new trails
  - Hosting tournaments and events
  - Improvements to the Community Center and pool
  - Bike tourism, improved and expanded bike routes

THREATS

- **Limited land availability** for residential, commercial and industrial development
- **Regulatory challenges** associated with UGB expansion
- Worsening **housing affordability**
- **Brain drain** due to local graduates leaving for other job markets
- Absorption of projected growth without detrimental **impacts to character, congestion, affordability**
- Future **oversaturation of wine/tourism** and increasing concentration of **low-wage service industry jobs**
- Need to find a sustainable solution to **homelessness**
- Future impacts of **climate change** on agriculture and related industries, including tourism

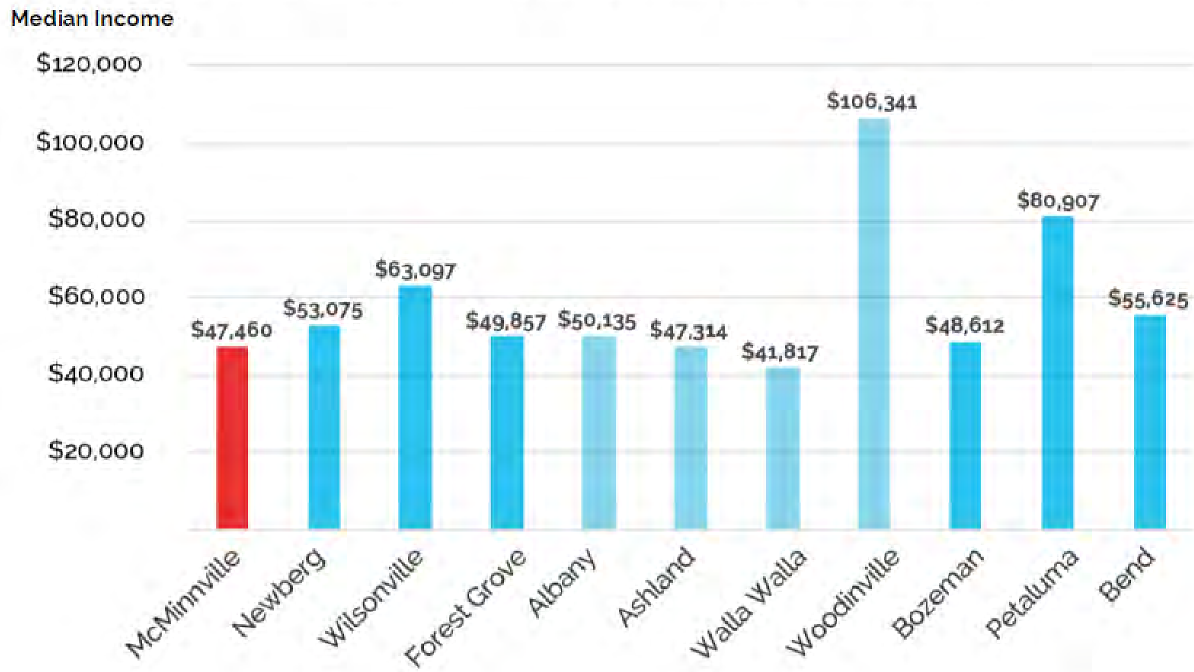
DATA PROFILE – KEY FINDINGS



Income and Wages

FIGURE 30. MEDIAN HOUSEHOLD INCOME, CITY OF MCMINNVILLE AND SELECTED COMPARISON JURISDICTIONS, 2016

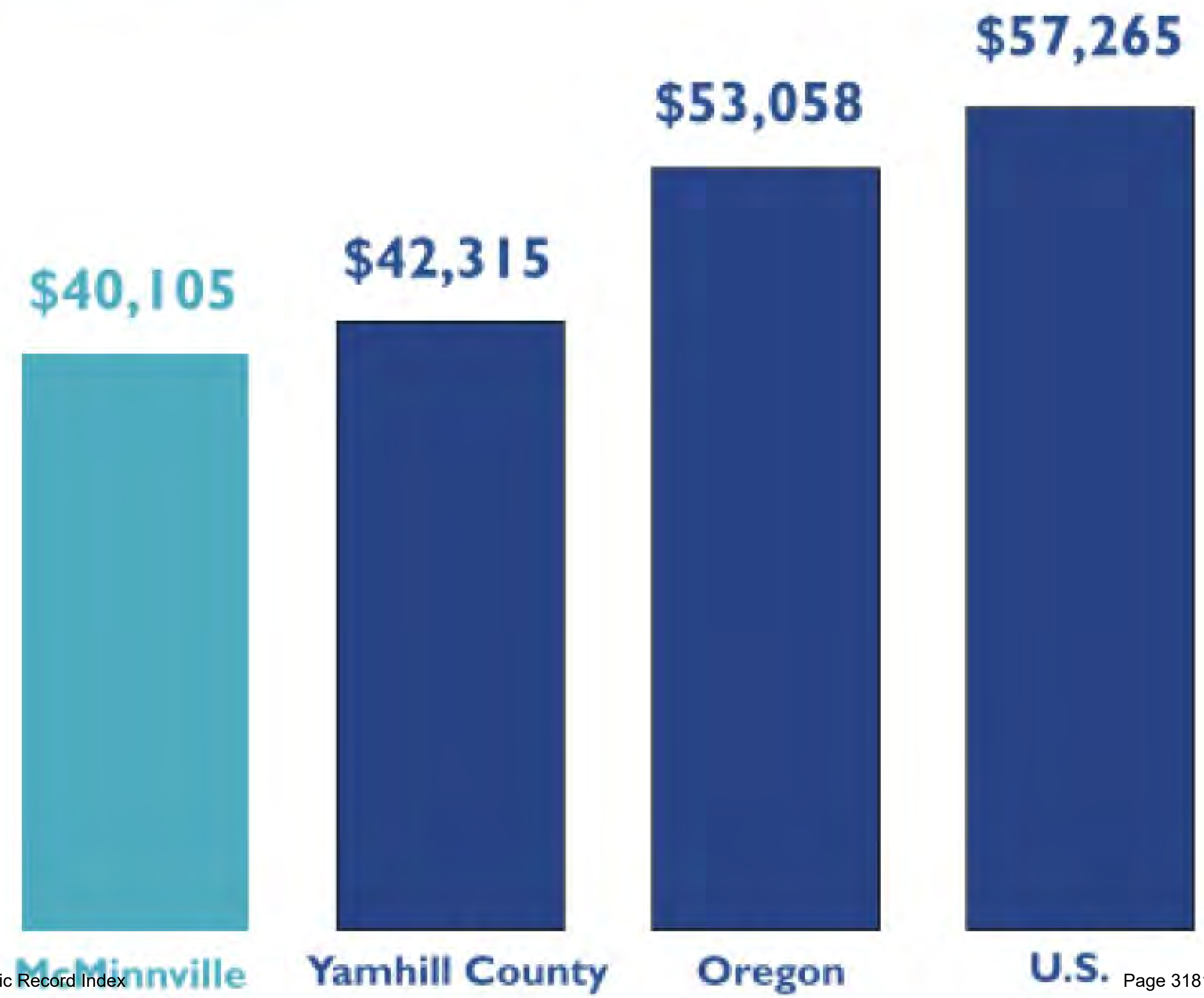
Source: U.S. Census Bureau American Community Survey, 2016; Community Attributes Inc., 2018



- McMinnville's median household income is lower than most selected comparison cities; Ashland and Walla Walla are lower.
- McMinnville's median household income is lowest among the selected neighboring cities.
- Among selected comparison cities, Woodinville and Wilsonville are closest to major metro areas are have comparatively higher median household incomes.

AVERAGE ANNUAL PAY

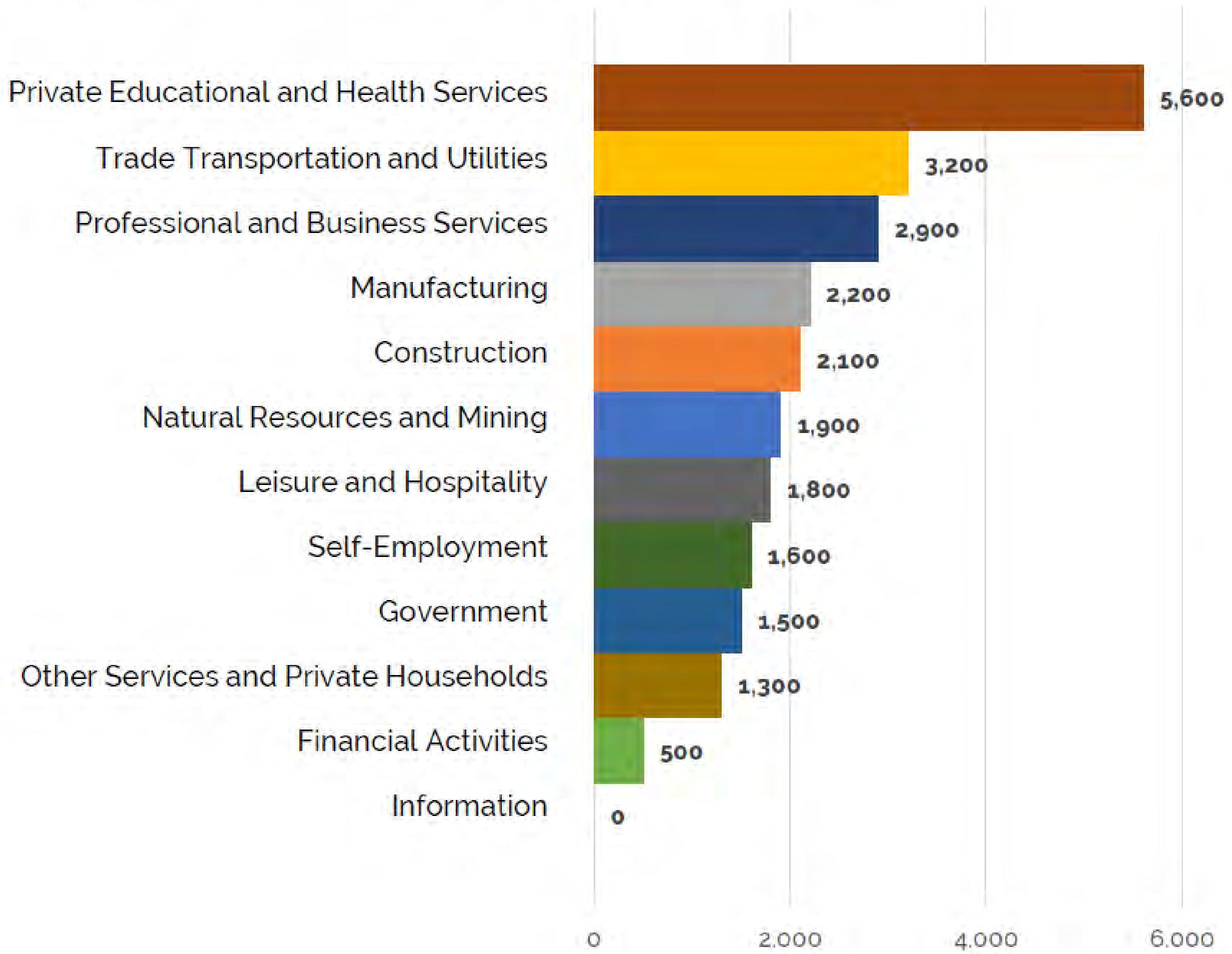
Oregon Employment Department: Oregon Labor Market Information System,
U.S. Bureau of Labor Statistics



Employment

FIGURE 27. FORECASTED EMPLOYMENT GROWTH (JOBS) BY INDUSTRY, MID-VALLEY REGION, 2014-2024

Source: Oregon Employment Department, 2016; Community Attributes Inc., 2018



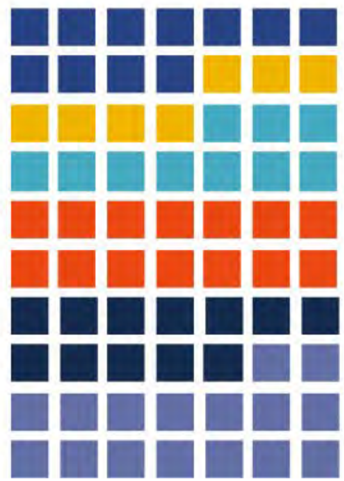
- Educational and Health Services, the largest industry sector in Yamhill County, is expected to add 5,600 jobs in the Mid-Valley Region, more than other industry sector.
- Trade, Transportation and Utilities and Manufacturing are drivers of demand for industrial space; these sectors together are expected to add 5,400 jobs in the Mid-Valley Region by 2024.

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

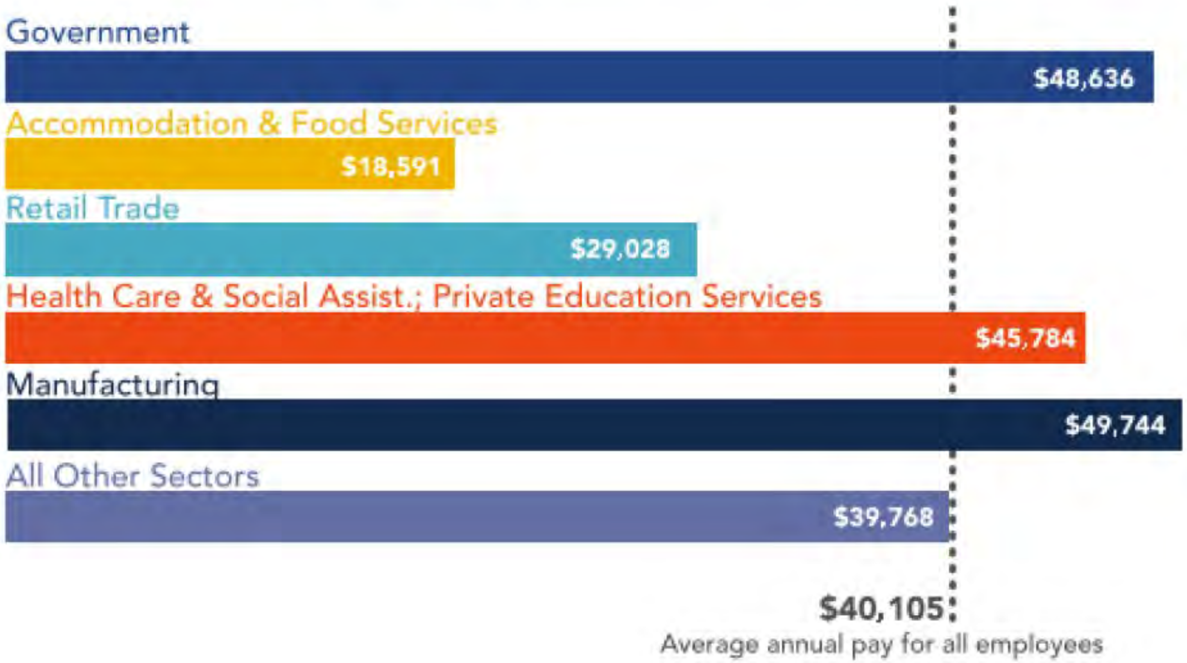
1square represents 500 jobs

Government:	2,082 employees / **14%**
Accommodation & Food Services:	1,503 employees / **10%**
Retail Trade:	2,170 employees / **15%**
Health Care & Social Assist.; Private Education Services:	3,159 employees / **21%**
Manufacturing:	2,277 employees / **15%**
All Other Sectors:	3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

Strategic Framework

FOUNDATIONAL GOALS AND STRATEGIES...
are meant to be broadly beneficial across multiple industry sectors.

1. **Accelerate Growth in Living-Wage Jobs** Across a Balanced Array of Industry Sectors
2. Improve Systems for **Economic Mobility and Inclusion**
3. Maintain and Enhance our **High Quality of Life**

TARGET SECTOR GOALS AND STRATEGIES...
are intended to pursue opportunities and improve outcomes within clusters or sectors of related industries.

4. Sustain and Innovate within **Traditional Industry and Advanced Manufacturing**
5. Foster Opportunity in **Technology and Entrepreneurship**
6. Be a Leader in **Hospitality and Place-Based Tourism**
7. Align and Cultivate Opportunities in **Craft Beverages and Food Systems**
8. Proactively Assist Growth in **Education, Medicine and Other Sciences**

COMPONENTS OF ECONOMIC OPPORTUNITY ANALYSIS

- **Determining Job Growth in Planning Horizon (2021 – 2041, 2041 – 2067, based on population growth)**
- **Determine Jobs/Acre for Industrial and Commercial Uses**
- **Buildable Lands Inventory – what is available**
- **Capacity – how many new jobs will be developed on current land inventory.**
- **Need – how much more land is needed to meet employment needs for planning horizon and project population growth.**

EMPLOYMENT FORECAST

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

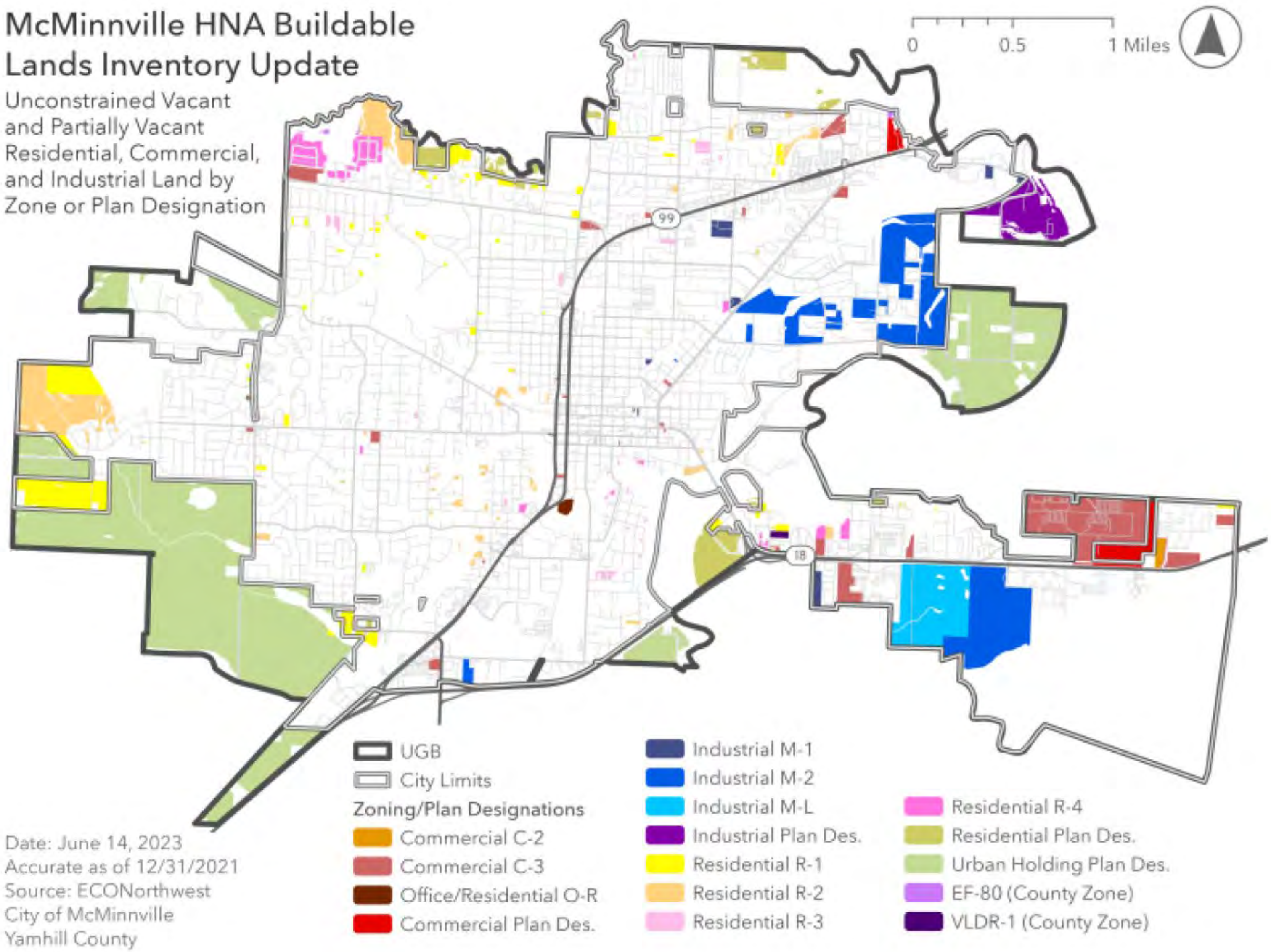
Source: ECONorthwest

Buildable Lands Inventory

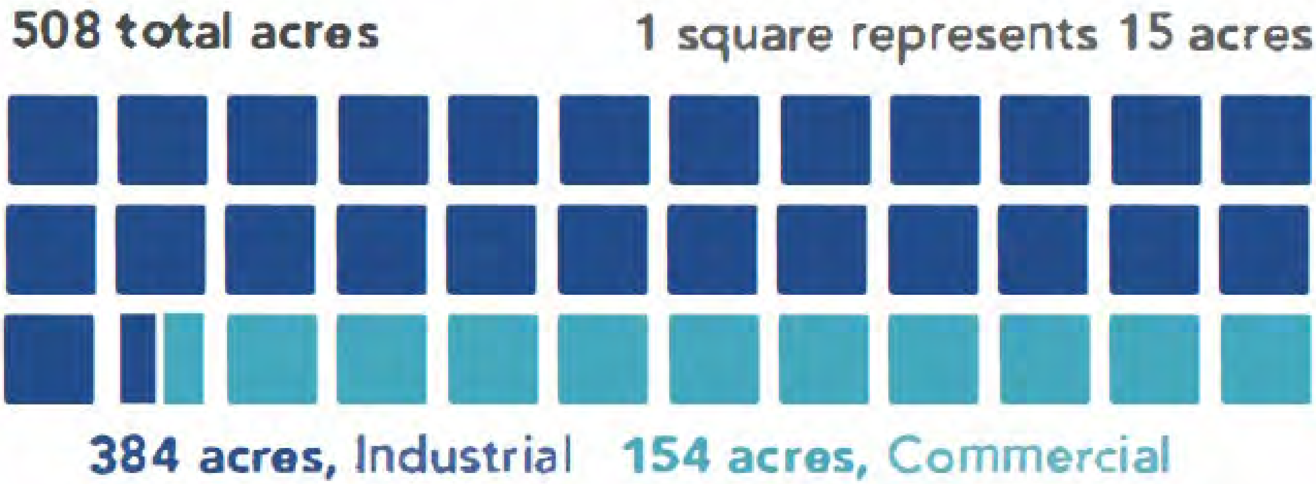
City of McMinnville

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2023



McMinnville Buildable Lands Inventory

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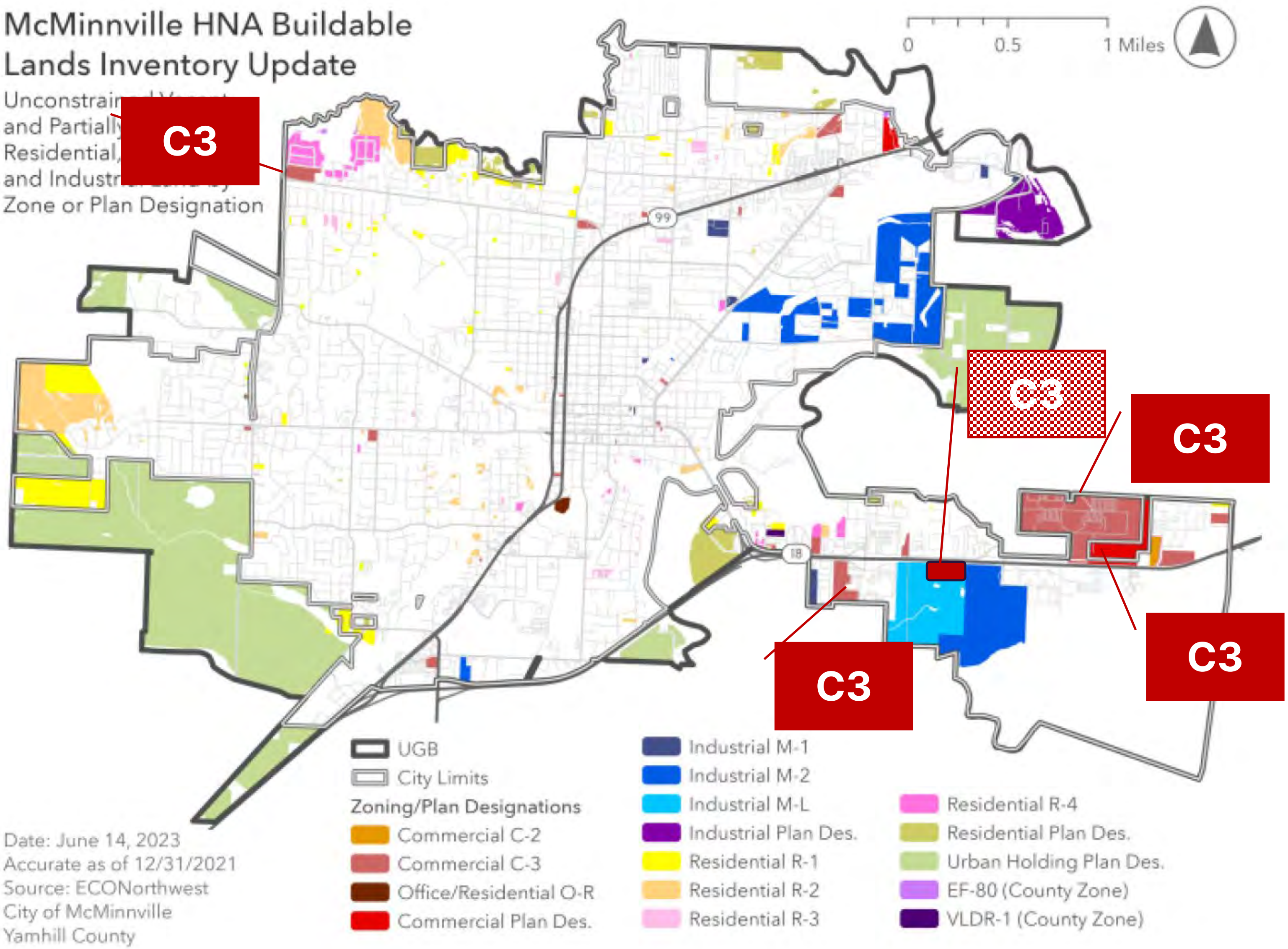

EMPLOYMENT CAPACITY

City of McMinnville

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	**5-year (2021-2026)**	**10-year (2021-2031)**	**20-year (2021-2041)**	**46-year (2021-2067)**
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Other Land Needs not in the Forecast

See Exhibit 57 in the EOA document

- Community Center/Recreation Center
- Outdoor Stage/Amphitheater
- ~~See Ya Later Foundation – Champions Center~~
- Arts and Culture Event Center
- Evergreen Aviation & Space Museum
- Wings and Waves
- Conference Center
- ~~Equestrian Center~~
- Food Hub & Public Market
- Makerspace/Innovation Hub

Total of 104 acres

<u>Decreased to 49 acres </u>land need

15

EXOGENOUS LAND NEED

PLANNERS NETWORK MEETING, 01.30.20

City of McMinnville

EXOGENOUS SITE NEEDS

Economic Development Strategic Plan:

- 8 Goals
- 57 Strategies
- ~180 Potential Tasks or Projects
  - 57 with land-use or site-related needs
    - 47 addressed within employment forecast
    - 10 with unique additional "exogenous" land needs

PLANNERS NETWORK MEETING, 01.30.20

City of McMinnville

Summary of Exogenous Land Needs

Use	Land Need	EDSP
1. Community Center/Recreation Facility	10 acres	3.2.2
2. Outdoor Stage/ Amphitheater	5 acres plus parking	3.2.1.
3. State/Regional Recreational Facility	28 acres (4 acres for buildings, 6 acres for parking, 12 acres for 6 athletic fields, 6 acres for associated facilities)	3.2
4. Arts and culture focused event center	3.5 acres	3.3
5. Evergreen Aviation and Space Museum	27 acres	
6. Wings and Waves	Location-specific land need at existing partially vacant site	6.3.
7. Conference Center:	5 acres	6.4
8. Equestrian center with supporting commercial activity inside UGB	20 acres in UGB, larger footprint outside	6.3
9. Food hub and public market	3.5 acres	3.2.2.
10. Makerspace/innovation hub/ fabrication center	2 acres	6.3.
TOTAL	104 acres	

City of McMinnville

RESULTS

City of McMinnville

LAND NEED FOR EMPLOYMENT

To serve a population of 47,498 in 2041, the City of McMinnville needs an additional 188 gross buildable acres dedicated to housing.

Planning Horizon	Land Need
2021 – 2041 (UGB)	29 Industrial 159 Commercial
2041 – 2067 (Urban Reserve Area)	176 Industrial 237 Commercial

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 29 acres of industrial land and 159 acres of commercial land.

29 GROSS ACRES
of industrial land

159 GROSS ACRES
of commercial land

LAND ADDED TO THE UGB IN 2020 FOR PUBLIC USES COMPARED WITH ESTIMATED PUBLIC LAND NEEDS THROUGH 2041

	ADDITIONAL LAND NEED (ACRES)		
CATEGORY OF LAND NEED	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	**383**	**477**	**(94)**

LAND NEED FOR EMPLOYMENT

Land Deficiency Identified (gross buildable acres):

Planning Period	Housing Land Need	Employment Land Need	Public / Institutional Land Need	Total
2021 – 2041 (Urban Growth Boundary)	202 Acres	29 Industrial 159 Commercial 188 Acres	94 Acres	484 Acres
2041 – 2067 (Urban Reserves Area)	1066 Acres	176 Industrial 237 Commercial 413 Acres	298 Acres	1626 Acres

How are we going to meet the need?

HOW ARE WE GOING TO MEET THE NEED

Land Use Efficiencies, (December 31, 2024)

Higher Density Housing

Higher Density Jobs/Acre – Innovation Center

Commercial Rezone on Highway 18

UGB Amendment (December 31,2025)

NEXT STEPS FOR LAND NEEDS ANALYSIS

September 7, 2023 – Planning Commission Public Hearing

City Council Public Hearing and Adoption

Submittal to the State, December 31, 2023

Product	Consultant Expenses	In-Kind Staff Support	Total (Consultant + In-Kind Staff Support)
Housing Production Strategy (Required by HB 2003 (2019)) Deadline: December 31, 2024	$35,000	$15,000 (.15 FTE)	$50,000
Land-Use Efficiencies (Required by HB 2003 (2019)) Deadline: December 31, 2024	$50,000	$50,000 (.50 FTE)	$100, 000
UGB Amendment (Required by HB 2003 (2019)) Deadline: December 31, 2025	$250,000	$100,000 (.75 fte)	$350,000
TOTAL	$335,000	$165,000	$500,000
URBAN RESERVE AREA Deadline: December 31, 2027	$250,000	$100,000 (.75 fte)	$350,000

Start work for HB 2003 requirements for HNA and Concurrency	July 1, 2027	???	
HB 2003 Compliance	December 31, 2031	???	

QUESTIONS?

COMMUNITY DEVELOPMENT DEPARTMENT, 231 NE Fifth Street,
McMinnville, Oregon 97128 www.mcminnvilleoregon.gov

PLANNING COMMISSION PUBLIC HEARING NOTICE

CONTINUATION OF SCHEDULED MAY 18 PUBLIC HEARING TO SEPTEMBER 7, 2023 (Housing Needs Analysis, Housing Strategy and Economic Opportunities Analysis)

NOTICE IS HEREBY GIVEN that the May 18, 2023, Planning Commission public hearing to consider Dockets 1–20 (Housing Needs Analysis), G2-20 (Housing Strategy), and G 3-20 (Economic Opportunities Analysis) will be continued to Thursday, September 7, 2023, 6:30 PM at the Kent Taylor Civic Hall, 200 NE Second Street.

Heather Richards
Community Development Director

G 1-20, G 2-20, G 3-20
May 9, 2023 Update to DLCD PAPA Online Form

- The following text was entered into the "What has changed?" box on the DLCD PAPA form and the notice was uploaded.

    - "On May 20, 2021 the Planning Commission continued the public hearing to May 18, 2023. The Planning Commission hearing will instead be held on September 7, 2023. A notice with the new hearing date has been uploaded. Also, the date of final hearing has been updated to October 10, 2023."

- The notice document was uploaded.

- The "Final Hearing Date" was updated to 10/10/2023

City of McMinnville

COMMUNITY DEVELOPMENT DEPARTMENT, 231 NE Fifth Street, McMinnville, Oregon 97128 www.mcminnvilleoregon.gov

PLANNING COMMISSION PUBLIC HEARING NOTICE

CONTINUATION OF SCHEDULED MAY 18 PUBLIC HEARING TO SEPTEMBER 7, 2023 (Housing Needs Analysis, Housing Strategy and Economic Opportunities Analysis)

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Heather Richards
Community Development Director

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

www.mcminnvilleoregon.gov

Planning Commission
ZOOM Online Meeting:
May 20, 2021

Please Note that this meeting will be conducted via ZOOM meeting software due to the COVID-19 event.

6:30 PM Regular Meeting

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

https://mcminnvilleoregon.zoom.us/j/96025769049?pwd=cnVXQnJuR3dmbW9yVkRzVHFDYWk0UT09

Zoom ID: 960 2576 9049
Zoom Password: 747182

Or you can call in and listen via zoom: 1 699 900 9128
ID: 960 2576 9049

Public Participation:

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

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

1) *Email in advance of the meeting – Email at any time up to 12 p.m. the day of the meeting to Sarah.Sullivan@mcminnvilleoregon.gov, that email will be provided to the planning commissioners, lead planning staff and entered into the record at the meeting.*

2) *By ZOOM at the meeting - Join the zoom meeting and send a chat directly to Planning Director, Heather Richards, to request to speak indicating which public hearing, and/or use the raise hand feature in zoom to request to speak once called upon by the Planning Commission chairperson. Once your turn is up, we will announce your name and unmute your mic.*

3) *By telephone at the meeting – If appearing via telephone only please sign up prior to the meeting by emailing the Planning Director, Heather.Richards@mcminnvilleoregon.gov as the chat function is not available when calling in zoom.*

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

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Commission Members	Agenda Items
Roger Hall, Chair Lori Schanche, Vice-Chair Robert Banagay Ethan Downs Gary Langenwalter Sylla McClellan Brian Randall Beth Rankin Dan Tucholsky Sidonie Winfield	

6:30 PM – REGULAR MEETING

1. **Call to Order**

2. **Approval of Minutes**

   - **April 15, 2021** *(Exhibit 1)*

3. **Citizen Comments**

4. **Public Hearing:**

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

Request: Approval to amend the Comprehensive Plan Map from Industrial to Commercial, and an amendment to the Zoning Map from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development Overlay), for approximately 37.7 acres of a 90.4-acre property.

The 37.7 acres includes 4.25 acres intended for right-of-way dedication for a future frontage road. The application also shows a portion of the area subject to the map amendment intended for a north-south extension of Cumulus Avenue and future east-west street connectivity.

The request is submitted per the Planned Development provisions in Section 17.51.010(B) of the Zoning Ordinance, which allows for a planned development overlay designation to be applied to property without a development plan; however, if approved, no development of any kind can occur on the portion of the property subject to the C-3 PD overlay until a final development plan has been submitted and approved in accordance with the Planned Development provisions of the Zoning Ordinance. This requires the application for the final development plan to be subject to the public hearing requirements again at such time as the final development plans are submitted.

Location: The subject site is located at 3310 SE Three Mile Lane, more specifically described at Tax Lot 700, Section 26, T.4S., R 4 W., W.M.

Application: Kimco McMinnville LLC, c/o Michael Strahs

B. **<u>Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20); A New Housing Strategy (G 2-20); and A New Economic Opportunities Analysis (G 3-20)</u>** – *(Exhibit 3)*

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to amend the analysis to address new provisions of state law, evaluate efficiency measures and update the buildable land inventory to reflect the land added to the Urban Growth Boundary in December 2020.

G 2-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Strategy. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to address new provisions of state law.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential land use. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to update the buildable land inventory to reflect the land added to the Urban Growth Boundary in December 2020.

Applicant: City of McMinnville

C. Action Item Zoning Ordinance Text Amendments: Allowing Childcare as an Outright Permitted Use in Commercial and Industrial Zones (G 1-21) – Hearing conducted and closed at April 15, 2021,PC Meeting *(Exhibit 4)*

Request: This is a legislative amendment initiated by the City of McMinnville to remove regulatory barriers for the development of childcare centers in the city's commercial and industrial zones where development standards can be implemented that would allow for the permitted outright use of childcare centers without negative impact to adjacent properties.

Applicant: City of McMinnville

5. Commissioner/Committee Member Comments

6. Staff Comments

7. Adjournment

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

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City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
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MINUTES

May 20, 2021
Planning Commission
Work Session Meeting

6:30 pm
Zoom Online Meeting
McMinnville, Oregon

Members Present: Roger Hall, Robert Banagay, Gary Landenwalter, Sylla McClellan, Brian Randall, Lori Schanche, Dan Tucholsky, Beth Rankin, Sidonie Winfield, and Ethan Downs – Youth Liaison

Members Absent:

Staff Present: Heather Richards – Planning Director and Tom Schauer – Senior Planner

1. Call to Order

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

2. Approval of Minutes

- **April 15, 2021**

Commissioner Langenwalter noted there were question marks in the minutes for someone's last name. He said it should be Kathleen McKinney.

Commissioner Tucholsky asked if Planning Director Richards had looked into spacing standards between childcare homes. Planning Director Richards would give an update later in the meeting.

Commissioner Schanche moved to approve the April 15, 2021 meeting minutes as amended. The motion was seconded by Commissioner Banagay and passed 9-0.

3. Citizen Comments

None

4. Public Hearing:

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

Request: Approval to amend the Comprehensive Plan Map from Industrial to Commercial, and an amendment to the Zoning Map from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development Overlay), for approximately 37.7 acres of a 90.4-acre property.

The 37.7 acres includes 4.25 acres intended for right-of-way dedication for a future frontage road. The application also shows a portion of the area subject to the map amendment intended for a north-south extension of Cumulus Avenue and future east-west street connectivity.

The request is submitted per the Planned Development provisions in Section 17.51.010(B) of the Zoning Ordinance, which allows for a planned development overlay designation to be applied to property without a development plan; however, if approved, no development of any kind can occur on the portion of the property subject to the C-3 PD overlay until a final development plan has been submitted and approved in accordance with the Planned Development provisions of the Zoning Ordinance. This requires the application for the final development plan to be subject to the public hearing requirements again at such time as the final development plans are submitted.

Location: The subject site is located at 3310 SE Three Mile Lane, more specifically described at Tax Lot 700, Section 26, T.4S., R 4 W., W.M.

Application: Kimco McMinnville LLC, c/o Michael Strahs

Disclosures: Chair Hall opened the public hearing and asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. He asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none. Chair Hall asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing. There was none. Chair Hall asked if any Commissioner had visited the site. If so, did they wish to discuss the visit to the site? Several Commissioners had visited the site, but had no comments to make on the visit.

Staff Presentation: Senior Planner Schauer said this was a request for a Comprehensive Plan Map amendment and zone change to go from Industrial/M-2 to Commercial/C-3 with a Planned Development overlay. The site was 37.74 acres of a 90.4 acre parcel including 4.25 acres for future transportation improvements. He discussed the applicable criteria, additional written testimony, and subject site. He then summarized the key issues. They had to demonstrate there was a need for this change and if the proposal met the need quantitatively. The proposal had to be suitable to meet the need qualitatively form the public perspective. Was this the right location and were there considerations for that location? Were there other compatibility/issues with the Comprehensive Plan? Did it meet the eligibility criteria for a PD overlay? Was this the right timing? Were there issues/effects associated with the provision of public facilities/transportation associated with the new zoning? Was there suitable mitigation associated with the change? There was a deficit of commercial land in the City and a surplus of industrial and the proposed amendment was consistent with the need that was identified in the Comprehensive Plan. What was proposed in terms of quantity did not fully meet the identified need but it met a portion of it. Staff thought the proposal with the conditions of approval was the right proposal to meet the need. The C-3 designation with Planned Development overlay would allow for specific issues related to the ongoing planning in this area to be addressed. Deferring the Development Plan provided additional time to work through the issues in the Three Mile Lane area. The eligibility criteria to use the PD overlay were satisfied. The timing was appropriate in terms of meeting the land need. There were unique issues regarding timing with this coming in before the Three Mile Lane Plan work was completed, but there was a condition to address that. There were no capacity issues identified with this change. Still pending were the issues associated with the provision of transportation and the mitigation proposed in the traffic analysis. Staff recommended continuing the hearing to July so staff and the applicant could continue to work on these issues.

In December 2020, the City adopted an amendment to the Urban Growth Boundary and adopted amendments to the Comprehensive Plan and zoning ordinance. Part of what was included in the plan was recognition of the need for an area plan for the Three Mile Lane area. That work was currently underway. By re-designating some of the industrial land that was already in the Urban Growth Boundary, the City could reduce the footprint of the UGB. He showed a map of the draft preferred alternative for the Three Mile Lane area plan. All the issues other than transportation mitigation had been satisfied or satisfied with conditions. The transportation mitigation was contingent on further information to be prepared and submitted by the applicant for review in advance of the July 15, 2021 continued hearing. He then reviewed the recommended conditions of approval. The questions and comments received from the Planning Commission included clarifying the location of the site relative to the Three Mile Lane area plan and he provided a map for the approximate location. They also asked if there were other Planned Developments that had been approved with deferred development plans. The answer was yes, many Planned Developments had chosen this option over the past 40 years. Another question was if this was the total acreage that was expected to be zoned commercial. This met a majority of the deficit, but not all of it and other rezoning could occur. Another question was how to address retail leakage without permitting duplication of retail services found elsewhere in town. Staff would like to know what retail leakage was actually occurring. They needed to clarify the more vague aspects of the Three Mile Lane plan market analysis table and discuss how to be careful not so much with the anchors but with the smaller shops and services. Stating it would be done so it didn't disturb downtown merchants was too vague. Staff suggested Economic Development and the developer work together on this issue. There was a request that in the design document some of the terminology needed to be more explicit in what things meant that were more general in nature. It was suggested to address directional signs as part of the wayfinding signage. There were also suggestions about front approaches for parking to address environmental issues as well as compact development. There were also some comments about human scale design and traffic mitigation.

Commission Questions: Commissioner Schanche thought they should consider not having the aisle in front of the store.

Commissioner Randall asked if only the Comprehensive Plan could be approved and not the zone change. Planning Director Richards said no, because they would not be able to amend the map for a commercial Comprehensive Plan map designation without a commercial zone on top of it.

Commissioner Winfield was hoping as they defined the Three Mile Lane design standards that they would allow mixed use developments versus a big box store being incorporated in. Planning Director Richards said this was a request for C-3 that allowed for mixed use. The recommended design standards were to ensure that whatever was developed had a distinctive flavor that reflected well on McMinnville since this was a gateway to the community. The preferred land use alternative for the Three Mile Lane area included a variety of preferred land uses.

Commissioner Langenwalter was not comfortable with the timing of the Three Mile Lane area plan and this proposed use. He was concerned that the application would come in before the Three Mile Lane design standards were adopted and they would not apply. Planning Director Richards said that was why they encouraged the applicant to apply for the Planned Development overlay so they could create that tie to the Three Mile Lane process. There was language in the condition of approval that the more prescriptive standards would apply.

Applicant's Testimony: Sam Knutson, Kimco McMinnville LLC, introduced the applicant's team.

Dana Krawczuk, land use attorney at Stoel Rives LLP, agreed the continuance to July 15 was appropriate so that additional work with ODOT could happen. She discussed the parcel location on SE Three Mile Lane, application proposal, and Three Mile Lane preferred alternative which was consistent with the application. The Planned Development overlay would be subject to the design standards that would be adopted within the Three Mile Lane area plan. The proposal matched the Three Mile Lane area plan object that stated, "a central feature of the preferred alternative was a sizable (over 30 acre) retail center south of Three Mile Lane at Cumulus." The site could offer a mix of commercial opportunity and space formats currently restricted or outright unavailable in downtown McMinnville. There was a current excess of industrial land inventory and a deficit of available commercial acreage of between 35.9 to 39 acres within the City limits and Urban Growth Boundary. By 2041, this commercial land deficit was projected to grow to 286 acres. Currently McMinnville residents completed 23% of their shopping needs outside the City, resulting in over $192 million in revenue leakage to surrounding counties over 25 miles away. This land use change would make the land more marketable to attract potential commercial uses. The proposal addressed the commercial land deficit with an expedient solution. The legislative timeline for the Three Mile Lane area plan adoption remained in flux. The applicant's team was actively working with ODOT and the City to assess the proposed land use change impacts and associated traffic mitigations. They looked forward to further Planning Commission discussion on the required improvements at the July 15 hearing.

Commission Questions: Commissioner Randall asked if the applicant planned to maintain ownership of the property or would others be allowed to purchase parcels. Michael Strahs, Kimco, stated it would depend on the demand in the market once the zoning was changed. They had owned the property for some time and if there were any sales they would most likely be limited to certain tenants that preferred to own.

Commissioner McClellan referred to the market analysis survey from 2019 and asked about the percentage of retail leakage online vs. in person shopping. Planning Director Richards could get that information from the consultant. She thought it was predominately in person. The study area was a little bit larger than the City limits. It was considered the market for the City. Ms. Krawczuk said it was over $97 million worth of leakage and a lot of dollars being spent outside of the community.

Public Testimony:

Proponents: None

Opponents: Mark Davis, McMinnville resident, thought this was a classic case of putting the cart before the horse. The preferred alternative was not a final document and had not been approved. In the December 2020 Urban Growth Boundary amendment it said the City would initiate the zone change. He did not think the applicant had the right to do something the City was supposed to do. The need this application was based on was the 2013 Economic Opportunities Analysis and it ignored the fact that the City recently had an Urban Growth Boundary expansion approved that had significant acres of commercial. He questioned whether there was a deficit of commercial land at this point. He thought the 2013 EOA was paid for by Kimco and it was inappropriate to use as justification for the application. He did not think this was what was best for the City, especially since retail sales had been suffering and it might affect other merchants in the McMinnville market. It was also another step in the direction of destroying the Bypass if they proposed a traffic light that would bring traffic to a halt. If they set this up as a large retail area, it would inevitably make it very difficult to get the rest of the plan instituted. He thought they would regret it in the long run.

Commissioner Langenwalter asked what grounds could be used to deny the application. Mr. Davis did not think it met the need criteria and the Three Mile Lane area plan had not been approved yet.

Commissioner Tucholsky thought this could become an outlet mall based on other Kimco projects. Mr. Strahs said no decisions had been made for the property's use. They would come back through the site plan review process when they were ready to move forward with a project.

Allen Roodhouse, Kimco, said in 2013 they had asked the City to start an EOA process and the City informed them that they did not have the money to do it. Kimco had only paid for it, but had nothing else to do with the process. The characterization that they had some kind of plan to buy their way into the City was totally wrong.

David Koch, attorney, was speaking on behalf of his client, the owner of the neighboring property located immediately northeast of this property. His client's property was 9.6 acres located within the Three Mile Lane area plan. He thought the application was inconsistent with the community's multi-year efforts to create an implementable vision for the area's future land uses and multi-modal transportation system within the Three Mile Lane area. Many of the proposed findings relied heavily on the Three Mile Lane planning work in order to justify the suitability of this project in this location. However, that work was not yet completed and could not be used as justification. He thought it was likely the application would obstruct the planning efforts. The Planned Development overlay would only apply to a portion of the parcel and it would cause the portion of the parcel to stand apart from the other land within the planning area and would not support fairness and equity among all of the stakeholders. There would be disconnected and piecemeal Comprehensive Plan and zoning designations that would not satisfy the community's greater needs for the master planning and future development of this important gateway. The applicant had no project proposed and the transportation impact analysis would ask the Commission to accept a fictional worst case scenario under the current zoning versus the proposed zoning. He thought this downplaying of the impacts would reduce the amount and type of mitigation that would be required by their project. There were also serious access concerns for this property. While it did have frontage on Highway 18, its only current access point was a small driveway and was not adequate to serve any level of development of the property. The applicant had not acquired any rights of access through neighboring properties despite the fact that development of this property would require the condemnation of private property from a neighboring land owner, either by extending Cumulus Avenue south through his client's property or by building another connector street through private property to the east or west. There were some fundamental planning principles that were being violated—split zoning and spot zoning. The applicant wanted to rezone only a portion of a larger parcel. They should partition the site first and then rezone it. They should not be rezoning a parcel in the middle of a large planned area for special treatment and designation. It was possible that it would be incompatible with the Three Mile Lane plan in the future as this spot zoned Planned Development area would always be out of step with the surrounding properties. There was nothing unique about the application that would allow them a Deferred Development Plan. It was more than applying the Three Mile Lane plan to this site. It was about orderly development of the entire plan area. He asked for the record to remain open so they could evaluate and provide more testimony as information came in.

Stewart Kircher, Dayton resident, owned the property to the west of this site. He did not think the zoning should be changed until the Three Mile Lane plan was complete. He thought his early zone change would affect the future plans of the Three Mile Lane district. This was a unique area and creating the district correctly would require joint cooperation and a coordinated timeline from all parties involved. This would affect the future of the development of his property and other surrounding properties. With no pending development plans, he thought this was unnecessary application and should be denied until the entire area stakeholders had a fair and coordinated plan.

Rebuttal: Ms. Krawczuk explained the need for commercial in the City. The Economic Opportunities Analysis stated the City needed 35.8 acres of commercial and this application provided 33.5 acres and the UGB expansion added 26.7 acres. Combined that was 60.2 acres. It was more than the current EOA stated but she thought it was okay to have more as long as there was not a deficit in another category. The recent UGB expansion did not disqualify or provide a legal basis for not approving the application. Looking forward, the current EOA update showed a need for 286 acres of commercial in the future. In terms of the Three Mile Lane area, this application did not rely on its adoption from a legal standpoint. They were very aware of the concepts in the Three Mile Lane plan and were shaping the application to meet those. They were talking about a condition that would require when the policies were adopted they would apply. The comments about transportation would be addressed in the next hearing. There were comments about a Planned Development overlay being an outlier but that was her understanding of how the Planned Development overlay always applied. She thought people were concerned that they might take away the opportunity for other properties to be zoned commercial. That was not true. The Three Mile Lane plan expected many of these properties would be upzoned.

Mr. Roodhouse said their intent was not to jump the Three Mile Lane process so they could somehow get an advantage. There were prospective tenants that needed the property zoned commercial and that was the main reason they were applying for the change now. When the Three Mile Lane plan was adopted, they would be ready to go. They planned to make sure the access worked with Mr. Kircher's property and they would agree to a condition to that affect.

Commission Questions: Commissioner Langenwalter said Mr. Koch suggested the applicant was jumping the gun, but if this was their property they could request rezoning at any time regardless of what neighbors wanted to do. He did not think the Planning Commission had the authority to lump all of the properties together into a plan and enforce it.

Mr. Koch said they could develop their property under the current zoning if it met all of the criteria. However, they were asking for a Comprehensive Plan change and new zoning. He questioned if it was timely and orderly to make this kind of change now. They were trying to change what they were allowed to do on the property and justify why it should be allowed.

Commissioner Tucholsky asked how the property Mr. Koch was representing would be negatively affected by the zone change. Mr. Koch said his client was waiting for the Three Mile Lane plan process to be completed to see how he could develop consistent with that plan. The understanding was everyone was going to work together on the development proposal for this area. This applicant decided to jump forward on their own and it took the neighbors by surprise. His client was concerned about the transportation impacts that would affect the development of his property and that he might be left holding the bag for mitigation that was not covered. His client had discussions with the applicant about the issues, but was still testifying in opposition.

Commissioner Winfield was also concerned that this was coming in before the Three Mile Lane plan was finished. She thought it could wait a few months.

Mr. Koch thought it was more than development standards, it was about planning for this gateway area. He thought the timing was inconsistent with the planning work.

Ms. Krawczuk said they had been waiting for the plan to be finalized, but it was taking a long time. They had applied now so that once the Three Mile Lane area plan was finished they would be ready to develop.

Planning Director Richards said the City had applied for a grant to do this process in 2017 and they had been working on it since. Part of the process included master planning with the three properties owners under discussion tonight. It had taken longer than originally anticipated because they updated the transportation model. She expected the final product from the consultant to be delivered at the end of this month. From there they would be working through a public process for adoption.

Commissioner Winfield wanted to make sure the applicant agreed to follow the Three Mile Lane plan terms so they could have a cohesive gateway.

Ms. Krawczuk said there was a condition that included the design standards in the Three Mile Lane plan as they were currently envisioned and that would be informed by the work received from the consultant. Once the Three Mile Lane plan was adopted, the more stringent standards would apply. She thought the City was protected by this condition.

Planning Director Richards said if the concern was master planning collaboratively with the two adjacent property owners, she could ask legal counsel how to address it. Transportation connectivity with the surrounding properties was included in the conditions. The improvements at Cumulus Avenue and frontage road system associated with the highway would be part of the Three Mile Lane plan. If the Commission wanted to include that in the conditions, they would make sure the language was included.

Commissioner Banagay asked if all the transportation needs were being analyzed as the adjacent properties were currently situated or was it anticipating development.

Planning Director Richards explained the Three Mile Lane plan was looking at the full build out of the preferred land use alternative in the next 20 years. Since the applicant's property was adjacent to a highway facility, they needed to respond to the Transportation Planning Rule which required analysis for a Comprehensive Plan amendment or zone change that upzoned the intensity of the use to show how that upzone might impact the state's system and what mitigation would be required. At the local level, they required a traffic impact analysis with a preliminary development plan. That would look at local intersections.

Commissioner Banagay said in regard to comments about the applicant jumping the line, what would the applicant not be subject to if the application was approved before the Three Mile Lane plan was approved? Planning Director Richards thought the concern was not going through the process with the three property owners together as a whole and master planning the properties so they would serve the community moving forward.

Commissioner Banagay asked if there was no impending request and they had been working with the neighboring properties, why not wait?

Mr. Roodhouse said they had been working with the neighbors and assured them that they would be cooperative on access and road improvements. He thought they had been good neighbors. The process had already taken a long time and the market was positioned well right now to start the preliminary planning that would involve finding out what tenants really were interested in coming to McMinnville. Waiting any longer would be a mistake. Whatever the Three Mile Lane plan provided, by the time that process was done they would be ready to finalize a project and be subject to it and that would include working with the neighboring properties.

Commissioner Schanche did not see a problem with an application coming in at this stage. They were ready to follow all the rules, some of which had not been written. She was in support of moving forward.

Commissioner Rankin asked what would happen if the City had to put in the infrastructure for future development. Planning Director Richards said transportation was still being discussed. Currently the Three Mile Lane transportation model did not show a need for additional improvements at the intersection of Cumulus with the build out of 40 acres of commercial land at this site. The transportation analysis that the applicant did also did not show a need for improvements. They were still in discussion with ODOT on mitigation measures that the applicant would do. They would not be the responsibility of the City.

Commissioner Randall suggested they add a condition that a development application could not be submitted until the Three Mile Lane plan was adopted. He also did not see how this was a special exception and thought the applicant needed to show how it applied.

Commissioner Tucholsky MOVED to CONTINUE the hearing for CPA 2-20 and ZC 3-20 with the record open to July 15, 2021. The motion was seconded by Commissioner Schanche and PASSED 9-0.

The Commission took a short break.

B. Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20); A New Housing Strategy (G 2-20); and A New Economic Opportunities Analysis (G 3-20) – *(Exhibit 3)*

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to amend the analysis to address new provisions of state law, evaluate efficiency measures and update the buildable land inventory to reflect the land added to the Urban Growth Boundary in December 2020.

G 2-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Strategy. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to address new provisions of state law.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential land use. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to update the buildable land inventory to reflect the land added to the Urban Growth Boundary in December 2020.

Applicant: City of McMinnville

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

Staff Presentation: Planning Director Richards said this public hearing was for consideration of the following documents: Housing Needs Analysis and Residential Buildable Lands Inventory (June 2019 draft), Addendum 1 to June 2019 draft HNA, Housing Strategy (June 2019 draft), Economic Opportunities Analysis, Employment Buildable Lands Inventory, and Other Land Needs (February 2020 draft), and Urbanization Report (June 2020 draft). Notices went out to DLCD and the News Register for this hearing. Staff recommended continuance of the hearing to May 18, 2023. More work needed to be done to reconcile the documents with the recently adopted and approved MGMUP UGB amendment. HB 2003 had thrown a wrinkle into the City's process.

Planning Director Richards gave a history of the process. The Housing Needs Analysis was initiated in 2018 as part of preparing for an Urban Growth Boundary expansion process. They hired a consultant, established a Project Advisory Committee, established a planning horizon, and got an updated population forecast from PSU. The process was completed in June 2019. In 2020, the City made some corrections based on new data and changing conditions to the HNA in an updated addendum. There were corrections to the Buildable Lands Inventory for split-zone properties identified during the Economic Opportunities Analysis work. They reduced the capacity in the exception areas per OAR 660-024-0067(6) that were added to the UGB in 2003 but never annexed into the City for development. HB 2001 was adopted in June 2019. Capacity was assigned to high hazard landslide areas. In 2019, the City initiated the Economic Opportunities Analysis and commercial Buildable Lands Inventory to understand economic land needs and opportunities. They hired a consultant, established a Project Advisory Committee, established a planning horizon, and used the updated population forecast from PSU. In 2020, the City decided it needed to provide a user-friendly summary that the general public could understand and initiated an Urbanization Study to be done. The disrupters to all of these documents were: June 2019—Oregon state legislature adopted HB 2001 and HB 2003, both significantly impacted growth planning relative to the Housing Needs Analysis and February 2020—City Council provided direction to pursue a remand response to the 2003 MGMUP UGB submittal to try and expedite relief for land constraints and emerging affordable housing crisis. Staff was working on the final draft of this analysis in January 2020 when the City pivoted to finish the UGB remand. They were asked to finish this product and preserve it for future growth planning efforts. Staff finished the draft in June 2020 and submitted notice to DLCD for a first evidentiary hearing in May 2021. The MGMUP 2020 UGB amendment that was recently approved brought 662.40 gross buildable acres into the UGB. HB 2001 and 2003 attempted to address the housing supply by creating missing middle housing. They required cities to assume 1-3% increase in redevelopment in HNAs. They also attempted to address planning for future supply of housing through participating in a Regional Housing Needs Analysis and a mandate for a Housing Needs Analysis to be done every 8 years and Housing Production Strategies to be created.

Across Oregon, housing had emerged as a paramount concern. There was a deficit of 155,156 housing units from 2000 to 2015 to house Oregon residents. New studies showed that if they continued on the same trend, the deficit would rise to 500,000 housing units statewide. Based on a study put out by Freddie Mac in February 2020, Oregon had the highest deficit of housing in the United States (nearly 9%) followed by California (nearly 6%). To implement HB 2001, the redevelopment assumptions required were amended into the 2019 HNA and BLI with the HNA Addendum, the redevelopment assumptions required still needed to be added to the new UGB amendment, the missing middle housing code package was currently underway, and the IBTER Infrastructure Study was underway. To implement HB 2003, the Regional Housing Needs Analysis needed to be done, the Housing Production Strategy would need to be completed, and cities would update and adopt a new Housing Capacity Analysis every eight years. McMinnville had to adopt an updated Housing Capacity Analysis by December 31, 2023. The good news was they had that work done. The bad news was it showed the need for more land even with the recent MGMUP UGB remand. McMinnville needed 1,399 acres to accommodate growth through 2041. The City needed an additional 576 acres for housing, 280 acres for commercial employment, and 70 acres for industrial employment. This included the reduction of capacity on the exception lands per recent legislation and HB 2001 calculations. It did not include a true reconciliation of the UGB remand into the new BLI, HB 2001 calculations on the new UGB land, and efficiency measures. They might have to do another UGB amendment in the next two years. The Council agreed to adopt the existing draft of the HNA/EOA and BLI in 2021 but asked to participate in the sequential UGB program. Staff would work with DLCD to put together a work program that would allow for two years to do efficiency measures and two years to do a UGB amendment. This meant the process would take 5-6 years and cost $390,000.

Commission Questions: Commissioner Randall asked about the odds for success. Planning Director Richards said with the new mandate to adopt a HNA every 8 years, they would have to do the analysis every five years because it took three years to do the work and if there was need try to do another UGB amendment. The City did not have a history of getting through this process in less than 8 years. She had asked DLCD what would happen if they had a UGB submittal sitting in the court system and they were mandated to start a new process. DLCD said they hoped it would not be challenged because 1,000 Friends was at the table when this was put together. There were several cities that had not been able to get through the process in less than 15 years and they had asked the same question. However, this was the way it was set up right now.

Public Testimony:

Mark Davis, McMinnville resident, requested that they stop acting like everything would be appealed. By characterizing and acting like there would be appeals, they were creating an atmosphere where it was more likely to happen. They ultimately had to make decisions and they would not make everyone happy. He thought the Planning Commission, Council, and staff were more open to new ideas that were rejected back in the early 2000's. He would like everyone to work together and be positive going forward.

Commissioner Langenwalter MOVED to CONTINUE the hearing for G 1-20, G 2-20, and G 3-20 to May 18, 2023. The motion was seconded by Commissioner McClellan and PASSED 9-0.

C. Action Item Zoning Ordinance Text Amendments: Allowing Childcare as an Outright Permitted Use in Commercial and Industrial Zones (G 1-21) – Hearing conducted and closed at April 15, 2021,PC Meeting *(Exhibit 4)*

Request: This is a legislative amendment initiated by the City of McMinnville to remove regulatory barriers for the development of childcare centers in the city's commercial and industrial zones where development standards can be implemented that would allow for the permitted outright use of childcare centers without negative impact to adjacent properties.

Applicant: City of McMinnville

Chair Hall said this hearing was closed on April 15, but written record was kept open until April 30.

Staff Presentation: Planning Director Richards said this item included legislative code amendments to remove barriers for childcare opportunities and become compliant with state regulations. It was a legislative action initiated by the City. A public hearing was held on April 15 and the hearing was closed with the record open for written comment until April 30 per the request of DLCD. The Planning Commission also had follow-up questions for staff to come back with. Notices were published and comments were received from DLCD and the Parks and Recreation Department. The original proposed amendments would: update definitions for registered/certified child care homes and child care centers, allow registered and certified child care homes as outright permitted uses in residential zones and child care centers as conditional uses, allow child care centers as outright uses in employment zones and as conditional uses in the M-2 zone, and require a designated pick-up and drop-off zone for two vehicles for child care centers. Additional amendments per the recommendation of DLCD were: amended language to be less specific for registered and certified child care homes, allow child care centers in a City-owned park or recreation facility, a public school, or a conforming private school, and add “on-site” to the designated pick-up and drop-off zone. The Planning Commission questions were: Can cities regulate how many child care homes are allowed in attached residential dwelling units? The answer was no. Can developers or home owner associations prevent the location of child care facilities in a neighborhood through use of CC&Rs? The answer was yes, it was not expressly prohibited in the legislation regulating this industry. What is the number of children allowed per square foot of space for registered and certified child care homes and child care centers? The answer was it was nuanced. Regulations were attached to the staff report. Commissioner Langenwalter had asked why child care centers were not outright permitted uses in the C-3 zone. The answer was anything allowed in C-1 and C-2 was allowed in C-3 as well.

Based on the findings and conclusions, Commissioner Schanche MOVED to RECOMMEND APPROVAL of G 1-21 to the City Council. SECONDED by Commissioner Langenwalter. The motion PASSED 9-0.

5. Commission Comments

None

6. Staff Comments

Planning Director Richards discussed the Planning Commission’s City emails and providing electronic packets instead of printed packets for meetings.

7. Adjournment

Chair Hall adjourned the meeting at 10:30 p.m.

Heather Richards
Secretary

City of McMinnville
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EXHIBIT 3 - STAFF REPORT

DATE: May 20, 2021
TO: Planning Commission Members
FROM: Heather Richards, Planning Director
SUBJECT: Public Hearing – Proposed Amendments to the Comprehensive Plan to adopt a New Housing Needs Analysis (G 1-20); a New Housing Strategy (G 2-20); and a New Economic Opportunities Analysis (G 3-20).

STRATEGIC PRIORITY & GOAL:

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

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

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Report in Brief:

This is a legislative public hearing to consider proposed amendments to the McMinnville Comprehensive Plan, adopting a new Housing Needs Analysis, a new Housing Strategy, and a new Economic Opportunities Analysis.

Due to the passage of some recent state legislation and resulting Department of Land Conservation and Development (DLCD) rulemaking, staff is recommending opening the public hearing and continuing it to May 18, 2023, so that the documents can be amended to reflect the impacts of HB 2001 (2019), HB 2003 (2019) and recent rules adopted by DLCD.

Background:

In 2018, the City of McMinnville initiated an effort to update its Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA) and Public Lands Analysis.

In Oregon Land Use planning cities must maintain a buildable land supply to support necessary population growth for twenty years. This is accomplished through a needs analysis process. It is a highly regulated process governed by state legislation (Oregon Revised Statutes (ORS)) and rulemaking (Oregon Administrative Rules (OAR)). If the needs analysis identifies a need for additional land supply, cities must determine how they are going to meet that need, either by increasing density within the existing urban growth boundary or by expanding the urban growth boundary, or both.

Cities typically will conduct an efficiency measures analysis to identify opportunities for growth and higher density within the city's urban growth boundary prior to expanding the urban growth boundary. If cities choose to expand their urban growth boundary, cities must then embark on a land analysis of land adjacent to the existing urban growth boundary to determine where it is appropriate to expand. Like the needs analysis, the efficiency measures analysis and urban growth boundary analysis are highly regulated with ORS and OARs.

In 2018, after realizing the negative effects of constrained land supply on the City of McMinnville's housing market and employment opportunities, the City elected to initiate the needs analysis with a mindset that it would lead eventually to an urban growth boundary amendment even after an efficiency measures analysis. City Council direct staff to plan for both a twenty-year growth horizon (2021 -2041) as well as a fifty-year growth horizon (2021 – 2067) in order to adopt a future Urban Reserve Area so that the City did not find itself in the same predicament in the future.

The last time the City had successfully adopted a Housing Needs Analysis was in 2001 and although the needs analysis and resulting efficiency measures indicated a need to expand the city's urban growth boundary for future growth, the city was not successful in adopting a new urban growth boundary that met the city's identified need due to legal challenges, eventually resulting in a Court of Appeals remand to the City in 2013.

Thus, the city engaged a consultant team and worked with a project advisory committee on a buildable lands inventory, housing needs analysis and economic opportunities analysis throughout 2018, 2019 and 2020.

At the same time, during the 2019 Oregon Legislative Session, two house bills were adopted, HB 2001 and HB 2003. Both bills impacted state legislation and eventually rulemaking relative to how cities implemented needs analyses. Knowing that the legislation and rulemaking would take some time to enact, the City put a pause on their efforts, and turned towards the 2013 urban growth boundary remand to see if that would lead to a quicker resolution to the city's land supply issues rather than a new effort. City staff worked on a response to the Court of Appeals remand in 2020 and in April, 2021 learned that the submittal had been approved by the Department of Land Conservation and Development and was not appealed.

In order to preserve their efforts from 2018, 2019 and 2020, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

- **HNA.** Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
- **Housing Strategy.** (June 2019 Draft).
- **EOA.** Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DCLD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.

All of the above documents are attached to this staff report and constitute the draft proposed amendments to the McMinnville Comprehensive Plan.

In addition to the HNA, Housing Strategy and EOA, the City prepared a Memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. A description of which is provided below.

- **Addendum 1 to the HNA.** This addendum provides the following updates to the June 2019 Draft HNA, providing the basis for the revised residential capacity data presented in the June 2020 Draft Urbanization Report:

  - **Corrections to BLI Acreages Due to Split-Zoned Lots Identified During EOA Work.** Some properties were split-zoned residential and commercial, but had residential capacity assigned to both portions. With the EOA work, the analysis was updated, and the commercially zoned portions were assigned to employment lands as part of the employment BLI. This addendum provides the adjustments to the HNA and residential BLI to reflect the adjustments to buildable acreage and capacity for the residentially zoned portions of those properties.

  - **Capacity of Exception Areas in the UGB.**
    - **OAR 660-024-0067(6).** For exception areas added to the UGB, OAR 660-024-0067(6) provides for reduced capacity assumptions for tax lots less than two acres. This applies to lands within three exception areas that were added to the UGB: Riverside South, Redmond Hill Road, and Fox Ridge Road. This is based on research and analysis that was conducted for the "HB 2554 Report." In September 2015, The University of Oregon Community Service Center published a final report for the HB 2254 Rules Advisory Committee, "Analysis of Development on Rural Residential Lands: A Report to the HB 2254 Rules Advisory Committee." This rule is based on the results of the analysis presented in that report.

    - **Density Assumptions for Exception-Area Tax Lots >=2 Acres.** In the HNA, it was assumed Exception Areas would develop at the "average needed density" of 4.9 du/gross acre, assuming the average density could be achieved through efficiency measures. However, with the substantial amount of properties <2 acres in exception areas which are subject to the reduced capacity assumptions noted above, it may not be feasible to achieve that overall average density when considering what density increase would have to be achieved on the remaining properties within the exception areas to offset reduced capacity assumptions on the smaller parcels, especially given some location policies, including those which limit residential density in proximity to certain uses such as the sewer treatment plant.

    - **Other: Serviceability.** During the residential BLI and capacity analysis, it was assumed that all land over 275' elevation was in Water Pressure Zone 2. However, Pressure Zone 2 is an elevation band of approximately 275-415'. There are some properties and portions of properties (and potential future structures) within the UGB over 415' elevation which would be in a future Water Pressure Zone 3 and would require future Pressure Zone 3 infrastructure to serve those properties. This may be infeasible to serve during the planning horizon. The current master plan includes provisions for serving Zone 2, but didn't include service of a Water Pressure Zone 3.

  - **Analysis Under ORS 197.296 as Amended by HB 2001.** HB 2001 was signed into law after the City finished the preliminary work to produce the June 2019 Draft HNA with recommendations from the Project Advisory Committee. HB 2001 amends ORS

197.296(6) in part to specify that, when a City is expanding its UGB and/or including new measures to accommodate growth within the UGB, that it must adopt findings regarding the density expectations assumed to result from the measures adopted to implement "middle housing" provisions, as specified in the statute. This analysis provides the required analysis and findings regarding density expectations and the associated effect on capacity.

  - **Small Lot Status and Capacity.** The way lands are classified under state law, some properties which most people would intuitively consider to be "infill" or "redevelopment" properties are treated the same as "greenfield" development when making assumptions about which properties will further develop and at what densities during the 20-year planning period. Approximately 82% of the non-entitled tax lots classified as buildable land are two acres or smaller, and approximately 93% of these tax lots are three acres or smaller. Many of those properties are "partially vacant" – meaning they are already developed with homes. Historic analysis of partition and development activity shows only a small number and percentage of smaller properties being further divided each year and over the long-term. Further, these smaller properties are often unplatted properties that contain "remnant" acreage, and/or contain naturally constrained areas in a configuration that limits the land use efficiency to densities less than achieved when master planning larger greenfield sites.

  - **Capacity Assigned to Platted Entitled Lots within Landslide Constraint Area.** A previously platted subdivision included lots within a landslide constraint area. Platted lots in this subdivision can develop subject to approved geotechnical reports. Most lots in the subdivision have already developed, but approximately 19 lots were still undeveloped at the time of the June 2019 Draft HNA. Since this is within a landslide constraint area, no capacity was assigned to these lots. This amendment assigns capacity to these lots, recognizing development of these entitled and platted lots subject to approved geotechnical reports.

- **Urbanization Report.** (June 2020 Draft). This report doesn't include new analysis or information. It provides a user-friendly summary and compilation of the key information in the HNA, as updated by Addendum 1, as well as the key information in the EOA document.

As part of the PAPA notice for these documents in May 2020, the City needed to provide a specific date for a public hearing, and the City elected to select May 20, 2021 for the public hearing date to provide enough time for the HB 2001 and HB 2003 rulemaking to conclude.

<u>Discussion:</u>

Since these documents were completed and noticed to the Department of Land Conservation and Development, there have been two significant developments that have occurred which impact the outcomes of these draft documents:

- The City's successful completion of the McMinnville Growth Management and Urbanization Plan (MGMUP), which amended the existing urban growth boundary by adding 662.40 gross buildable acres to the urban growth boundary.

- HB 2003 rulemaking which mandated a calendar of when cities needed to adopt a new Housing Needs Analysis (OAR 660-008-0045). The City of McMinnville was assigned an adoption date of December 31, 2023. (Please see table below).

- New DLCD program for the development of a Housing Production Strategy to meet the mandates of HB 2003.

Housing Capacity Analysis Update Schedule for Oregon Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.
Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

The City is able to preserve the work that has already been done thus far to meet the HB 2003 mandate, but it must be updated to reflect the new urban growth boundary amendment (buildable land inventory) and the application of the provisions of HB 2001 to the new urban growth boundary amendment. Then if the needs analysis shows additional land need for the 2021 – 2041 planning horizon, the City will need to conduct an efficiency measures analysis, and if there is still land need remaining, embark on a new urban growth boundary amendment. The City will need to show how it will meet its identified land need when it adopts the HNA by December 31, 2023.

Currently the draft HNA and EOA show a need for additional land supply (please see table below). However, this need does not yet reflect the reconciliation of the MGMUP UGB amendment or an efficiency measures analysis.

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing in the 2021 to 2041 period. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment during the 2021 to 2041 period.

	SURPLUS (DEFICIT)	
LAND USE TYPE	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(576)	(1,481)
Public or Institutional	(473)	(780)
Industrial	(70)	(70)
Commercial	(280)	(494)
Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

The City has identified a work program to reconcile the MGMUP UGB amendment into the existing HNA and EOA drafts, by updating the buildable lands inventory and applying the provisions of HB 2001 to the MGMUP UGB lands, and then if there is still need identified to embark on an efficiency measures analysis. To conduct this work, the City will continue to work with project advisory committee and host public workshops and public open houses to ensure that there is significant public engagement and input throughout the process. The City has budgeted the time and resources to address this effort in 2021 and 2022, with a goal of completing the effort for a public hearing on May 18, 2023.

If, after the MGMUP UGB reconciliation and the efficiency measures analysis, the City still shows a need for additional land supply to accommodate needed new housing to support project population growth to 2041, the City will need to embark on a new urban growth boundary amendment.

Normally, this urban growth boundary amendment would need to be completed and adopted at the same time as the HNA by December 2023. However, given the time constraints and the City's most recent urban growth boundary amendment, staff has already met with the Department of Land Conservation and Development to negotiate the ability to enter into a sequential urban growth boundary program (OAR 660-025-0040) which would allow the City to submit the urban growth boundary amendment December 31, 2025.

<u>Attachments:</u>

- Draft McMinnville Housing Needs Analysis (June 2019)
- Addendum 1 to Housing Needs Analysis (June 2019)
- Draft McMinnville Housing Strategy
- Draft McMinnville Economic Opportunities Analysis (June 2020)
- Draft Urbanization Report (June 2020)
- HB 2001 - Enrolled (2019)
- HB 2003 – Enrolled (2019)

Fiscal Impact:

Per HB 2003 (2019), the City of McMinnville will need to update its Housing Strategy to conform with the mandates of the state legislation and the resulting program that the Department of Land Conservation and Development constructed to support the state legislation. It is anticipated that this effort will cost the City of McMinnville approximately $15,000.

Per HB 2003 (2019), the City of McMinnville needs to adopt a new Housing Needs Analysis by December, 2023, and if that Housing Needs Analysis demonstrates that the City has additional need for land supply to support new housing within the city limits over the twenty-year horizon (2021 – 2041), then the City will need to adopt measures to accommodate that need – either with efficiency measures (higher density within the city limits) or with additional land supply (urban growth boundary amendment), or both. It is anticipated that the efficiency measures evaluation will cost the City of McMinnville approximately $50,000, and if needed a new urban growth boundary amendment will cost the City of McMinnville approximately $250,000.

PROJECT COMPONENT	TIMEFRAME	COSTS
HNA/EOA/BLI – DRAFT Urbanization Study	May, 2021 First Evidentiary Hearing – Open and Continue	$162,000 FY 2019/20
Reconcile MGMUP UGB Remand with Urbanization Study	Draft December, 2021	$15,000 FY 20/21
Efficiency Measures	Adopt December, 2023	$50,000 FY 21/22
Housing Production Strategy	Adopt December, 2023	Draft Form
UGB Amendment (if needed)	Adopt June 30, 2025	$250,000 FY 23/24, 24/25

Recommendation:

Due to the amount of work that needs to occur to amend the proposed Housing Needs Analysis, Housing Strategy and Economic Opportunities Analysis to conform to new state legislation and rulemaking, staff is recommending that the public hearing be continued to May 18, 2023.

City of McMinnville
Housing Needs Analysis

June 2019

Prepared for:

City of McMinnville

FINAL REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank those who helped develop the McMinnville Buildable Lands Inventory and Housing Needs Analysis. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

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Table of Contents

1. Introduction

This report presents a housing needs analysis (HNA) for the City of McMinnville. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and applicable statutes such as ORS 197.296 and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Consistent with Statewide Planning Goal 10, the HNA documents McMinnville's housing needs for the 2021–2041 planning period.[1] It is more comprehensive than the State requires, looking at housing needs for a 5-, 10-, 20-, and 50-year period. The shorter-term analyses are intended to identify immediate housing needs and strategies given current land-need deficiencies, and the 50-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

ECONorthwest developed this report in tandem with the development of the housing strategy, which is a separate, freestanding document, which is referenced and discussed herein.

Background

In January 1981, the City of McMinnville adopted an urban growth boundary (UGB) intended to meet the needs for the 1980–2000 planning period. The City of McMinnville last initiated a housing needs analysis in 2000 for the 2000–2020 planning period as part of a comprehensive review of its 20-year needs. It was subsequently updated to a 2003–2023 planning period.

In 2007–2008, the City submitted a UGB amendment to the Department of Land Conservation and Development (DLCD) for the inclusion of 1,188 gross acres, resulting in a total inclusion request of 890 buildable acres (of which 537 buildable acres were designated to meet identified housing needs) and the adoption of several land-use efficiency measures. This UGB amendment was subsequently appealed on a number of issues, and ultimately the court of appeals found that the City had not justified its inclusion of high-value farmland instead of rural residential "exception" areas and agricultural areas of poorer soils.

In July 2011, the court of appeals remanded the aforementioned case, approving the inclusion of 217 buildable acres of exception-only land in the UGB for residential use, thus leaving a 320-acre deficit of buildable residential land. To partially address residential land needs, the City has since approved some plan amendments and rezones from lower- to higher-density residential designations. Other than some smaller nonresidential-to-residential plan

[1] ORS 197.296(2) requires cities to "demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review." McMinnville anticipates adopting the housing needs analysis no earlier than 2021. As a result, this report presents housing needs for the 2021 to 2041 period.

amendments and zone changes, no additional land has been added to the residential plan designation since 2007–2008, per the court of appeals' decision in 2011 that required a reduction in land.

From 1996 to 2016, when Senate Bill 1573 was passed, annexation of residentially designated land within the unincorporated UGB was subject to approval by City voters.[2] Annexations of land in McMinnville from 1996 to 2016 totaled 468.4 acres with at least 190 of those acres designated for uses other than housing.

The City has changed considerably since the time the last UGB review was initiated. From 2000 to 2017, McMinnville added nearly 7,166 residents, accounting for 34% of Yamhill County's growth over that period. In the same time, McMinnville added about 3,250 new dwelling units. McMinnville's population has grown a little older on average and has become slightly more ethnically diverse since 2000, consistent with statewide trends.

This report provides McMinnville with a factual basis to update the Housing Element of the City's comprehensive plan and zoning code. Additionally, it provides a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in McMinnville. It provides information that will inform future planning efforts, including a review of the McMinnville UGB and the establishment of urban renewal areas (URAs). It provides the City with information about the housing market in McMinnville and describes the factors that will affect future housing demand and need in McMinnville, such as changing demographics and housing preferences. This analysis will help decision makers understand whether McMinnville has enough land to accommodate growth over the next 5, 10, 20, and 50 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors such as income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Yamhill County and McMinnville are the result of the individual decisions of thousands of households, (McMinnville has over 12,000 households, and Yamhill

[2] https://olis.leg.state.or.us/liz/2016R1/Measures/Overview/SB1573.

County has nearly 40,000 households). These points help to underscore the complexity of projecting what types of housing will be built in McMinnville between 2021 and 2041.

The complex nature of the housing market was demonstrated by the unprecedented boom-and-bust during the past two decades. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need.

Statewide Planning Goal 10 and Related Policies

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels."

ORS 197.303(1) defines "needed housing" as follows:

> As used in ORS 197.307, "needed housing" means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:
>
> (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
>
> (b) Government-assisted housing;

[3] ORS 197.296(1)-(9) only applies to cities with populations over 25,000.

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and

(e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the workbook. In addition, cities with a population of 25,000 or more (including McMinnville) are required to comply with ORS 197.296(1)–(9) and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each housing type in the next 20 years (ORS 197.296(3)(b)).

Broadly, ORS 197.296(2) requires cities to demonstrate that its comprehensive plan provides sufficient buildable lands within the urban growth boundary to accommodate estimated housing needs for 20 years. Section 6 requires cities to conduct a buildable lands inventory and analyze housing needs and residential land needs. If the conclusion of that analysis is that the housing need determined pursuant is greater than the housing capacity determined, the City must either (1) amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years; (2) amend land-use regulations to include new measures that "demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary"; or (3) adopt a combination of (1) and (2).

In summary, McMinnville must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. This report references relevant state guidance in relation to various elements of the HNA.

A Note About Housing Needs

As described above, the nature of the housing market and housing needs are complex. Provisions of statute that discuss needed mix and needed density read as if, after conducting an analysis of historical and forecast trends, the City can apply a formula to arrive at a correct determination of needed mix and density to ensure that housing needs are met for the next twenty years of population growth. But these determinations function within a fairly rigid formula that does not take into account market and choice. In effect, this would require the City to determine the needed housing type and density for each household and aggregate the results for all households to arrive at the needed mix of housing types and the average needed density for the planning period. It presumes that households fit into categories that are uniform in their housing needs, preferences, choices, and trade-offs and, therefore, the City can determine the correct aggregate housing choices. Meeting housing needs should also reflect community values and provide opportunities for a range of housing options to meet needs in the community, from affordable housing for the residents with the lowest incomes to executive housing options.

This formula further assumes that housing needs are reduced to type (single-family detached, single-family attached, and multifamily), mix, and density. It further assumes these are the sole factors, if not the most critical ones, that allow cities to meet housing need. Without explicitly stating it, these components of housing need are reduced to a proxy for affordability across income levels, while failing to account for other aspects of the housing market that may be more critical to addressing housing need and choice across the income spectrum. It is demonstrably true that density does not necessarily equate to affordability. Further, state law currently prohibits cities from directly addressing some aspects of the housing market that may be more critical to meeting housing needs, specifically ORS 197.309 (which enables inclusionary zoning but places restrictions on when it can be applied).

The required analysis also ignores the fact that some historic trends may be the result of factors that have artificially distorted the market and provision of housing supply in different ways, including past regulatory constraints that may have influenced the housing market, which become embedded in the trend analysis of housing need.

In reality, the City is zoning for housing opportunities in which households can make choices about housing that meets their needs by providing choices consistent with their preferences, and these needs and preferences may change during the planning period. This interpretation is consistent with the language of Goal 10: "Plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Household preference will lead to housing choices, where a household may have a choice of different housing options that reflect trade-offs. For example, when it comes to affordability, there may be different housing choices that are equally affordable. A household may choose an ownership opportunity that results in slight cost burden but allows them to establish ownership and equity, rather than a rental opportunity at a lower price point that doesn't result in cost burden.

While housing type and density can be factors in housing costs, they are not determinants. Other factors can have a significant impact on housing cost and preference. These factors include:

- **Location within the region and city.** Locational factors and neighborhood amenities can dramatically affect housing cost. Locational choices relative to neighborhoods, amenities, schools, access to services, and so on can determine preferences and housing costs. In some cases, the cost per square foot in the highest-density multifamily developments in the most desirable neighborhoods can be significantly higher than larger single-family detached housing in a neighborhood a few miles away. To create equity and inclusion, the City needs to be cognizant of ensuring that neighborhoods are equitable and that housing types are equally distributed.

- **Square footage, materials, and amenities.** These factors can be significant in determining housing cost. Census data suggests that the size of both single-family units and multifamily units continue to increase.
- **Household formation.** Some people may select different options for household formation to increase housing choice opportunities. For example, some individuals or extended families may prefer to live in a larger house together and share costs and social supports, rather than living in individual units that may be more expensive, lack social supports, or both.
- **Housing subtypes.** Within the three broad categories of housing types specified in statute (single-family detached, single-family attached, and multifamily) are numerous subtypes. Some subtypes might have more in common with other housing types. For example, a cottage cluster might be comprised of single-family detached homes with smaller footprints and a higher density, where they are more comparable in density and affordability to other housing types than they are to large-lot single-family homes with significantly more square footage. In this case, it could be more appropriate to plan for opportunity/flexibility to achieve densities and affordability with different housing types, rather than to plan for a specific mix of the three specified housing types.

In short, housing needs can, and do, change over time. The statutes imply that the needed mix identified at the start of the planning period is the correct mix and must be achieved over the course of the planning period. It treats needed mix and density as determinants rather than predictive factors. If households make different housing choices than were initially expected or predicted then, per the statutes, the City has not achieved the correct mix and must adjust because the predictions may not have accurately reflected the socioeconomic and demographic characteristics or housing choices of the City's current and future residents. The law is set up to treat housing mix and density as destiny—treating them as a given to be adhered to rather than a forecast. While the population growth that provides the basis for future planning is described as a "forecast," and planning for employment land is described as "economic opportunities," planning for housing is instead described as "needed mix and density" rather than a housing forecast of opportunities for different housing types.

This suggests that the numbers in a population forecast are predictive and subject to change while the demographic and socioeconomic components inherent in that same forecast are not. It further assumes that the City can determine the complex factors that determine the right housing choice for households. A self-fulfilling planning scheme can be overly rigid and may drive households to select housing options because they are an available, rather than a preferred, choice.

The statutes appear to be more concerned with needed density and mix, identified at the beginning of the planning period as an absolute, more so than the consideration of housing preferences and affordable options commensurate with household incomes. In effect, the metrics (e.g., density and mix) for needed housing can be more concerned with urbanization goals than with housing needs (particularly affordability, since density does not necessarily equate to affordability).

The above discussion isn't intended to conflate housing need with the housing market. On the contrary, the housing needs analysis and residential lands needs analysis must address housing needs for those who lack housing, those who are at risk of losing housing, those who are not being served by the housing market, and those who have the narrowest choice of housing options commensurate with their incomes. There are many in the community who lack viable housing opportunities or choices. The market may continue to operate without responding to, or being able to respond to, housing needs for those residents, absent market interventions.

The housing needs analysis and resulting housing strategy will require creativity to meet the housing challenges that lie ahead, but they will provide pathways to opportunity. Rigid thinking about housing type, mix, and density—as well as segregated zoning—will not lead to the creative solutions that McMinnville seeks to meet housing challenges head-on while creating great neighborhoods of enduring value that provide opportunity to future generations. Further, narrow thinking about the term "needed housing," however well-intentioned, could replicate planning failures from the past. Affordability achieved through the warehousing of people doesn't provide a pathway to opportunity or upward mobility.

Needed mix and density are statutory components of a housing needs analysis that are typically conducted in advance of a housing strategy; accordingly, predetermining them will prevent the use of flexible options that provide more creative solutions. Instead, the residential land needs analysis should be based on either needed mix or density, leaving the other to be addressed through a responsive, creative strategy that avoids rigid categories and adjusts as needs are met over time.

As the City of McMinnville continues to discuss housing needs and construct a housing strategy in response, it should allow for market innovation over the planning horizon to ensure that the need is truly being met with choice option. Additionally, the City of McMinnville has recently adopted Great Neighborhood Principles to ensure that everyone in McMinnville can live in a nice neighborhood regardless of income. These principles strive for equity and inclusion in residential neighborhoods, and they will play an important role in crafting a meaningful response that will not only address the housing needs of McMinnville's future residents but provide enduring value.

Public Process

At the broadest level, the purpose of the project was to understand how much McMinnville will grow over the next 5, 10, 20, and 46 years. The project has two components: (1) technical analysis (the BLI and HNA), and (2) housing strategies (provided in a separate document). Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes, and the housing strategy is a series of high-level policy choices that will affect McMinnville residents. Public engagement during the project was accomplished through the three primary avenues described below.[4]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times[5] to discuss project assumptions, results, and implications. There was also a joint meeting of the Project Advisory Committee and City Council. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding housing needs, market conditions, and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Needs Analysis.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Housing Strategy. Provide input on goals, strategies, and actions that address McMinnville's housing needs in a way that fits with, and enhances quality of life in, the community.

Public Open House

The City of McMinnville and ECONorthwest solicited input from the general public at a public open house held on February 5, 2019. The open house consisted of eight information stations related to the preliminary results of the housing needs analysis and the buildable lands inventory, as well as two public comment stations. As work proceeds on the evaluation of actions in the housing strategy, there will be additional public engagement.

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[4] In addition to Project Advisory Committee meetings, public meetings, and stakeholder focus groups, the City of McMinnville also maintained a project website and social media presence.

[5] Project Advisory Committee meeting dates with the consultant team: July 17, 2018; November 14, 2018; December 18, 2018; March 7, 2019; and May 21, 2019.

Project Advisory Committee meeting dates without the consultant team: January 16, 2019 and June 13, 2019.

Stakeholder Focus Group

The City of McMinnville and ECONorthwest solicited feedback at a stakeholder focus group. The purpose of the focus group was to provide an opportunity for small-group discussion and to allow input on key issues. The purpose of the focus group, held on January 25, 2019, was to have a targeted discussion with realtors, developers, and housing providers to learn about what they see as opportunities and constraints associated with housing development in McMinnville for the next 5, 10, 20 and 50 years.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of McMinnville's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting McMinnville's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in McMinnville** presents factors that affect housing need in McMinnville, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in McMinnville relative to the larger region.
- **Chapter 5. Housing Need in McMinnville** presents the forecast for housing growth in McMinnville, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within McMinnville** estimates McMinnville's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides details on the process and methods for conducting the analysis as well as findings.
- **Appendix B. Scenario Modeling** provides details about the impact of housing mix assumptions. ECONorthwest presented these scenarios to the Project Advisory Committee to inform their housing mix assumption recommendation.

2. Residential Buildable Lands Inventory

This chapter summarizes the residential buildable lands inventory (BLI) for the McMinnville UGB. The buildable lands inventory analysis (BLI) complies with statewide planning Goal 10, ORS 197.296(4), and OAR 660-008. A detailed discussion of methods and additional results is presented in Appendix A.

The BLI has the following main steps: (1) establish the residential land base (parcels or portion of parcels with appropriate zoning); (2) classify parcels by development status; (3) identify and deduct development constraints, including environmental and other constraints; and (4) summarize total buildable area by zone. Buildable lands are properties classified as "vacant" or "partially vacant," which have at least some development capacity after deducting constrained areas. Those will be assigned capacity for new residential development. Calculations must also be made about how much of that land will be needed for streets and other land uses expected to occur on residential lands, which will reduce the amount available for development. Assumptions are also made about the extent of infill and redevelopment that is expected to occur on other lands.

The BLI is based on data and development status of land in late 2018. Since the planning period for this analysis is 2021–2041, McMinnville used the forecast to estimate acres that will develop between 2018 and 2021, as described in this report. The City could review the BLI in 2021 to determine actual changes in buildable lands between 2018 and 2021.

Categorizing Lands

The buildable lands inventory classifies all residential (and commercial land where housing is a permitted use) into categories.

Development Status

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes), unless aerial imagery or City staff determined that the tax lot is no longer vacant in the verification step.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage.[6] This was refined through visual inspection of recent aerial photos.

- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.
- *Public or exempt land*. Except as noted below, lands in public or semipublic ownership are considered unavailable for development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Yamhill County Assessment property tax exemption codes and ownership field. Exempt lands owned by a nonprofit housing developer which are vacant or partially vacant are considered available for development and are inventoried accordingly.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of residential tax lots that fall within certain constraints from the vacant and partially vacant lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-008-0005(2):

- *Lands within floodplains and floodways*. Flood insurance rate maps from the Federal Emergency Management Agency (FEMA), as well as land in McMinnville's floodplain zone and plan designation, were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas*. The National Wetlands Inventory was used to identify areas within wetlands.
- *Land within landslide hazards*.[7] The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with high or very high susceptibility to landslides in the constrained area. The City is proposing a policy interpreting the mapped DOGAMI hazards for purposes of the BLI, which can be reviewed upon further study if necessary.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.

---

[6] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

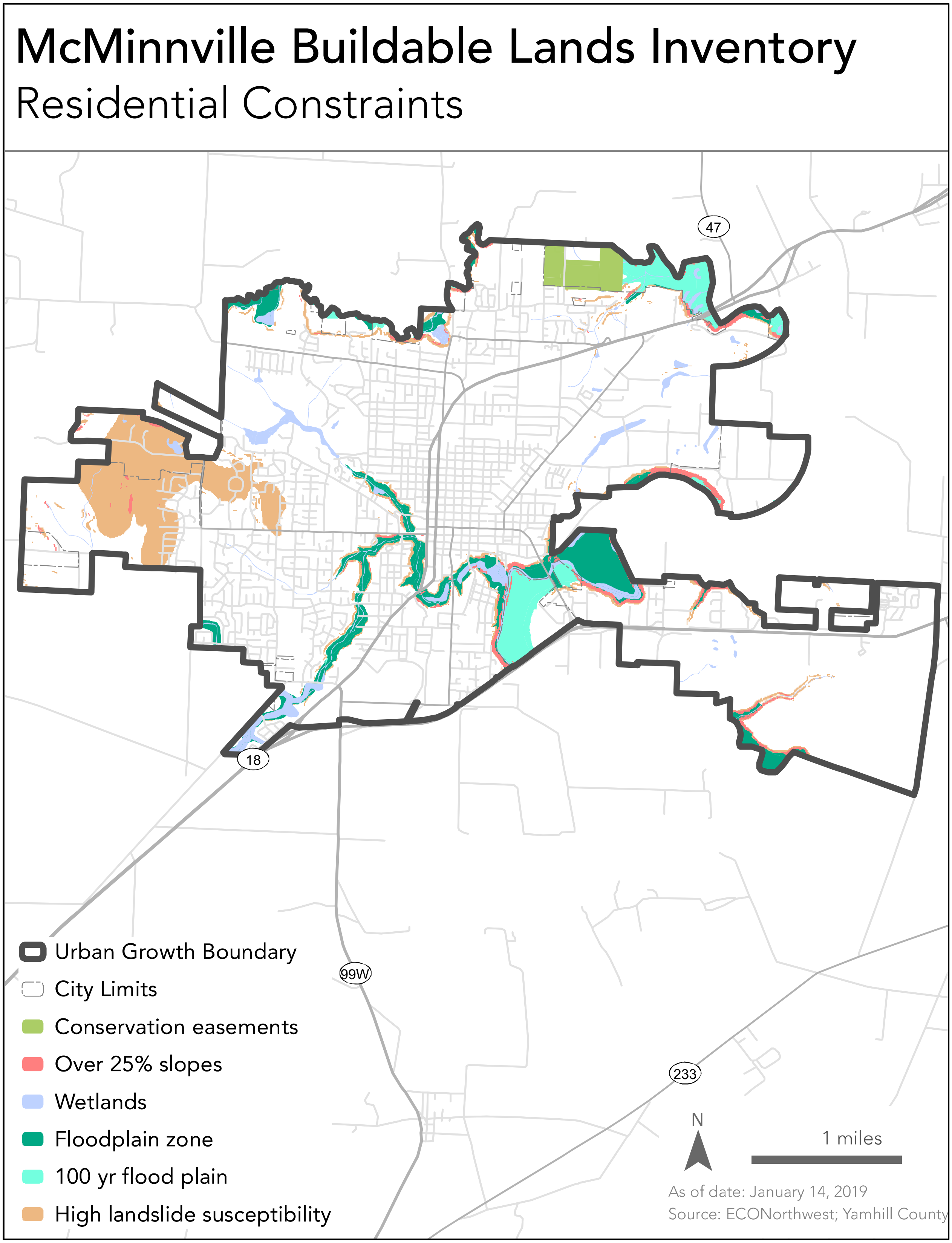
[7] The City of McMinnville will need to adopt comprehensive plan policies regarding buildable lands assumptions in areas with high and very-high landslide susceptibility. Current comprehensive plan policies addressing this hazard do not exist. Should future studies find that the City can address issues by engineering, the City could add associated acreage back into the BLI.

- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

After deducting constraints, vacant and partially vacant lands that have remaining development capacity are classified as buildable lands.

Exhibit 1 maps the development constraints used for the residential BLI.

Exhibit 1. Residential Development Constraints, McMinnville UGB, 2018



Buildable Lands Inventory Results

Land Base

Exhibit 2 shows the residential land base in McMinnville by plan designation and zone. It also allocates the properties and acreage in the land base between Water Pressure Service Zone 2 and all other areas as described below. The land base is comprised of those properties within the UGB with a zoning or plan designation that permits residential use. This is predominantly properties with a residential plan or zoning designation. It also includes commercial plan designations and zones that also allow residential uses. The land base excludes plan and zone designations that don't allow for residential use, such as industrial zones and the floodplain zone.

The results show that the McMinnville UGB has 4,749 total acres in the residential land base in 9,854 tax lots. This analysis includes commercial zones C-3 and O-R, which allow residential uses, and excludes zones that do not allow residential uses, including industrial zones C-1, C-2, and F-P zones.[8] Of the total acres in the UGB, about 918 acres (19%) are in the R-1 single-family residential zone, about 1,326 acres (28%) are in the R-2 single-family residential zone, about 386 acres (8%) are in the R-3 two-family residential zone, and about 664 acres (14%) are in the R-4 multifamily residential zone.

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the residential plan designation (within the unincorporated UGB). Exhibit 2 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.[9] Of the 4,749 acres in the land base, 272 acres (6%) are in Zone 2.

[8] The F-P zone and plan designation were included in the development constraints. Tax lots partially in the F-P zone and a residential zone were assigned to the adjacent residential zone, and the overlapping floodplain area was calculated in the constraint deductions.

[9] Some lots that fell within Zone 2 were excluded from Zone 2 acreage based on discussion with City staff. These included lots that were not subject to Zone 2 requirements, such as lots in a platted subdivision (most of those are authorized for development using private booster pumps for water pressure in the interim). Lots partially in Zone 2 were split, and acreages were calculated separately using the Intersect tool in GIS.

Exhibit 2. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2018
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.*

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage			Percent (total acreage)
			Zone 1	Zone 2	Total	
City Limits, by Zone						
R-1 Single Family Residential	1,928	20%	857	61	**918**	19%
R-2 Single Family Residential	4,357	44%	1,248	78	**1,326**	28%
R-3 Two Family Residential	1,225	12%	386	-	**386**	8%
R-4 Multiple-Family Residential	1,322	13%	664	-	**664**	14%
O-R Office/Residential	72	1%	25	-	**25**	1%
C-3 General Commercial	758	8%	613	-	**613**	13%
UGB, by County Zone or Plan Des.						
EF-80 (County Zone)	11	0%	117	-	**117**	2%
LDR9000 (County Zone)	1	0%	3	-	**3**	0%
VLDR-1 (County Zone)	2	0%	3	-	**3**	0%
Residential Plan Des.	178	2%	563	133	**695**	15%
Total	**9,854**	**100%**	**4,477**	**272**	**4,749**	**100%**

Development Status

Properties within the residential land base were classified into the development status categories described above (vacant, partially vacant, developed, public/exempt). The constraints shown in Exhibit 1 were then overlaid and applied to those properties.

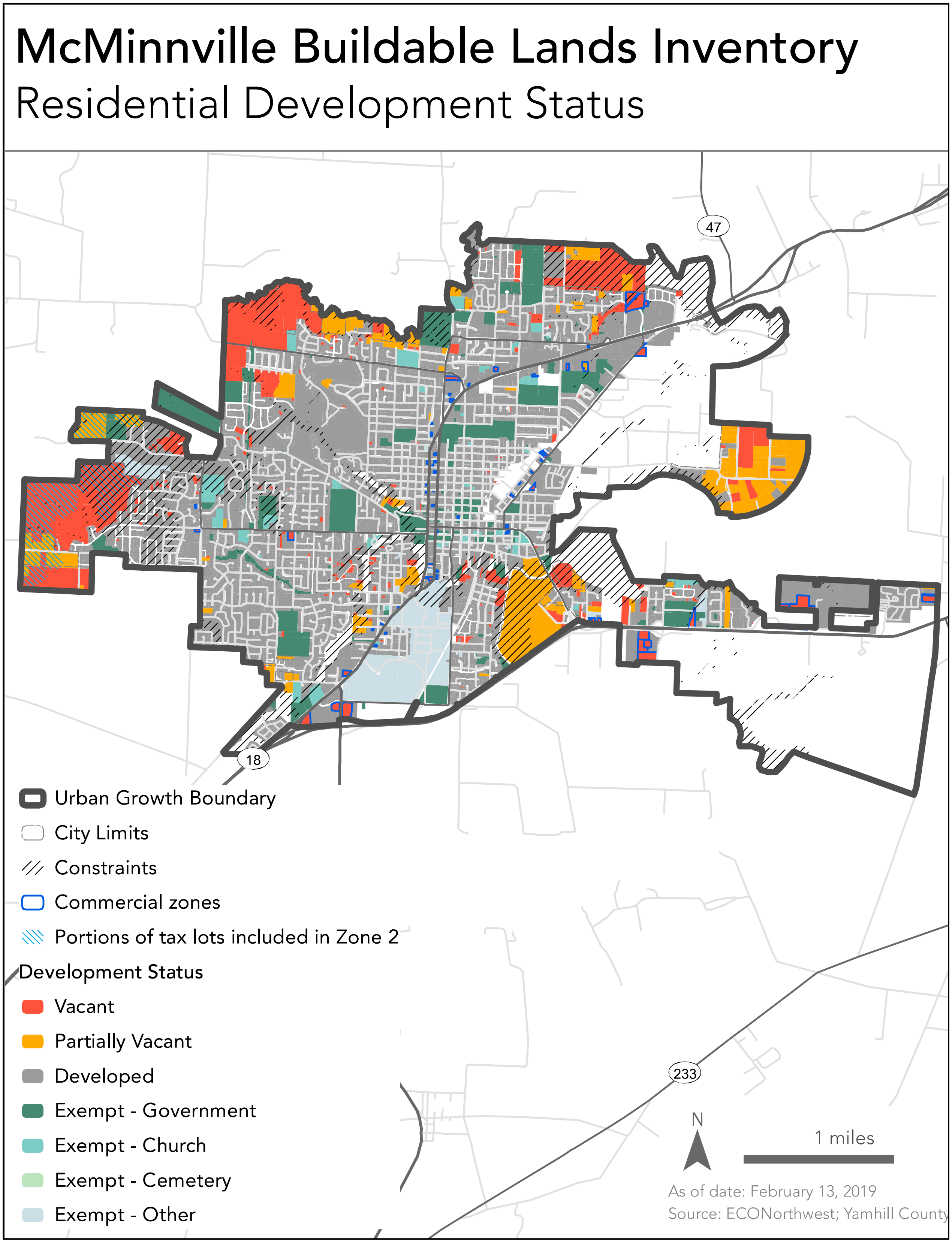
Exhibit 3 shows all land in the residential land base by development and constraint status. Of the total residential land base, about 65% of McMinnville's total residential land (3,100 acres) is committed, 20% (928 acres) is constrained, and 15% (721 acres) is unconstrained buildable acres.

Exhibit 3. Residential Land by Zone and Constraint Status, McMinnville UGB, 2018
Source: City of McMinnville, Yamhill Co., ECONorthwest. *Note: The numbers in the table may not add up to the total as a result of rounding.*

Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
R-1 Single Family Residential	857	61	**918**	595	0	**596**	153	25	178	109	36	**145**
R-2 Single Family Residential	1,248	78	**1,326**	990	-	**990**	172	33	206	86	45	**131**
R-3 Two Family Residential	386	-	**386**	347	-	**347**	33	-	33	6	-	**6**
R-4 Multiple-Family Residential	664	-	**664**	529	-	**529**	114	-	114	21	-	**21**
O-R Office/Residential	25	-	**25**	22	-	**22**	2	-	2	0	-	**0**
C-3 General Commercial	613	-	**613**	535	-	**535**	17	-	17	61	-	**61**
UGB, by County Zone or Plan Des.		-	**0**	0	-	**0**	0	-	0	0	-	**0**
EF-80 (County Zone)	117	-	**117**	18	-	**18**	31	-	31	68	-	**68**
LDR9000 (County Zone)	3	-	**3**	0	-	**0**	0	-	0	3	-	**3**
VLDR-1 (County Zone)	3	-	**3**	1	-	**1**	0	-	0	2	-	**2**
Residential Plan Des.	563	133	**695**	56	8	**63**	274	73	347	232	52	**285**
Total	**4,477**	**272**	**4,749**	**3,092**	**8**	**3,100**	**796**	**131**	**928**	**588**	**133**	**721**

Exhibit 4 on the following page shows residential land by development status with constraints overlaid.

Exhibit 4. Residential Land Base by Development Status, McMinnville UGB, 2018



Vacant Buildable Land in 2018

Exhibit 5 shows buildable acres (i.e., acres in tax lots that have capacity after constraints are deducted) for vacant and partially vacant land by zone and plan designation in 2018. Of McMinnville's 721 unconstrained buildable residential acres, about 61% are in tax lots classified as vacant and 39% are in tax lots classified as partially vacant.

Exhibit 5. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone, McMinnville UGB, 2018

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding.

Zone/Plan Designation	Total Buildable acres			Buildable acres on vacant lots			Buildable acres on partially vacant lots		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone									
R-1 Single Family Residential	109	36	**145**	84	34	**118**	25	2	**27**
R-2 Single Family Residential	86	45	**131**	74	45	**119**	12	-	**12**
R-3 Two Family Residential	6	-	**6**	5	-	**5**	1	-	**1**
R-4 Multiple-Family Residential	21	-	**21**	16	-	**16**	5	-	**5**
O-R Office/Residential	0	-	**0**	0	-	**0**	0	-	**0**
C-3 General Commercial	61	-	**61**	59	-	**59**	1	-	**1**
UGB, by County Zone or Plan Des.	0	-	**0**	0	-	**0**	0	-	**0**
EF-80 (County Zone)	68	-	**68**	63	-	**63**	5	-	**5**
LDR9000 (County Zone)	3	-	**3**	3	-	**3**	0	-	**0**
VLDR-1 (County Zone)	2	-	**2**	0	-	**0**	2	-	**2**
Residential Plan Des.	232	52	**285**	50	6	**56**	183	47	**229**
Total	**588**	**133**	**721**	**354**	**85**	**438**	**234**	**48**	**283**

The exhibits on the following pages map McMinnville's buildable vacant and partially vacant residential land and resulting buildable lands after deducting constraints. Exhibit 6 shows vacant and partially vacant lots with constraints overlaid. Exhibit 7 shows buildable lots—those vacant and partially vacant parcels that have at least some development capacity after deducting constraints. Exhibit 8 shows the unconstrained buildable acres on those buildable parcels.

Exhibit 6. Vacant and Partially Vacant Residential Lots with Constraints Overlaid, McMinnville UGB, 2018

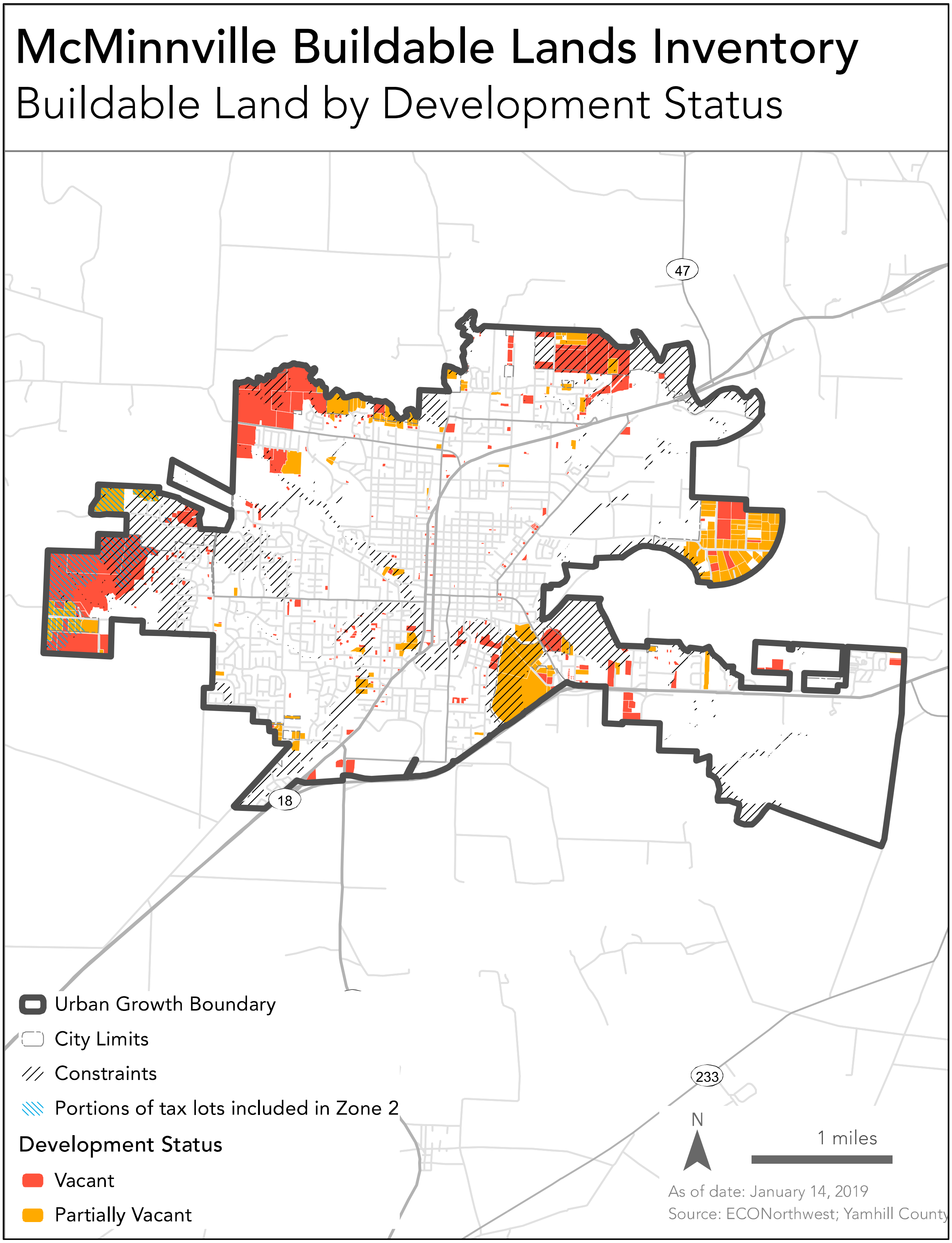


Exhibit 7. Buildable Lots with Development Capacity

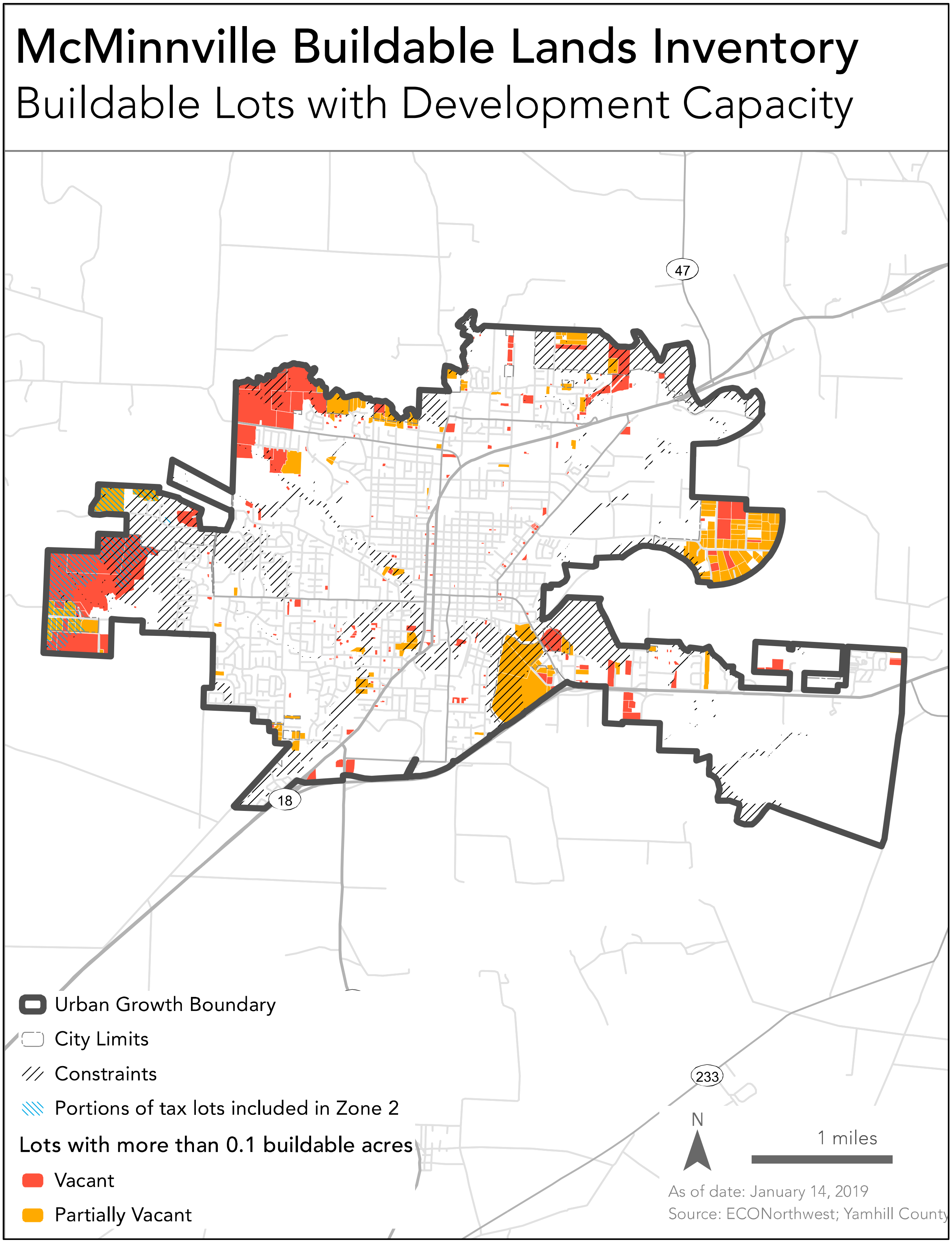
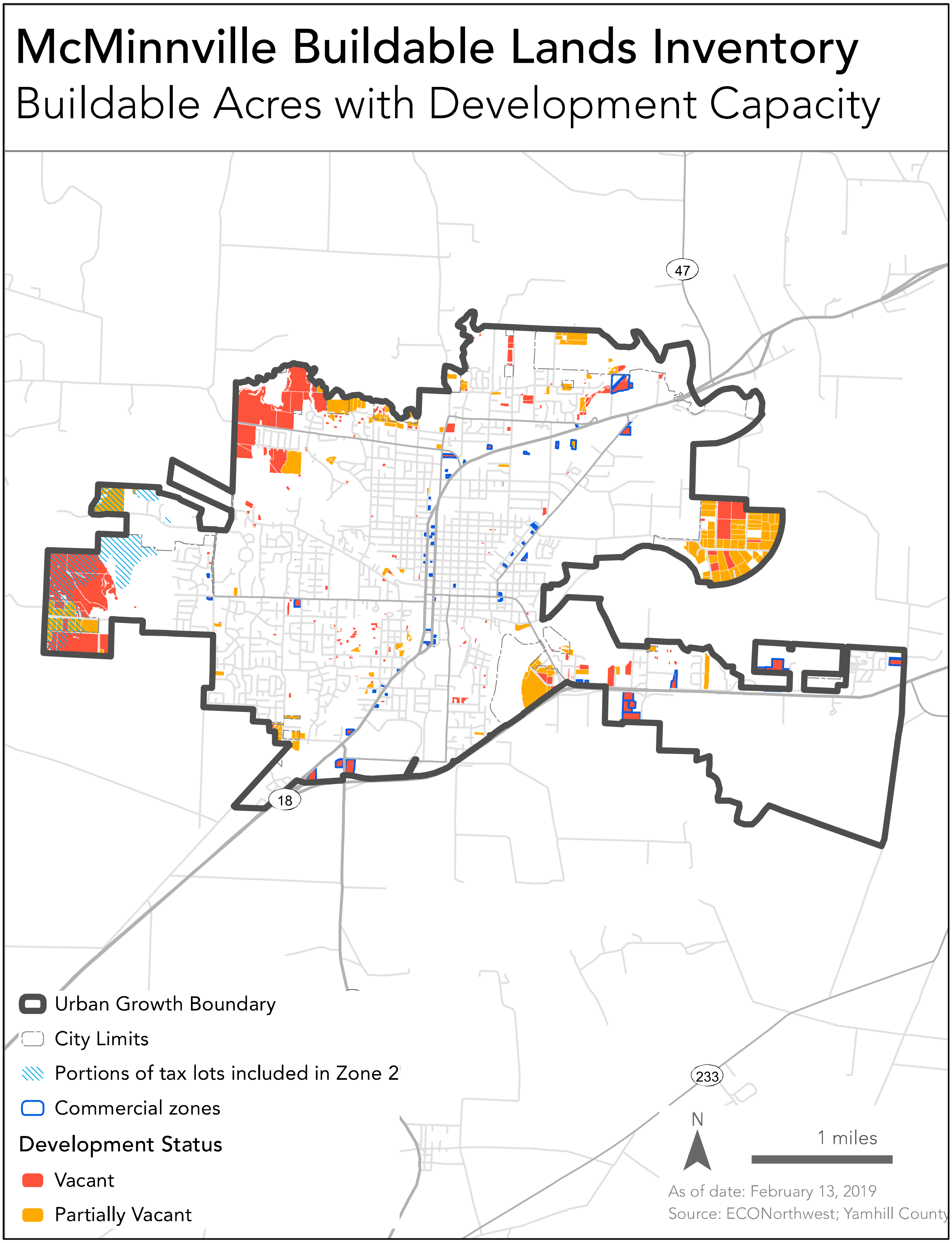


Exhibit 8. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity), McMinnville UGB, 2018



Infill and Redevelopment Potential

ORS 197.296(4) states that buildable lands must include vacant and partially vacant lands, as well as lands that may be used for infill and redevelopment. In other words, can lands that are classified as developed (not classified as vacant or partially vacant) accommodate additional development? For example, a lot developed with a single-family home may be able to accommodate an accessory dwelling unit. Infill and redevelopment reduce the amount of new residential development that must be accommodated on vacant and partially vacant land. The standard is outlined in OAR 660-008-0005(7):

> "Redevelopable Land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

The key phrase here is "there exists the <u>strong likelihood</u> that existing development will be converted to more intensive uses." The rule provides no guidance on how to operationalize the definition; the remainder of this section describes how it is addressed for this study.

While every property that is classified as vacant or partially vacant and has capacity after deducting constraints is expected to accommodate new development, the calculation is different for infill and redevelopment. The City need only identify the extent of infill and redevelopment likely to occur on lands that are already classified as developed. In other words, while some developed lots may accommodate some additional infill and redevelopment, not every property that could experience infill or redevelopment will do so during the twenty-year planning period.

The City is not required to create a map or document that identifies specific lots or parcels that may be used for infill or redevelopment like it is for vacant and partially vacant properties classified as buildable lands (ORS 197.296(4)(c)).

The Project Advisory Committee considered options for assumptions about the amount of infill and redevelopment that could reasonably be expected to occur on other residential lands that are already considered to be developed. There was general interest in using safe harbors or safe harbor methods and simplified methods when provided in applicable statutes and administrative rules. This recognizes that the safe harbor protections may not be available to the City for some methods while acknowledging that the methods and assumptions are reasonable nonetheless and are based on an analysis that was used to develop those methods and assumptions.

As a reminder, even small parcels with existing development that have been classified as partially vacant are already assumed to have capacity and are not included under the definition of infill.

It is unrealistic to assume that every property classified as developed that could experience even a small amount of infill, redevelopment, or both would do so during the planning period.

For example, if every single-family dwelling could add an accessory dwelling, it would be unreasonable to assume every property owner would add one (e.g., the strong likelihood standard). Therefore, rather than analyze properties to identify which ones would be authorized for infill and redevelopment, the analysis focused on the share of new residential units that reasonably could be expected to be accommodated on lands that are already classified as developed. For redevelopment, an optional check could include an evaluation of the extent of larger sites that have capacity to accommodate increased development and have realistic improvement-to-land-value ratios.

Assumed infill and redevelopment would need to add new units, and the demolition and replacement of one dwelling with another one would not add new residential units.

OAR 660-038 provides a simplified UBG method, which provides formulas that can be used for certain assumptions related to a UGB expansion, including sections that address residential land needs in OAR 660-038-0030. The simplified method can only be used when planning for a UGB for a shorter time period (fourteen years), which the City of McMinnville has chosen not to pursue. However, the analysis that went into developing the formulas in the simplified method provide useful guidance.

- OAR 660-038-0030(6) allows a city to account for the projected redevelopment expected to occur in residentially zoned areas and for mixed-use residential development in commercially zoned areas. For cities with a current UGB population greater than 25,000, the specified range is between 5% and 25%.
  - Five percent of the 4,657 units projected from 2021 to 2041 is 233 units (12 units/year); 25% is 1,164 units (58 units/year). The City of McMinnville has not seen significant redevelopment of existing sites for new housing in the past twenty years.
- OAR 660-038-0030(7) allows a city to account for accessory dwelling units expected to occur. For cities with a current UGB population greater than 25,000, the specified range is between 1% and 3%.
  - One percent of the 4,657 units projected from 2021 to 2041 is 47 units (2 units/year); 3% is 140 units (7 units/year). While McMinnville does not track permits for ADUs differently than for other dwellings, it is estimated that the construction of new ADUs has averaged fewer than two per year.
- These two factors account for infill and redevelopment. There are no other provisions in the simplified method addressing infill other than in the later evaluation of land in areas studied for inclusion in the UGB. Taken together, the range for infill and redevelopment is 6% to 28%
- It is reasonable to assume that some parcels classified as developed (less than one-half acre with a residence) will also have some infill capacity through partitioning rather than ADUs, based on zoning and site development configuration. Therefore, we don’t differentiate the type of infill development.

Recommendation on Infill

The Project Advisory Committee's recommended assumption for redevelopment is that 8% of new dwelling units during the planning period will be accommodated on lands classified as "developed" through infill, redevelopment, or both. (Eight percent of the 4,657 units projected from 2021 to 2041 is 373 units [19 units/year].0

Recommendation for Land Needs Before 2021

Since the planning period begins in 2021, there is an interim period during which there will be additional population growth, new housing, and consumption of buildable land. The PSU population forecast shows growth of about 1,480 people between 2018 and 2021, which would equate to about 580 households (and 580 needed occupied dwelling units), using the same household size assumption applied to the planning period. After applying vacancy rate assumptions, McMinnville is forecast to need 612 new dwelling units between 2018 and 2021 (see Exhibit 75). After applying assumptions for infill and redevelopment, McMinnville will need to accommodate 49 dwelling units through infill and redevelopment and 563 new dwelling units on vacant and partially vacant land (see Exhibit 88 and Exhibit 89).

At historic average density of 4.9 dwelling units per gross acre, it is expected that the 563 dwelling units would consume approximately 115 acres of the current buildable lands inventory before 2021. Since that interim population will have occurred prior to the beginning of the planning period (2021), that population is considered an "existing population," which does not need to be added back into forecast population that starts in the 2021 base year. Rather, the 563 dwelling units and the 115 acres, estimated between 2018-2021, are deducted from the 2018 capacity to estimate the remaining capacity in 2021 at the beginning of the planning period (see Chapter 6).

3. Historical and Recent Development Trends

Analysis of historical development trends in McMinnville provides insight into the functioning of the local housing market. Moreover, it is required by ORS 197.296(5)(a). The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.[10] The City's last periodic review ended in 1999. As a result, this HNA examines changes in McMinnville's housing market from January 2000 to December 2017 for information about housing mix and density. For other information about McMinnville's housing market, we present information for 2000 through 2017 from the US Census and ACS, as that is the most recently available data. We selected this time period both because it complies with ORS 197.296 and because it provides information about McMinnville's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs.

This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, single-family attached, multifamily, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on (1) whether the structure is a stand-alone or is attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

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[10] Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

- **Single-family detached** includes single-family detached units (including multiple single-family detached units on a single parcel), manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In McMinnville, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. ORS 197.312 specifies that a city or county may not, by charter, prohibit government-assisted housing or impose additional approval standards on government-assisted housing that are not applied to similar but unassisted housing. It also contains provisions providing for equal zoning treatment of housing for a farmworker and the farmworker's immediate family.

Data Used in This Analysis

Throughout this report, we use data from multiple sources, choosing data from well-recognized and reliable data sources. State statutes do not provide direction about which data sources to use. This report uses the best available sources for housing, population, and household data, which comes from two primary Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. From 2012 through 2016 and 2013 through 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% and 2.9% of the households in the nation, respectively. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2012–2016 and 2013–2017 ACS for McMinnville.[11] In general, we use data from 2012–2016, unless the data informs a housing forecast assumption, in which case we use data from 2013–2017. This chapter, as well as the following chapters, also use data from the 2000 and 2010 Decennial Census. If, for example, the report presents a finding that addresses a period from 2000 to the "2013–2017 period," then the report is describing a trend that took place from 2000 to 2017 (a 17-year analysis period).

It is worth commenting on the methods used for the American Community Survey.[12] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band, or "margin of error" (MOE), around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types, comparing McMinnville to Yamhill County and Oregon. We compare McMinnville to these larger regions to understand how McMinnville fits into the regional housing market. These trends demonstrate the types of housing developed in McMinnville historically.

This section shows the following trends in housing mix in McMinnville:

- **McMinnville's housing stock is majority single-family detached housing units.** According to 2013–2017 ACS data, 68% of McMinnville's housing stock was single-family detached, 23% was multifamily, and 9% was single-family attached (e.g., town houses).

  Based on ACS data, McMinnville has a proportionally smaller share of single-family housing compared to Yamhill County (79%) and the State (72%). This is typical, as urban areas (i.e., McMinnville) will often have a larger share of multifamily housing than more rural areas of the same jurisdiction (i.e., Yamhill County).

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[11] ACS data is presented in five-year ranges because "they represent the characteristics of the population and housing over a specific data collection period." https://www.census.gov/content/dam/Census/programs-surveys/acs/about/ACS_Information_Guide.pdf

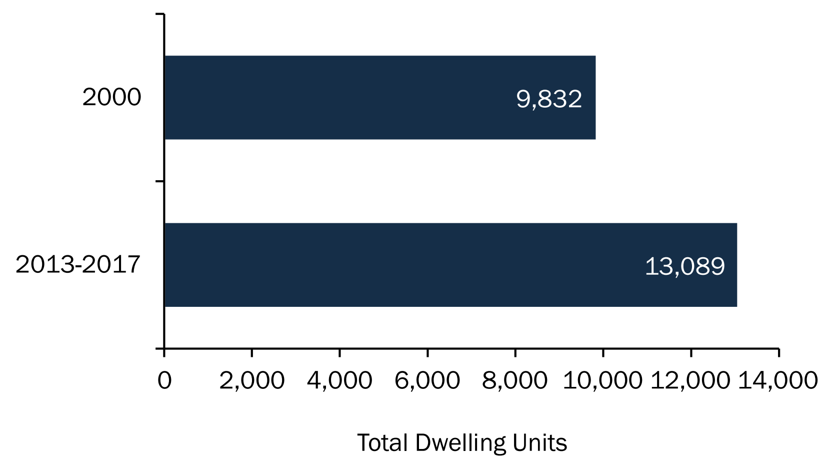
[12] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

- **McMinnville's housing mix is not unlike most comparison cities.** Single-family detached housing is the dominant housing type in McMinnville and other comparison cities (Albany, Ashland, Grants Pass, Hood River, Newberg, Redmond, and Sherwood). McMinnville does, however, have a slightly higher share of single-family attached housing than many of these communities, (particularly Albany, Grants Pass, Hood River, and Redmond). McMinnville has a larger share of manufactured housing (about 12%, classified as single-family detached), compared to other comparison cities.
- **McMinnville's total housing stock grew by about 33% between 2000 and the 2013–2017 period.** McMinnville added 3,257 new dwelling units during this 17-year period.
- **According to McMinnville's permit database, single-family detached housing accounted for the majority of new housing growth between 2000 and 2017.** Sixty-two percent of new housing permitted between 2000 and 2017 was single-family detached housing.

Housing Mix

The total number of dwelling units in McMinnville increased by 3,257 units from 2000 to 2017 (33% change).

Exhibit 9. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

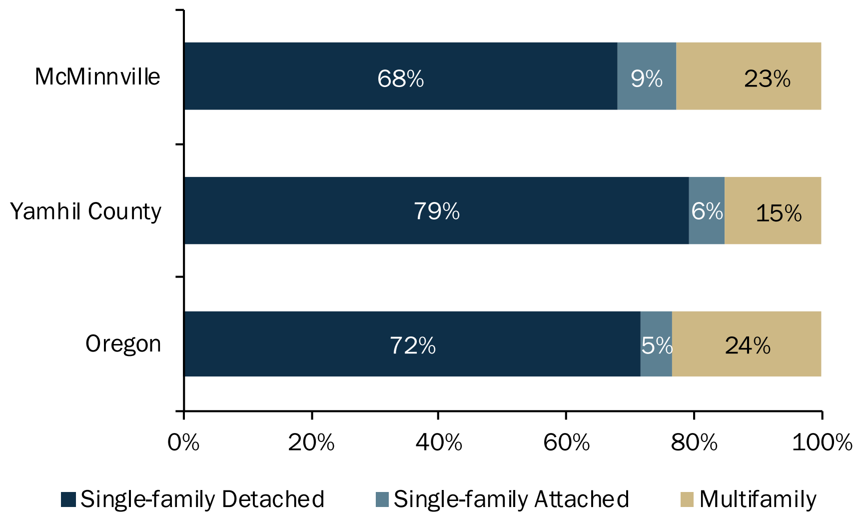


About two-thirds of McMinnville's total housing stock is single-family detached.

Typical of urban areas, McMinnville has a larger share of multifamily housing than Yamhill County, which is comprised of both urban (including McMinnville) and rural areas.

Exhibit 10. Housing Mix, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25024.

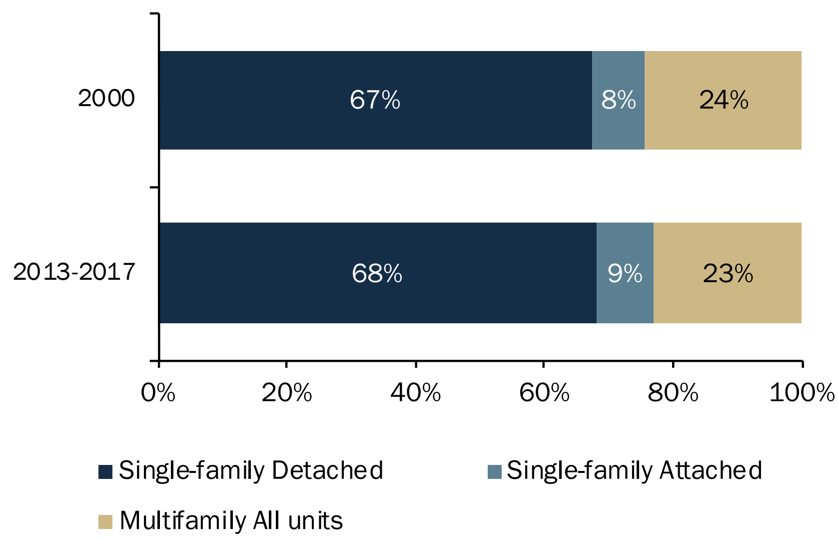


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

McMinnville had 13,089 dwelling units in 2017. About 8,902 were single-family detached, 1,180 were single-family attached, and 3,007 were multifamily.

Exhibit 11. Change in Housing Mix, McMinnville, 2000 and 2013–2017

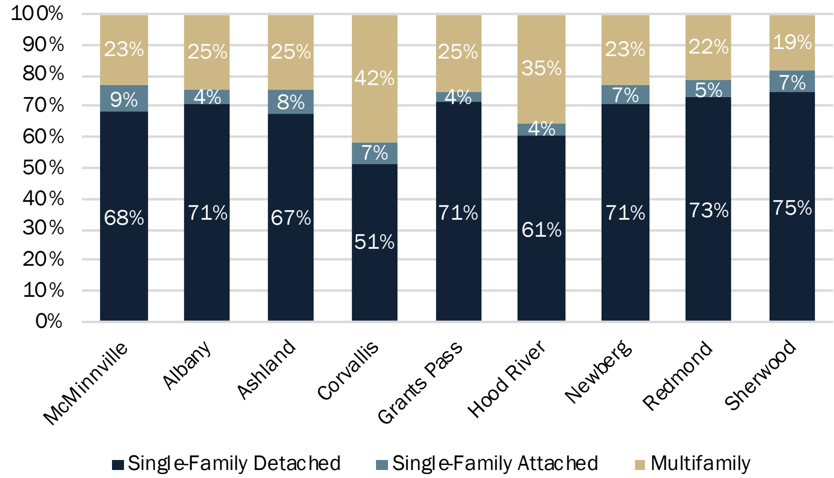
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



McMinnville has a larger share of single-family attached housing than other comparison cities.

Exhibit 12. Housing Mix, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Comparison cities selected by the City of McMinnville.

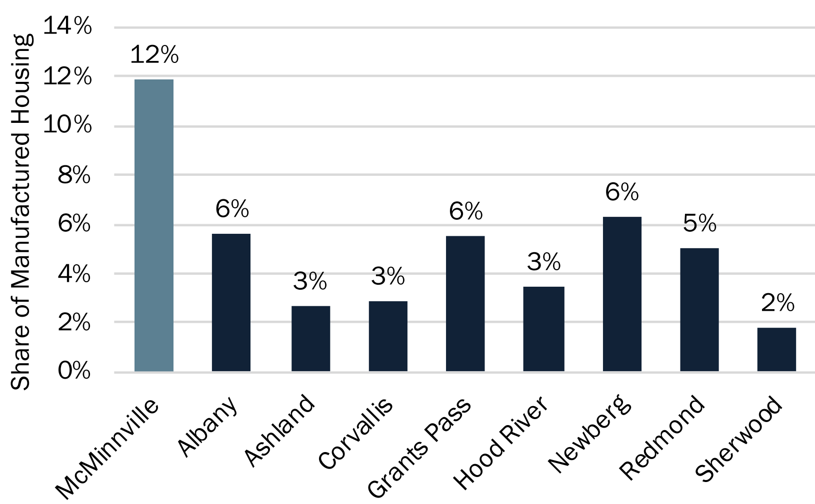


About 12% of McMinnville's housing stock is manufactured housing.

McMinnville has a larger share of manufactured housing stock than all other comparisons cities.

Exhibit 13. Manufactured Housing, Share of Total Housing Stock, McMinnville and Comparison Cities, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25024. Note: Manufactured housing is a form of single-family detached housing.



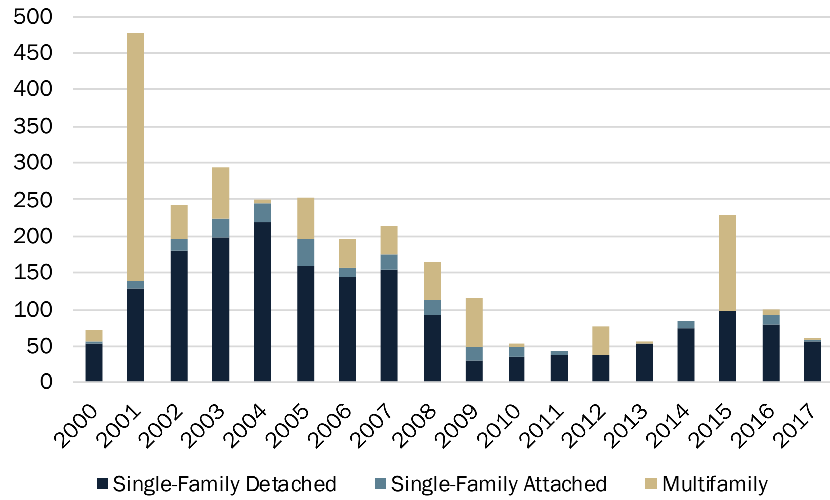
Building Permits

Over the 2000 to 2017 period, McMinnville issued permits for 3,038 dwelling units, with an average of 179 permits issued annually.

Since 2000, McMinnville issued 69% of permits for single-family dwelling units (62% single-family detached and 8% single-family attached). McMinnville issued 31% of permits for multifamily dwelling units.

Exhibit 14. Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 2000 through 2017

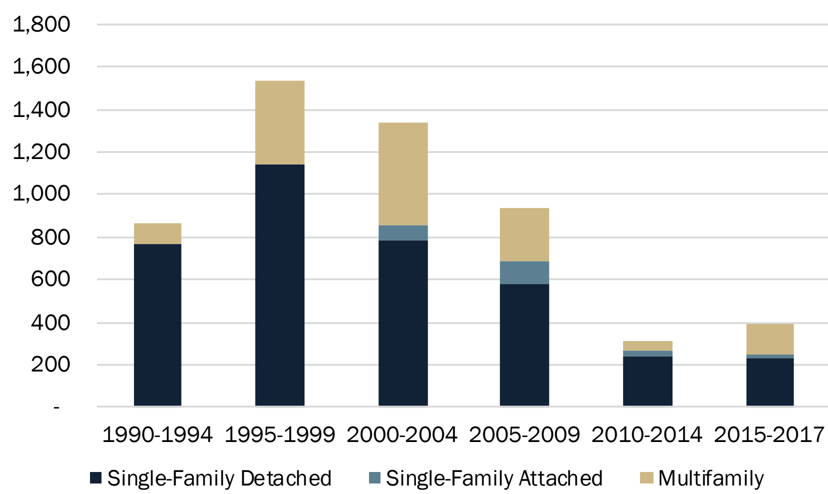
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepency from ACS data presented in Exhibit 9. That said, there is a margin of error associated with ACS data.



McMinnville permitted substantially fewer units in the current decade (2010–17) than previous decades.

Exhibit 15. Share of Building Permits Issued for New Residential Construction by Type of Unit, McMinnville, 1990–1994, 1995–1999, 2000–2004, 2005–2009, 2010–2014, and 2015–2017

Source: City of McMinnville. Note: DU is dwelling unit.



Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.[13] The US Census does not track residential development density, thus this study analyzes housing density based on McMinnville's permit database for development between 2000 and July 2018.

Through analysis of McMinnville's building permit data, between 2000 and July of 2018, 3,038 new dwelling units were developed in McMinnville. Of the 3,038 new units:

- **1,877** units were single-family detached (62%),
- **228** units were single-family attached (8%), and
- **933** units were multifamily (31%).

Exhibit 16 shows average net residential development by structure type for the historical analysis period (2000 to July of 2018). In this time, housing in McMinnville developed at an average density of 6.6 dwelling units per net acre. Single-family detached housing developed at an average of 4.8 units per net acre. Single-family attached housing developed at an average of 12.3 units per net acre. Multifamily housing developed at an average of 18.2 units per net acre (of which duplexes developed at an average of 7.0 units per net acre and all other multifamily units developed at 19.7 units per net acre).

Exhibit 16. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018
Source: City of McMinnville Building Permit Database.

Plan Designation and Zone	Single-Family Detached			Single-Family Attached			Multi-Family			TOTAL		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Commercial Sub-Total	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
C-3	-	-	-	-	-	-	309	9.9	31.2	309	9.9	31.2
Residential Sub-Total	1,877	393.8	4.8	228	18.5	12.3	624	41.3	16.5	2,729	453.5	6.0
O-R	-	-	-	-	-	-	57	7.5	7.6	57	7.5	7.6
R-1	393	98.9	4.0	27	2.9	9.5	2	0.2	-	422	102.0	4.1
R-2	880	184.8	4.8	102	8.3	12.3	213	14.5	18.6	1,195	207.6	5.8
R-3	100	17.0	5.9	44	4.2	10.6	6	0.9	-	150	22.0	6.8
R-4	504	93.1	5.4	55	3.1	17.6	346	18.2	19.1	905	114.4	7.9
Total	**1,877**	**393.8**	**4.8**	**228**	**18.5**	**12.3**	**933**	**51.2**	**18.2**	**3,038**	**463.4**	**6.6**

[13] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

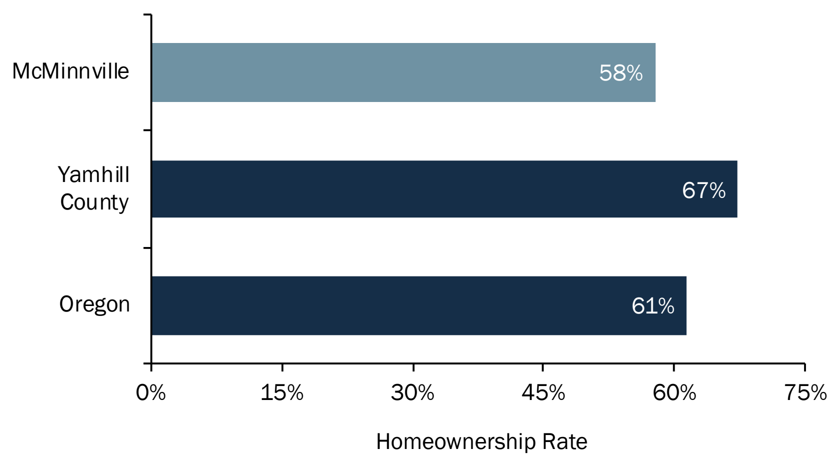
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **About 58% of McMinnville households were homeowners in 2012–2016.** In comparison, 67% of Yamhill County households and 61% of Oregon households were homeowners.
- **Homeownership in McMinnville stayed relatively stable between 2000 and 2012–2016.** In 2000, 60% of McMinnville households were homeowners. In 2010 and 2012–2016, 58% of households were homeowners.
- **Nearly all McMinnville homeowners (95%) lived in single-family detached housing, while many renters (58%) lived in multifamily housing.** (2012–16 ACS data)

McMinnville's homeownership rate is lower than that of the County and State.

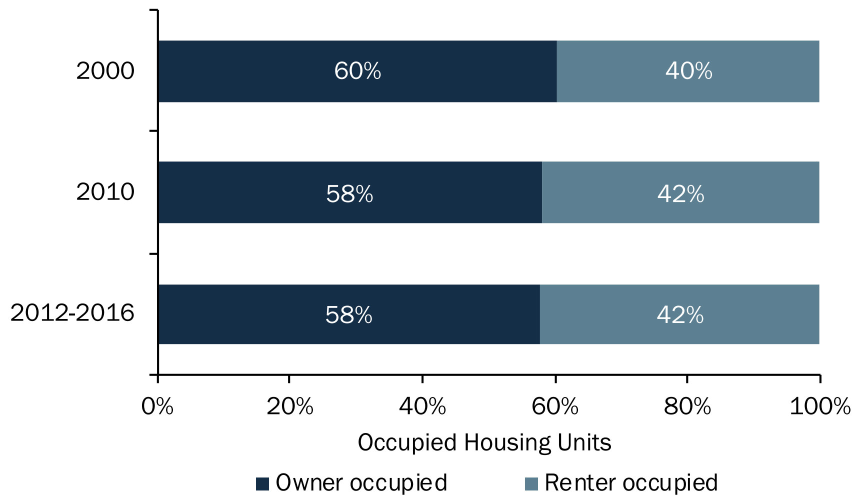
Exhibit 17. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B24003.



McMinnville's homeownership rate has remained steady since 2000 at about 60%.

Exhibit 18. Tenure, Occupied Units, McMinnville 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.

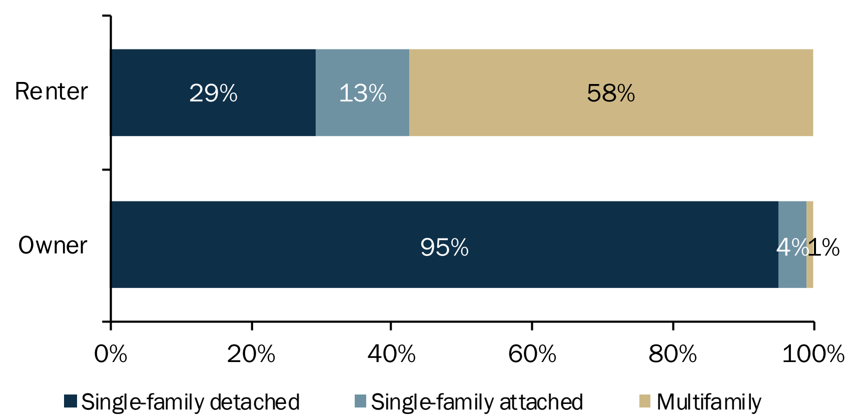


Nearly all homeowners and about a third of all renters lived in single-family detached housing.

Fifty-eight percent of McMinnville's households that rented lived in multifamily housing.

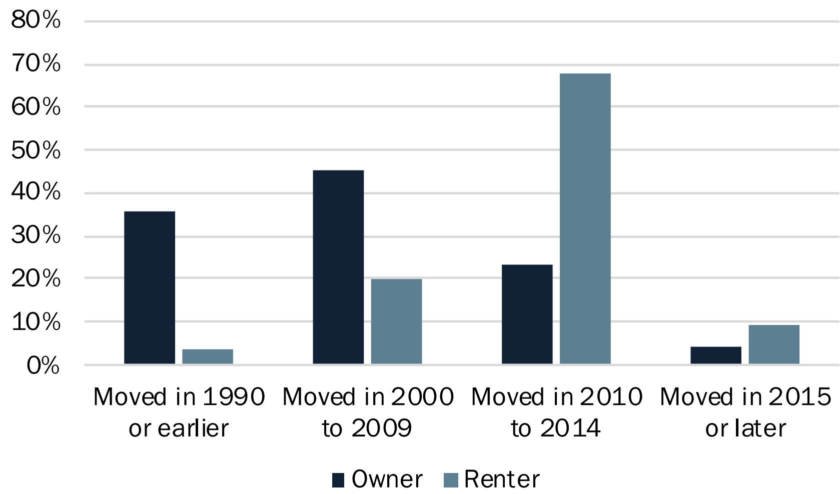
Exhibit 19. Housing Units by Type and Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25032.



Twenty-eight percent of homeowners moved in 2010 or after, compared to 77% of renters that moved in 2010 or after.

Exhibit 20. Tenure by Year Householder Moved, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

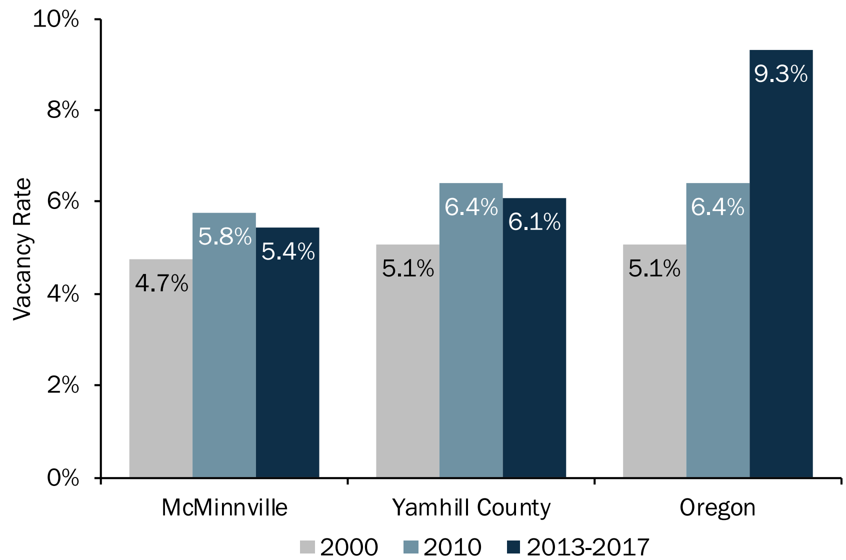
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

The vacancy rate in McMinnville was 5.4% in 2013–2017, up from 4.7% in 2000.

As of 2017, McMinnville's vacancy rate was below that of Yamhill County (6.1%) and Oregon (9.3%).

Exhibit 21. Percent of Housing Units that are Vacant, McMinnville, Yamhill County, and Oregon, 2000, 2010, 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table QT-H1, 2010 Decennial Census SF1 Table QT-H1, 2013-2017 ACS Table B25002.



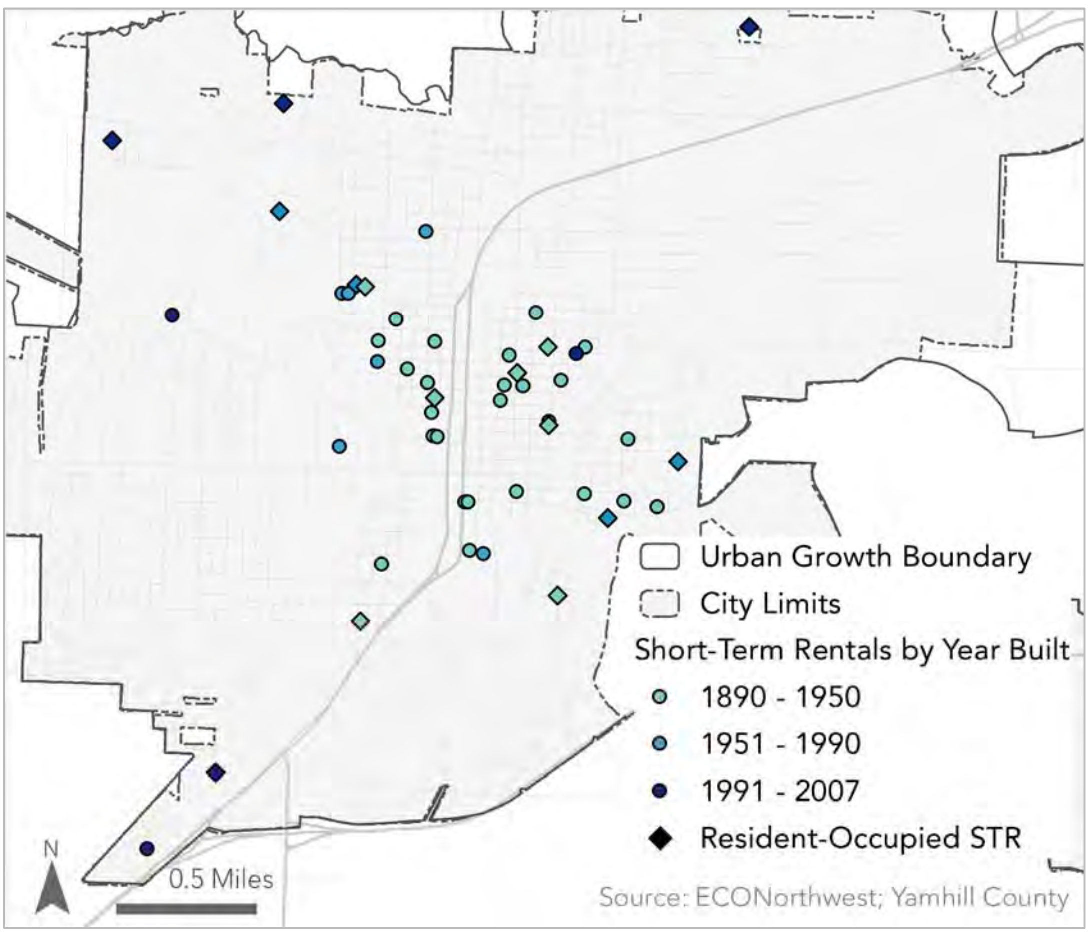
Short-Term Rentals and Seasonal Housing

McMinnville defines a short-term rental as "the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville defines a resident-occupied short-term rental as "the use of no more than two guest sleeping rooms by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. The dwelling unit is occupied by a full-time resident at the time that the guest sleeping rooms within the dwelling unit are available for overnight rental. Resident occupied short-term rentals include bed-and-breakfast establishments approved under the regulations in effect through May 10, 2018 (Ord. 5047 §2, 2018).

McMinnville has about 53 short-term rentals, of which 15 rentals are occupied by a resident. Of these rentals, 60% are located in units built in 1950 or earlier, 19% in units built between 1951 and 1990, 13% in units built in 1991 or later, and 8% are unknown.

Exhibit 22. Short-Term Rentals, McMinnville, 2018 Point-in-Time
Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.

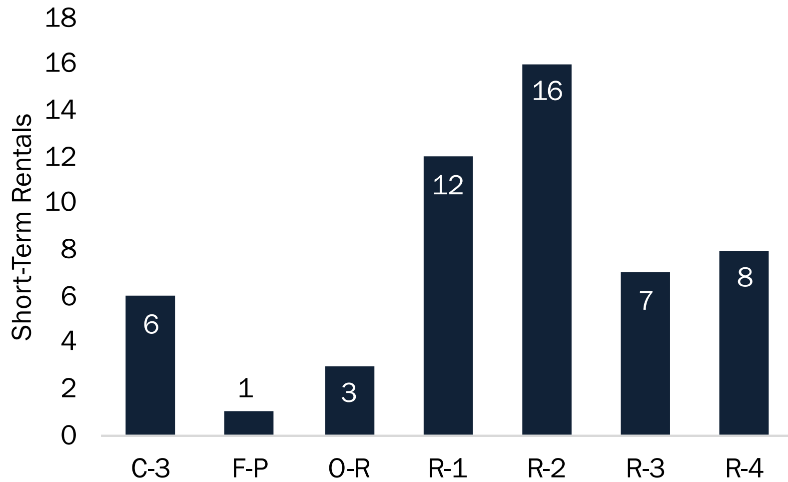


About 87% of McMinnville's short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

Another 11% of short-term rentals are located in a commercial zone (C-3), and the remaining 2% of short-term rentals are located in a floodplain (F-P).

Exhibit 23. Short-Term Rental by Zone Classification, McMinnville, 2018 Point-in-Time

Source: City of McMinnville short-term rental database. Note: Short-term rentals include resident-occupied short-term rentals and nonresident-occupied short-term rentals.



McMinnville has more vacant units categorized as "seasonal, recreational, or occasional use" than it did in 2000.

However, a smaller share of McMinnville's vacant units is for seasonal, recreational, or occasional use (9% in 2000, 7% in 2010, and 5% in 2016).

Exhibit 24. Vacancy of Seasonal, Recreational, or Occasional-Use Housing, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2012–16 ACS Table B25004. Note: This data is not directly associated with the City of McMinnville's short-term rental data.

23 Units	52 Units	74 units	222%
2000	2010	2012–2016	Change from 2000 to 2012–2016

Government-Assisted Housing Projects

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are sixteen government-assisted housing developments in McMinnville:

McMinnville has a total of 16 government-assisted housing developments, totaling 558 units.

Exhibit 25. Inventory of Government-Assisted Housing Projects, McMinnville, 2018

Source: Oregon Department of Housing and Community Services, Affordable Housing Inventory, 2018. Note: The Project Advisory Committee vetted OHCS's inventory and modified the listings to accurately reflect government-assisted housing in McMinnville.

Development Name	Total Units	Population Served
Bridges	6	Low-income residents
Fresa Park B	6	Agricultural workers
Hendricks Place	8	Special Needs
Heritage Place	60	Seniors
Homeport	12	Special Needs
Jandina Park	36	Family
Orchards Plaza	60	(5) Family and (55) Seniors
Redwood Commons	64	Family
Sunflower Park	33	(27) Family (6) Transitional
Sunnyside Apts	15	Special Needs
Tice Park	88	Family
Villa Del Sol	24	(12) Family and (12) Agricultural workers
Villa West	48	Family
Village Quarter	50	Senior
Willamette Place I	24	Seniors or Special Needs of Any Age
Willamette Place II	24	Seniors or Special Needs of Any Age
Total	558	

In addition, the Housing Authority of Yamhill County (HAYC) administers 1,423 Housing Choice Vouchers (countywide). A small share of these vouchers serves specific populations, such as homeless veterans and their families with VASH vouchers and nonelderly persons with disabilities with Mainstream Vouchers. Due to the shortage of affordable rental housing in Yamhill County, HAYC has a 58% utilization rate for persons-issued vouchers (as of December 2018).[14]

[14] When households qualify to receive a Housing Choice Voucher, they must first find housing that meets their income and housing cost requirements. Many households in McMinnville are unable to find rental housing that meets those requirements and must forego their Housing Choice Voucher, despite being eligible. Forty-two percent of Housing Choice Vouchers are currently unused for this reason.

Manufactured Homes

Cities are required to plan for manufactured homes—both on individual lots and in parks (ORS 197.475-492). Manufactured homes typically provide a source of affordable housing in cities. They provide a form of homeownership and rental units that can be made available to households making less than the median income in cities.

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space on which the unit is located. Living in a manufactured housing park is desirable to some because it can provide a sense of security (with an on-site manager), community, and amenities (such as laundry and recreation facilities). Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons. For instance, manufactured homes have lower base prices, as they cost less to produce. Due to the durability of a manufactured home, the value of a manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases.

ORS 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 26 presents the Oregon Department of Housing and Community Services (OHCS) inventory of mobile and manufactured home parks within McMinnville as of 2018.

McMinnville has 12 manufactured home parks within the UGB, with a total of 1,014 spaces.

Exhibit 26. Inventory of Mobile/Manufactured Home Parks, McMinnville UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory (tabular) and Interactive Map and Statewide Park Directory. Note 1: The tabular directory only identified four parks (Flamingo Mobile Homes, Squires Estates, Squires Mobile West Estates, and Walnut City Lodges). Note 2: This inventory excludes "mobile home subdivisions" where all lots are occupied by manufactured homes, but each manufactured home is on a separate lot.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone or Plan Designation
Flamingo Mobile Home Park	1338 E Quincy	55+	24	0	R-4
Squires Estates	1557 N Pacific Hwy	Family	103	0	R-3
Squires Mobile West Estates	1011 N 9th St	Family	102	2	R-3
Walnut City Lodges	745 SW Baker St	Family	32	2	O-R
Kathleen Manor Manufactured Home Community	1200 Hill Rd	Family	224	n/a	R-3
Heidi Manor Manufactured Home Community	1145 SW Cypress St	Family	116	n/a	R-3
Southwest Terrace LLC	1501 SW Baker St	55+	76	n/a	C-3
Victor Manor/Horizon Homeowners Cooperative	900 SE Booth Bend Rd	Family	32	n/a	C-3
McMinnville Manor	1602 NE Riverside Dr	55+	95	n/a	R-4
Riverside Mobile Terrace	2170 NE Riverside Dr	Family	82	n/a	R-4
Evergreen Mobile Home Park	2400 SE Stratus Ave	Family	20	n/a	R-4
Olde Stone Village	4155 NE Three Mile Ln	Family	108	n/a	R-4
Total			**1,014**	**4**	

4. Demographic and Other Factors Affecting Residential Development in McMinnville

Demographic trends are important for developing a thorough understanding of the dynamics of the McMinnville housing market and projecting McMinnville's future housing needs. McMinnville exists in a regional economy, where trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to McMinnville at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare McMinnville to Yamhill County and, where appropriate, to nearby cities with comparable populations and community attributes (Monmouth, Independence, Dallas, and Newberg). Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next twenty years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the twenty-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4. Chapter 5 presents data to address steps 1, 5, and 6.

Demographic and Socioeconomic Factors Affecting Housing Choice[15]

Analysts typically describe housing demand as the preferences for different types of housing (i.e., single-family detached, single-family attached, or multifamily), and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of seniors (particularly Baby Boomers or people born from about 1946 to 1964), and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Income** is household income. Research suggests that income is the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., a single-family detached, a duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these key demographic factors, presenting data that suggests how changes to these factors may affect housing need in McMinnville over the next twenty years.

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[15] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association*, Winter 2008.

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

G. Galster, "People Versus Place, People and Place, or More? New Directions for Housing Policy," *Housing Policy Debate*, 2017.

C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

J. Schuetz, "Who Is the New Face of American Homeownership?," Brookings, 2017.

American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[16]

This brief summary on national housing trends builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

> "By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns."

However, challenges to a strong domestic housing market remain. High mortgage rates make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. The *State of the Nation's Housing, 2018* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the national housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for-sale homes in 2017 averaged 3.9 months below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing, 2018* report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a fifty-year low of 62.9% in the second quarter of 2016 to 63.7% in the second quarter of 2017. Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. As resources become increasingly competitive, and with such a large share of households exceeding the

[16] These trends are based on information from (1) the *State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University, (2) the Urban Land Institute's "2018 Emerging Trends in Real Estate," and (3) the US Census.

traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes nationally could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,[17] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

- **Growth in rehabilitation market.** [18] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.

  - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, "the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or active, age-targeted communities.[19] Characteristics like

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[17] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

To generalize, and because there is no official Millennial generation, we define this cohort as individuals born between 1980 and 2000.

[18] These findings are copied from the Joint Center for Housing Studies of Harvard University's "Improving America's Housing, 2019."
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

[19] Urban Land Institute, "Emerging Trends in Real Estate, 2019."

immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[20] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[21] A broader definition exists, which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[22] Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[23]

- *Millennials.* Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.[24] Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

  Millennials only started forming their own households at the beginning of the 2007–2009 recession. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017, Millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

  Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active homebuyers,

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[20] C. Herbert and H. Molinsky, "Meeting the Housing Needs of an Aging Population.," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[21] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[22] Ibid.

[23] American Planning Association, "Making Space for Tiny Houses," Quick Notes.

[24] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household in 1980, and by 2008, 20% did (18% change).

while Gen Xers comprised 32% and Baby Boomers 31%.[25] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- Changes in housing characteristics. The US Census Bureau's *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:[26]

[25] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[26] US Census Bureau, "Highlights of Annual 2017 Characteristics of New Housing." https://www.census.gov/construction/chars/highlights.html.

- *Larger single-family units on smaller lots*. Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally from 2,028 sq. ft. to 2,426 sq. ft., and between 1999 and 2017, the western region increased by 20% from 2,001 sq. ft. to 2,398 sq. ft. Moreover, between 1999 and 2017 the percentage of new units smaller than 1,400 sq. ft. across the United States decreased by more than half, from 15% to 6%; the percentage of units greater than 3,000 sq. ft. increased from 17% to 25%; and the percentage of lots less than 7,000 sq. ft. increased from 25% to 31%. In addition to larger homes, a trend toward smaller lot sizes is seen nationally.
- *Larger multifamily units*. Between 1999 and 2017, the median size of new multifamily dwelling units increased by 5.3% across the United States, and the western region increased by 2.4%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% to 33% between 1999 and 2017, and it increased from 25% to 28% in the western region.
- *Household amenities*. Across the United States since 2013, an increasing number of new units have had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. In that same time, the share of units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the United States had one or more garages (down from 69% in 2000).
- *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [27] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms, kitchens and other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green space, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, and tennis courts.[28]

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions

[27] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[28] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*, n.d. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

A. Saiz and A. Salazar, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab, n.d.

of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon."

It identified the following issues that describe housing need statewide:[29]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon[30] was $11.25, $12.50 in the Portland Metro, and $11.00 for nonurban counties.

"Breaking New Ground, Oregon's Statewide Housing Plan" for 2018 describes the Oregon Housing and Community Services (OHCS) goals and implementation strategies for achieving the goals.[31] It includes relevant data to help illustrate the rationale for each priority. Oregon's

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[29] These conclusions are copied directly from *Oregon's 2016–2020 Consolidated Plan Amendment* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

[30] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[31] Priorities and factoids are copied directly from Oregon Housing and Community Services "Breaking New Ground, Oregon's Statewide Housing Plan," November 2018 Draft. https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf

"Statewide Housing Plan" identified six housing priorities to address in communities across the State over 2019 to 2023.

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
  - Summary of the Issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the white population.
  - 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*
  - Summary of the Issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population increased faster than the sheltered population, and the State's rate of unsheltered homelessness is the third highest in the nation at 57%. The State's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.
  - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. OHCS will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
  - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
  - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive-housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental-housing gap and reduce housing cost burden for low-income Oregonians.*

- Summary of the Issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
  - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
  - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
  - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is $42,750 for rural counties versus $54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
  - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in McMinnville

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

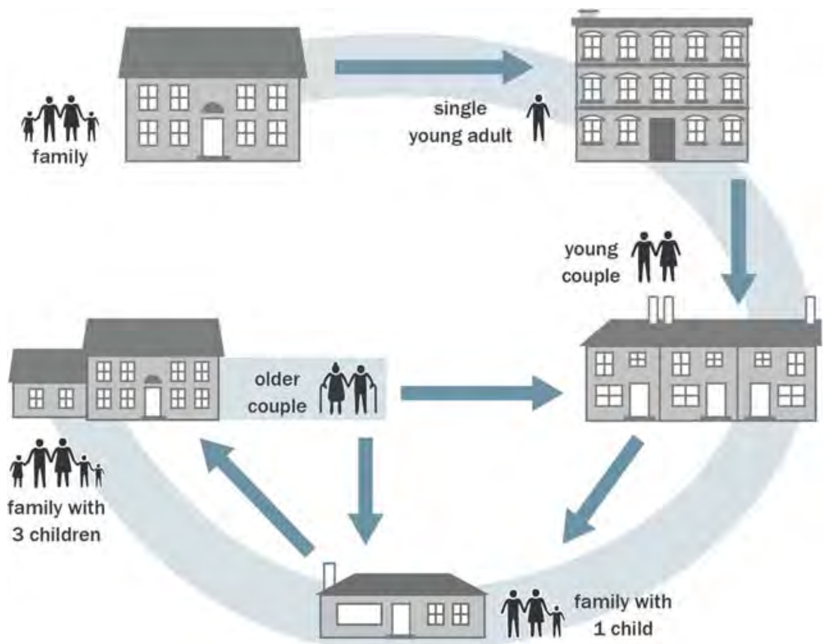
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in McMinnville.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 27. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

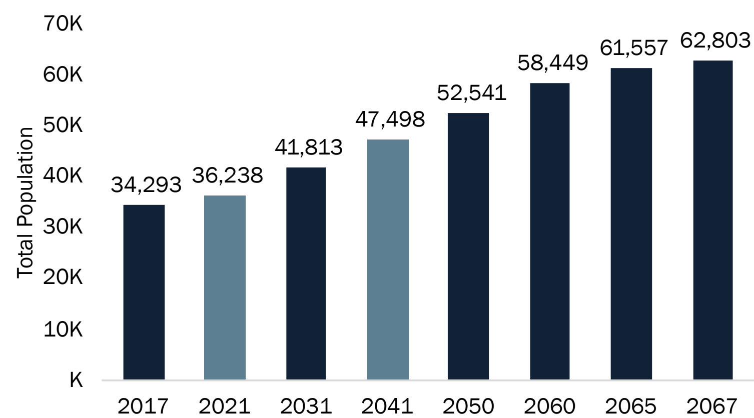
McMinnville's population grew by 88% between 1990 and 2017, adding 15,771 new residents. Over this period, McMinnville's population grew at an average annual growth rate of 2.4%. McMinnville's population growth will drive future demand for housing over the planning period.

Exhibit 28. Population, McMinnville, 1990–2017
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

					Change 1990 to 2017		
	1990	2000	2010	2017	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	325,719,178	77,009,305	31%	1.0%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.4%
Yamhill County	65,551	84,992	99,193	106,300	40,749	62%	1.8%
McMinnville	17,894	26,499	32,187	33,665	15,771	88%	2.4%

By 2067, McMinnville's population within its UGB is expected to exceed 60,000 people.

Exhibit 29. Population Forecast, McMinnville UGB, 2017 through 2067
Source: Population Research Center, Portland State University, June 30, 2017.



McMinnville's population within its UGB is expected to grow by around 31% (11,260 people) over the 20-year analysis period (2021 to 2041).

Exhibit 30. McMinnville's 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067
Source: Population Research Center, Portland State University, June 30, 2017.

36,238	38,985	41,813	47,498	62,803
2021	2026 (5-year)	2031 (10-year)	2041 (20-year)	2067 (46-year)

A majority of new population growth in Yamhill County and Oregon is because of in-migration.

Exhibit 31. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016
Source: Population Research Center, Portland State University.

Yamhill County	19,998 New Population	13,477 New Migrant Population	67% Migrant Share of Growth
Oregon	654,951 New Population	420,150 New Migrant Population	64% Migrant Share of Growth

Aging Population

This section describes two key characteristics of McMinnville's population (seniors and young adults, including Millennials), with implications for future housing demand in McMinnville:

- **Seniors.** McMinnville and Yamhill County populations are progressively getting older. As McMinnville's elderly population grows, it will increase demand for housing that is suitable for elderly residents. By 2040, residents aged 60 years and older will account for 28% of McMinnville's population, compared to 20% in 2010.

  The impact of growth in seniors in McMinnville will depend, in part, on whether older people already living in McMinnville continue to live in their current residence as they age. National surveys show that most households prefer to age in place by continuing to live in their current home and community as long as possible.[32]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[33]

- **McMinnville has a larger proportion of younger people than the County and State.** About 30% of McMinnville's population is under 20 years old, compared to 28% of Yamhill County's population and 25% of the State's population. The forecast for population growth in McMinnville shows the number of people under 20 years will increase, but the share of younger people will decline marginally from 29% of the population in 2017 to 27% of the population by 2040.

  Linfield College offers a partial explanation for McMinnville's age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.[34] Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.[35] As of 2016, the 1,240 students make up approximately 4% of the City's total population, about 13% of the City's population under age 20, and about 23% of the City's population between the ages of 15 and 24. Linfield students are counted in PSU's population forecast. Linfield requires students to live in campus housing for their first two years.

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[32] A survey conducted by AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[33] M. S. Ball, *Aging in Place: A Toolkit for Local Governments*.

[34] https://www.linfield.edu/about/facts-and-figures.html

[35] https://www.opb.org/news/article/linfield-college-tenured-faculty-cut/

People who are currently between 18 and 38 years old[36] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[37] By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

McMinnville's ability to retain people in this age group will depend, in part, on whether the City has opportunities for housing that both appeal to and are affordable to Millennials. In the near-term, Millennials may increase demand for rental units. The long-term housing preferences of Millennials are uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[38]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[39] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows results similar to national surveys and studies about housing preference for Millennials.

Growth in Millennials in McMinnville will increase demand for affordable single-family detached housing (including cottages) in the long-term and affordable town houses and multifamily housing in the near term. The preference for Millennials to locate in urban neighborhoods or town centers may also increase demand for town homes and multifamily housing types. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

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[36] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

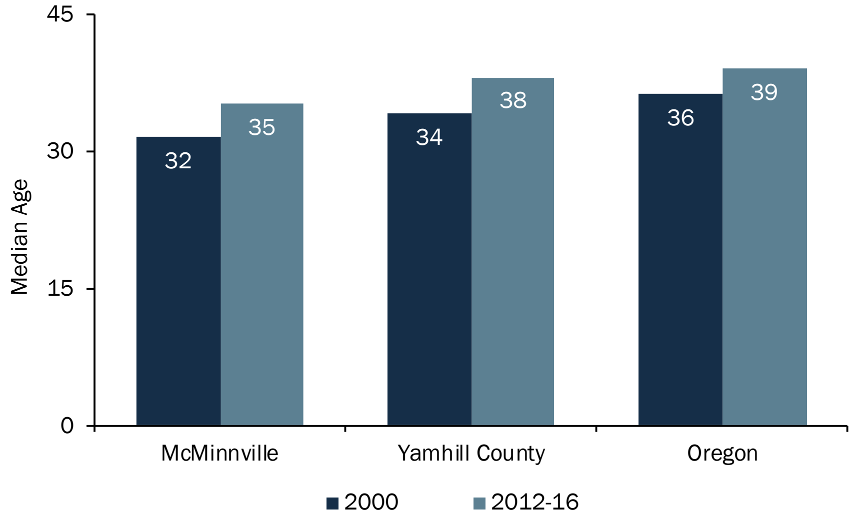
[37] M. Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Pew Research Center, March 2018. http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[38] American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014. Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

[39] Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

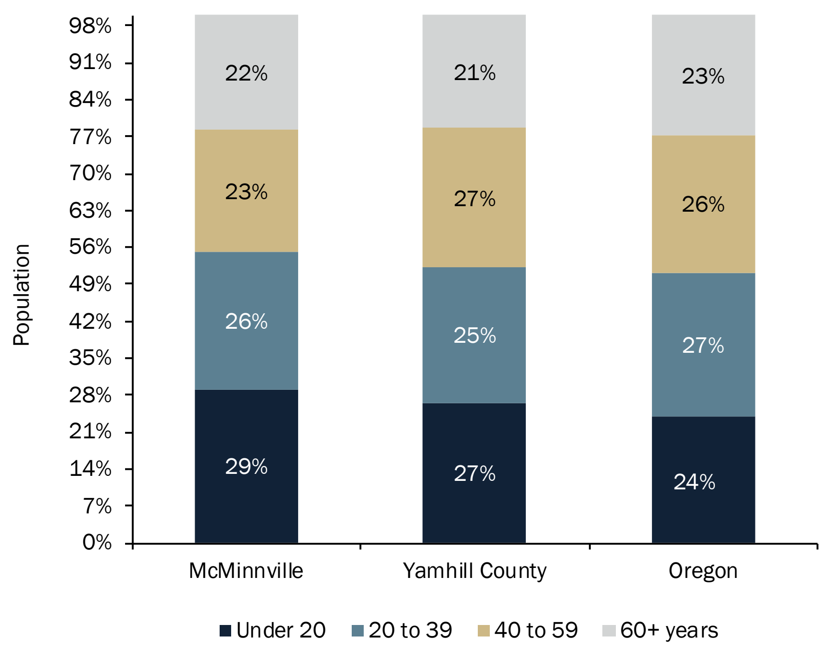
From 2000 to 2012–2016, McMinnville's median age increased from 31.5 to 35.2 years. Larger regions experienced similar trends.

Exhibit 32. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



Similar to Yamhill County and Oregon, McMinnville's population distribution was relatively proportional by age. McMinnville had a slightly larger cohort under the age of 20.

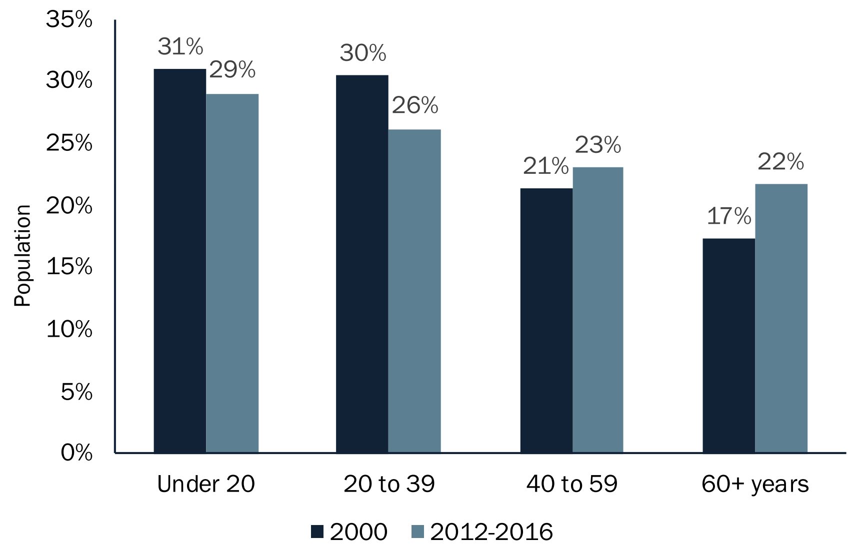
Exhibit 33. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



Between 2000 and 2012–2016, McMinnville's population distribution shifted toward older age cohorts.

Exhibit 34. Population Distribution by Age, McMinnville, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



The share of Yamhill County's population aged 60 years and older is forecast to grow the fastest (56% from 2017 to 2040).

Exhibit 35. Forecast Growth Rate by Age Group, Yamhill County, 2017 to 2040

Source: Portland State University, Population Research Center, Yamhill County Forecast, June 30, 2017.

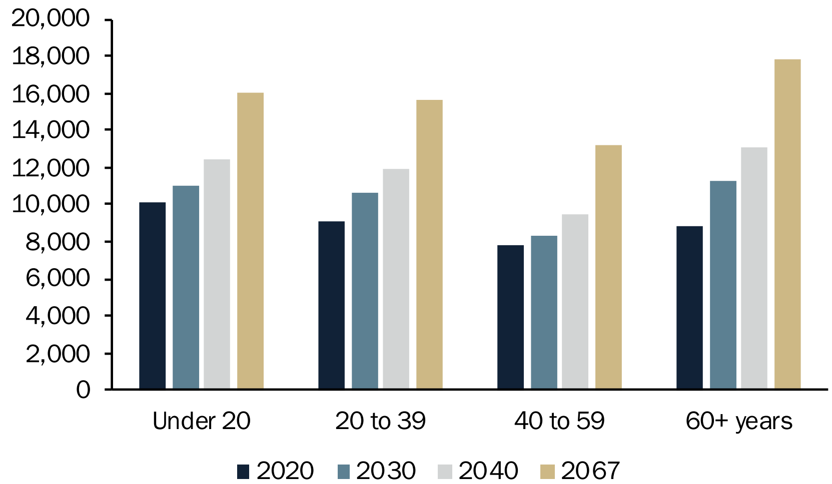
19%	**22%**	**28%**	**56%**
Under 20	20–39 Years	40–59 Years	60+ Years
+5,478 People	+6,246 People	+8,123 People	+15,912 People

All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

Populations less than 20 years old, and populations 20 to 39 years old and 40 to 59 years old, will grow at a slower rate (24%, 32%, and 22%).

Exhibit 36. Population Projection by Age Group, McMinnville, 2020, 2030, 2040, and 2067

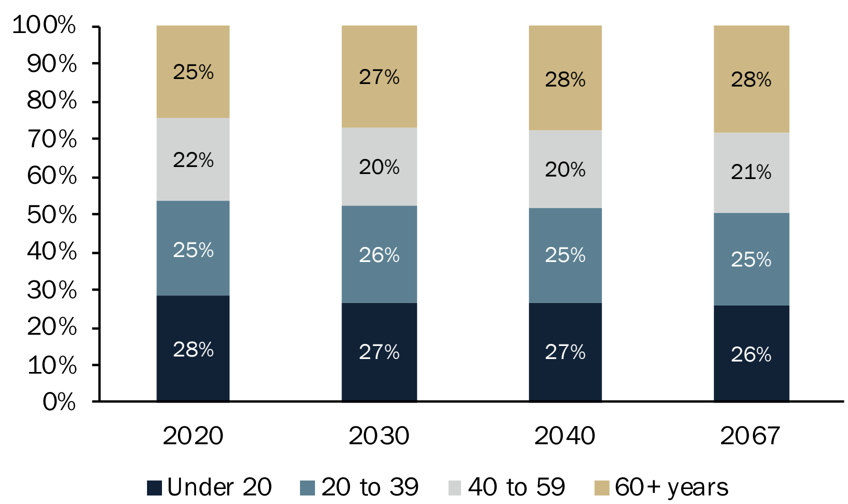
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



By 2040, the share of McMinnville's senior population (aged 60+) will grow while the share of the population under 20 years of age and between 40 and 59 years of age will decline.

Exhibit 37. Population Projection Distributed by Age Group, McMinnville, 2020, 2030, 2040, and 2067

Source: Portland State University, Population Research Center.



Increased Diversity[40]

McMinnville is becoming more ethnically diverse. The Hispanic and Latino population grew from 15% of McMinnville's population in 2000 to 22% of the population in the 2012–2016 period, adding more than 3,426 new Hispanic and Latino residents. Much of this diversity is due to immigration: 14% of McMinnville's population is foreign born, and of this population, 78% have immigrated from Mexico.

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.[41] According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[42] Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014[43] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Hispanic households are more likely than non-Hispanic households to be nuclear households, comprised of married couples with children and multigeneration households in the same home, such as parents and adult children living together.

The population of McMinnville is now, and has historically been, more ethnically diverse than Yamhill County and Oregon. Continued growth in the Hispanic and Latino population will affect McMinnville's housing needs in a variety of ways.[44] Growth in first- and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the larger average household sizes for these households. Foreign-born households, including Hispanic and Latino immigrants, are more likely to live in multigenerational households, requiring more bedrooms/space. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

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[40] The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

[41] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7.

[42] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

[43] Ibid.

[44] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012; National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

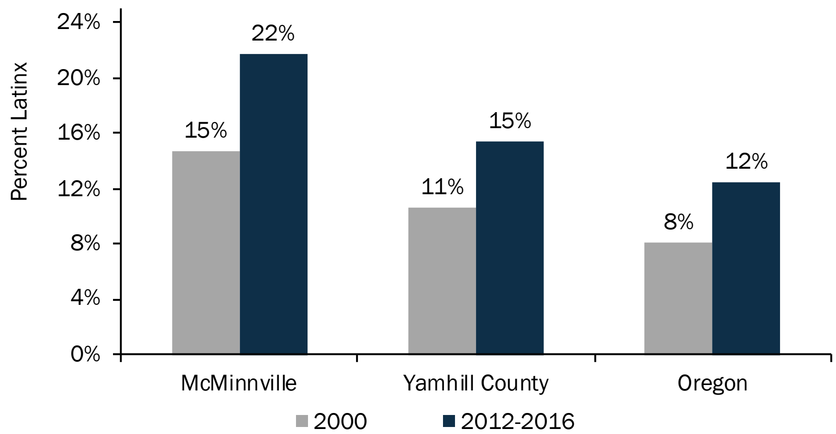
McMinnville is and has historically been more ethnically diverse than Yamhill County and Oregon.

The share of McMinnville's population that identifies as Latinx increased by 7% from 2000 to 2012–2016.

In this same time, the share of Yamhill County and Oregon's Latinx population increased by 4%.

Exhibit 38. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



McMinnville and Yamhill County are less racially diverse than the State. McMinnville's racial composition is similar to that of Yamhill County.

Only about 10% of McMinnville's population is nonwhite, compared to 15% in Oregon.

Exhibit 39. Race[45] as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B03002.

McMinnville	**89%** White	**1%** Black/African Am.	**2%** Asian	**8%** Other races
Yamhill Co.	**89%** White	**1%** Black/African Am.	**1%** Asian	**9%** Other races
Oregon	**85%** White	**2%** Black/African Am.	**4%** Asian	**9%** Other races

[45] The races categorized as "other races" are American Indian, Alaska Native, Native Hawaiian, other Pacific Islanders, two or more races, and some other races. Note: Latinx is not a race, it is an ethnicity.

Fourteen percent of McMinnville's population is foreign-born. Of the foreign-born population, most are from Latin America (82%), Mexico specifically (78%).

Exhibit 40. Distribution of Foreign-Born Population, McMinnville, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B05006.

82%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

Exhibit 41. Ethnicity of School Aged Children, McMinnville School District, 2017–2018
Source: McMinnville School District. Note: percentages do not sum to 100% due to rounding.

61%	35%	5%
White	Latino	Another ethnicity

Household Size and Composition

McMinnville's household size and composition show that households in McMinnville are somewhat different than averages across the State. McMinnville had 12,376 households according to 2013–2017 ACS data. McMinnville's and Yamhill County's households are larger and possess fewer nonfamily households.

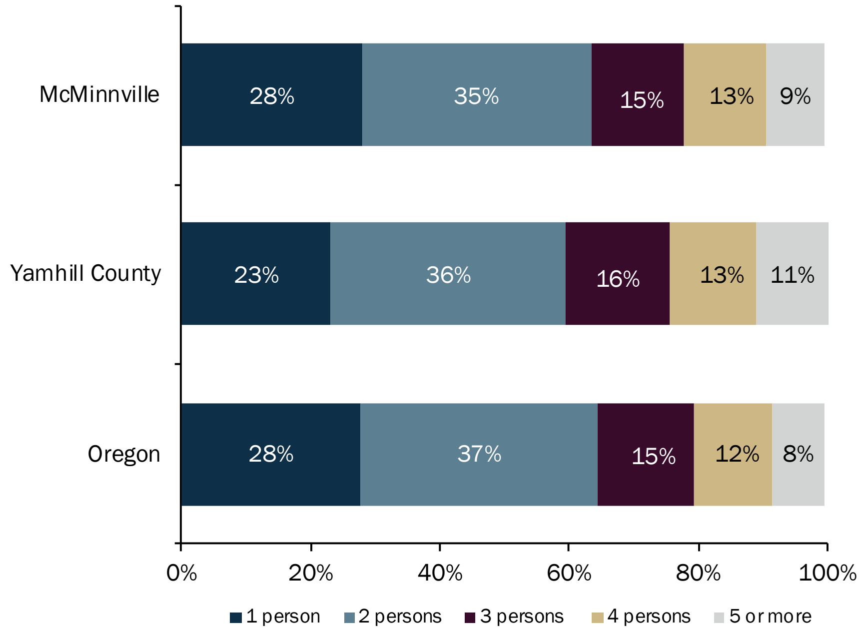
McMinnville's average household size is slightly smaller than Yamhill County's but comparable to the State's.

Exhibit 42. Average Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

	McMinnville	Yamhill County	Oregon
(2013–2017) Total Occupied Housing Units	2.55 Persons	2.70 Persons	2.50 Persons
(2010) Total Occupied Housing Units	2.61 Persons	2.70 Persons	2.47 Persons
(2010) Occupied Housing Units with Latino/Hispanic Householder	4.11 Persons	4.08 Persons	3.68 Persons

About 60% of households in McMinnville, Yamhill County, and the State are composed of one and two people.

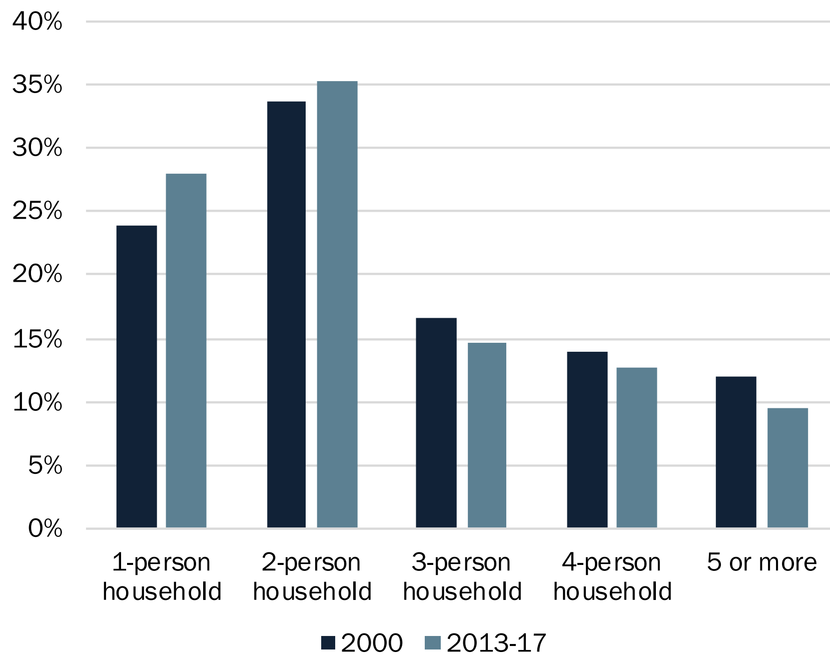
Exhibit 43. Household Size, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B25009



McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

The majority of McMinnville households are composed of one and two people.

Exhibit 44. Household Size, McMinnville, 2000 to 2013–17
Source: US Census Bureau, 2013–2017 ACS, Table B25009.

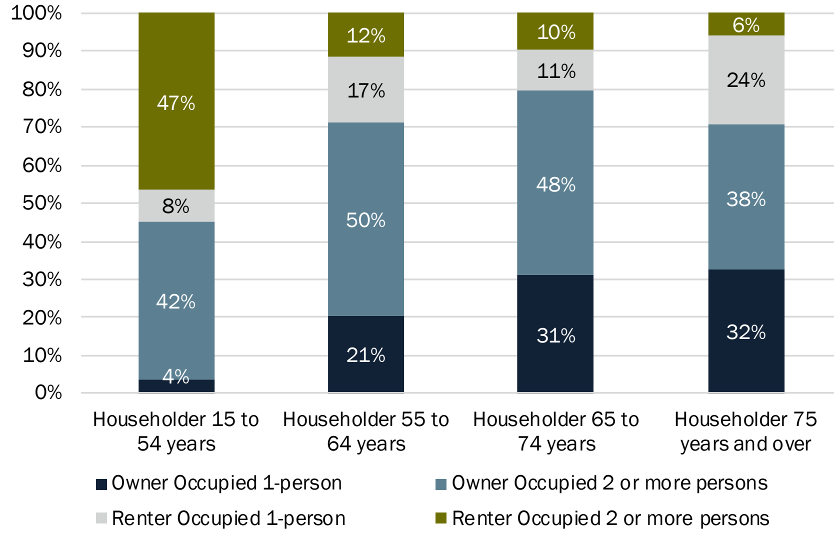


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

Comparatively, 45% of householders aged 15 to 54 reside in owner-occupied housing, most of which (42%) live in a household with two or more people.

Exhibit 45. Tenure by Household Size by Age of Householder, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B25116.

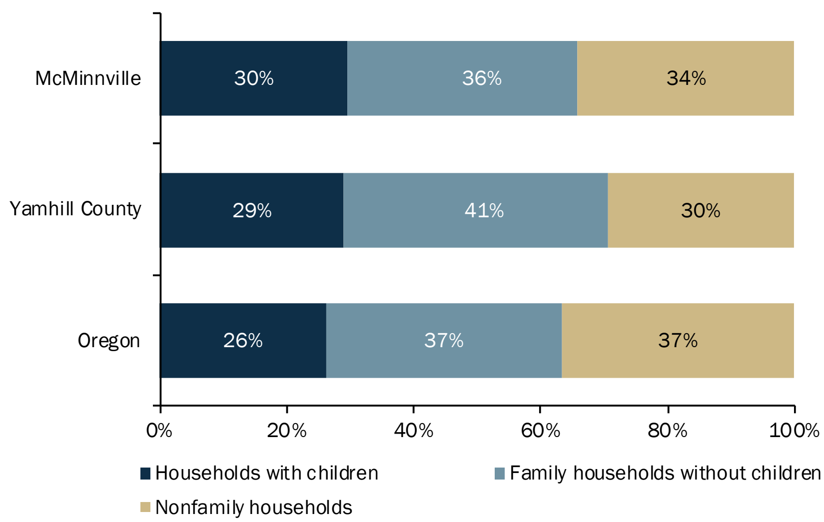


McMinnville and the County have a smaller share of nonfamily households than the State.

In McMinnville, 34% of households are nonfamily, compared to 30% of Yamhill County households and 37% of Oregon households.

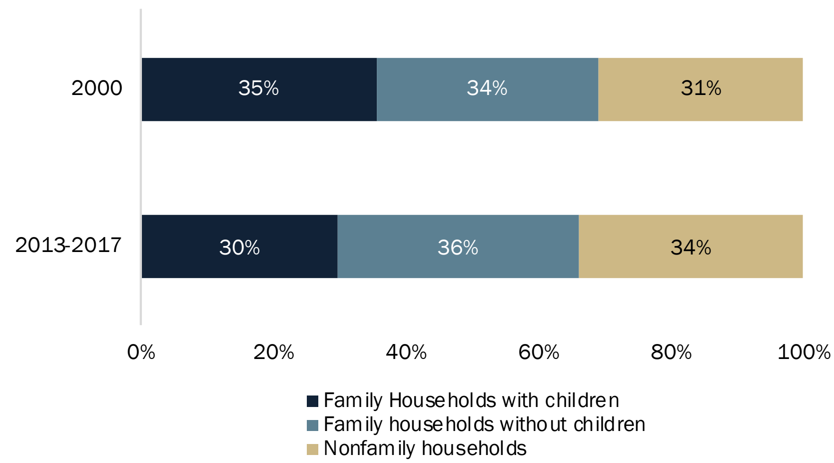
Exhibit 46. Household Composition, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table DP02.



The share of family households without children increased in McMinnville from 2000 to 2017.

Exhibit 47. Household Composition, McMinnville, 2000 to 2013–2017
Source: US Census Bureau, 2000 Decennial Census and 2013–2017 ACS, Table DP02.

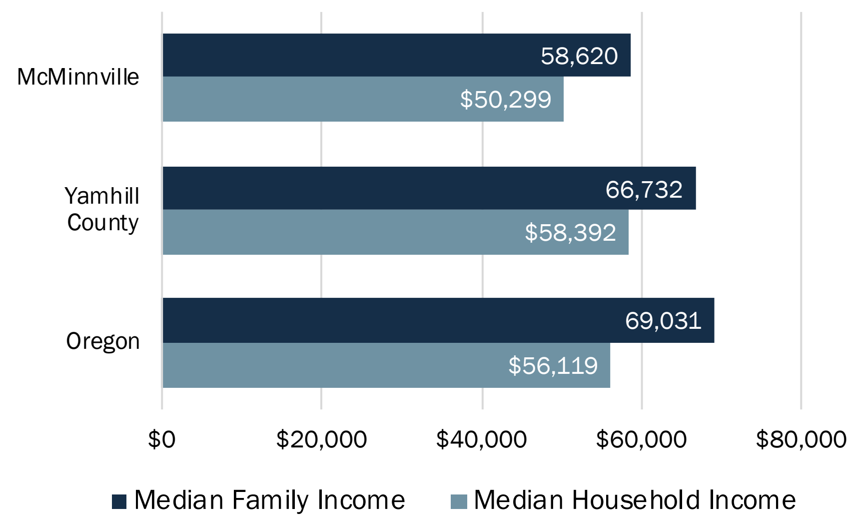


Income of McMinnville Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Incomes for people living in McMinnville are lower than that of Yamhill County and Oregon.

In the 2013–2017 period, McMinnville's median household income and median family income was below that of comparison regions.

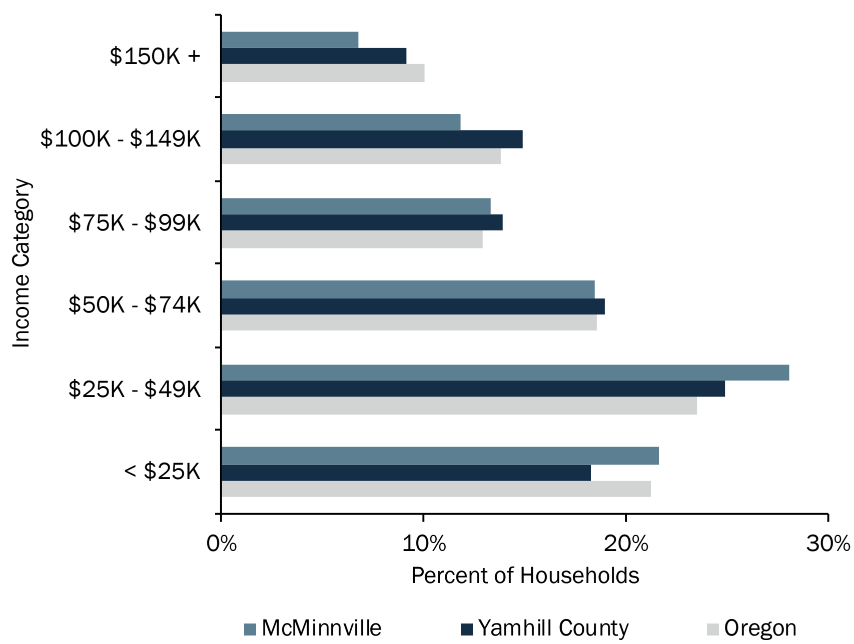
Exhibit 48. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.



Fifty percent of McMinnville households make $50,000 or less per year.

In comparison, 43% of Yamhill County and 45% of the State make $50,000 or less per year.

Exhibit 49. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017
Source: US Census Bureau, 2013–2017 ACS, Table B19001.

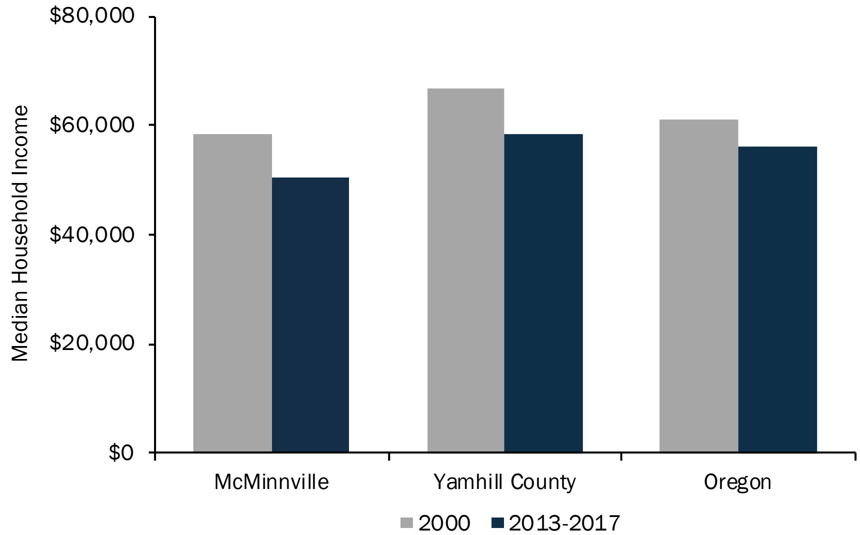


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from $58,356 to $50,299 per year.

Yamhill County and Oregon also experienced real decreases in median housing income after adjusting for inflation.

Exhibit 50. Median Household Income (2017 Inflation-Adjusted), McMinnville, Yamhill County, Oregon, 2000 and 2013–2017

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2013–2017 ACS Table B25119.



Homelessness

The number of homeless persons in Yamhill County increased by over 300 people (30%), from 2015 to 2017.

For Yamhill County, the Point-in-Time homeless estimate was 1,066 persons in 2017 and 1,386 persons in 2018.

Exhibit 51. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Yamhill County, 2017 and 2018
Source: Yamhill Community Action Partnership. Note: Point-in-time homeless count took place on January 31, 2018, and January 25, 2017.

2017	21% Percent Sheltered	25% Percent Unsheltered	54% Precariously Housed (e.g., couch surfing)	1,066 Total Homeless (PIT)
2018	17% Percent Sheltered	30% Percent Unsheltered	53% Precariously Housed (e.g., couch surfing)	1,386 Total Homeless (PIT)

In the 2016–2017 school year, 525 students experienced homelessness.

Exhibit 52. Students Experiencing Homelessness, Yamhill County and Oregon, 2016–2017 School Year
Source: Oregon Department of Housing and Community Services.

Yamhill County	3% Percent of Homeless Students	525 Total Homeless Students	16,791 Total Students
Oregon	4% Percent of Homeless Students	25,088 Total Homeless Students	578,947 Total Students

Commuting Trends

McMinnville is part of the complex, interconnected economy of Yamhill County that is considered part of the Portland metropolitan region by the US Census Bureau. Of the more than 14,600 people who work in McMinnville, about 62% of workers commute into McMinnville from other areas, (most notably Portland, Salem, and Newberg).

About 9,038 people commute into McMinnville for work, and 8,657 people commute out of McMinnville for work.

Exhibit 53. Commuting Flows, McMinnville 2015
Source: US Census Bureau, Census On the Map.

Nearly 40% of people who live in McMinnville also work in McMinnville.

Exhibit 54. Places Where McMinnville Residents Were Employed, 2015
Source: US Census Bureau, Census On the Map.

39%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

More than 60% of McMinnville workers live somewhere else and commute into the City.

Exhibit 55. Places Where Workers Who Are Employed in McMinnville Live, 2015
Source: US Census Bureau, Census On the Map.

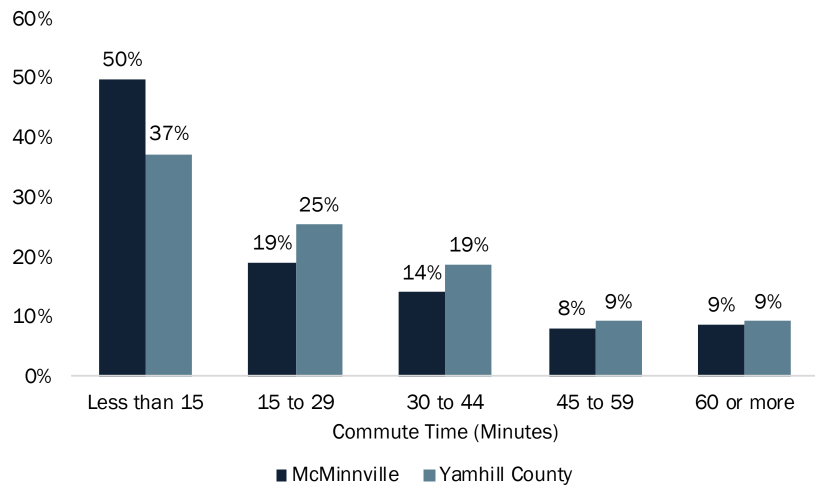
38%	4%	3%	3%	2%
McMinnville	Salem	Portland	Newberg	Sheridan

Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

Just under 70% of McMinnville residents have a commute time of less than 30 minutes.

Exhibit 56. Commute Time by Place of Residence, McMinnville and Yamhill County, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B08303.



Regional and Local Trends Affecting Affordability in McMinnville

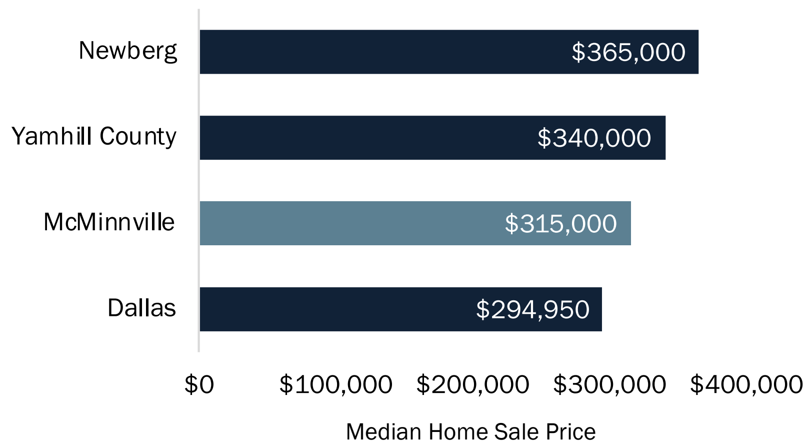
This section describes changes in sales prices, rents, and housing affordability in McMinnville, Yamhill County, and comparison cities. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Changes in Housing Costs

With a median sales price of $315,000 in February 2019, McMinnville's housing sales prices are slightly lower than that of Yamhill County. McMinnville housing prices are increasing, and they have outpaced growth in median household incomes.

McMinnville's median home sales price was lower than the County's median home sales price in February 2019 (by $25,000).

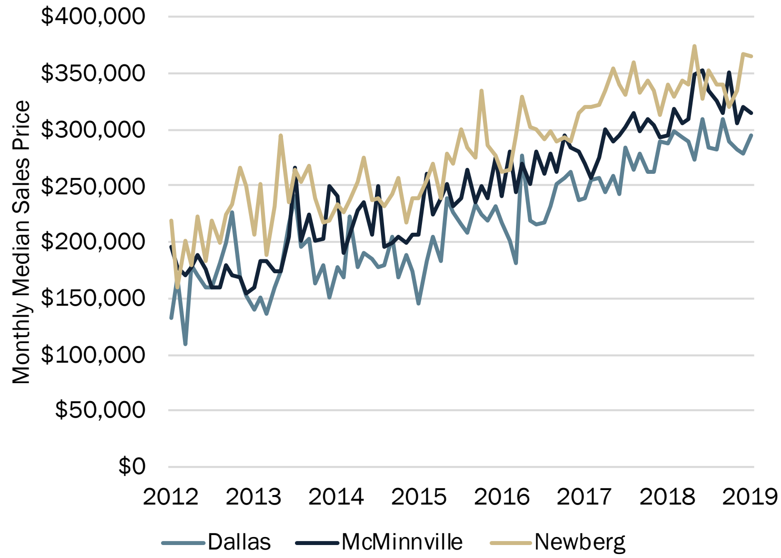
Exhibit 57. Median Sales Price, McMinnville and Comparison Geographies, February 2019
Source: Redfin.



Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from $196,400 to $350,000.

In this same time, McMinnville's median home sales price increased by 78%. In comparison, Dallas's median home sales price increased by 108% and Newberg's by 70%.

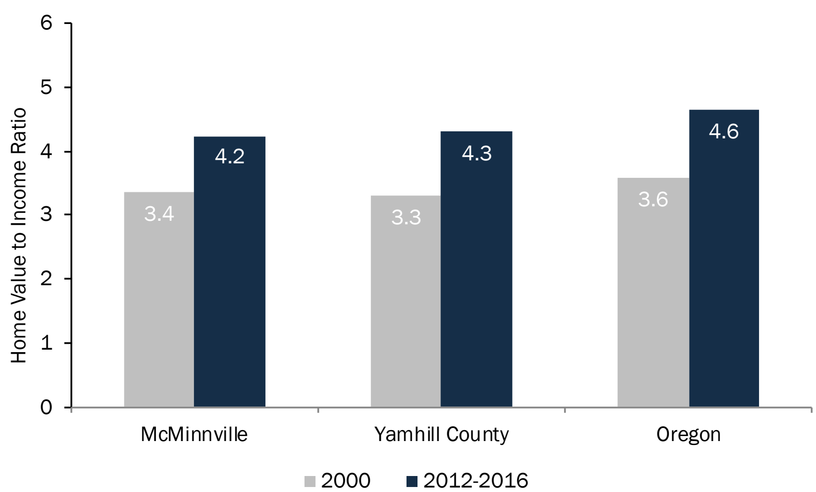
Exhibit 58. Monthly Median Sales Price, McMinnville and Comparison Geographies, February 2012 through February 2019
Source: Redfin Median Sales Data 2018.



Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

The median value of a house in McMinnville was 3.4 times the median household income in 2000 and 4.2 times median household income in 2012–2016.

Exhibit 59. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016[46]
Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



[46] This ratio compares the median value of housing in McMinnville and other places to the median household income. Inflation-adjusted median owner values in McMinnville increased from $187,469 in 2000 to $200,800 in 2012–2016. Over the same period, median income decreased from $55,930 to $47,460.

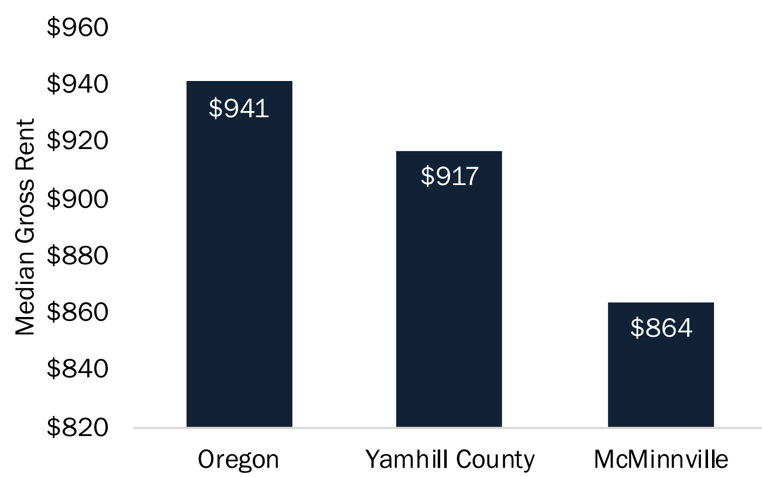
Changes in Rental Costs

Rent costs in McMinnville are lower than in Yamhill County and Oregon as a whole. The following charts show gross rent (which includes the cost of rent plus utilities) for McMinnville in comparison to the County and State. The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

The median gross rent in McMinnville is $864, which is $53 lower than Yamhill's median and $77 lower than Oregon's median.

Exhibit 60. Median Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25064.

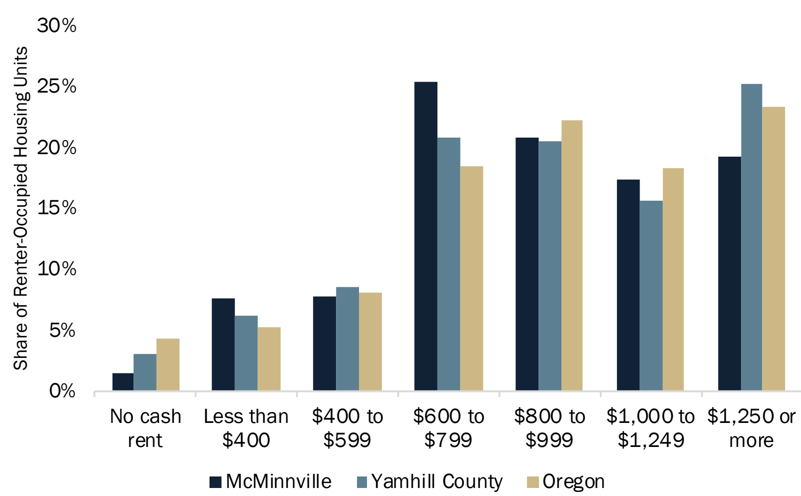


About 62% of renters in McMinnville pay less than $1,000 per month.

About 19% of McMinnville's renters pay $1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

Exhibit 61. Gross Rent in McMinnville, Yamhill County, and Oregon, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of McMinnville's households are cost burdened. Renters experience much higher rates of cost burden than homeowners: 52% of renter households in McMinnville are cost burdened, compared with 25% of homeowners. Overall, McMinnville has a similar share of cost-burdened households as Yamhill County and the State overall. McMinnville also has a smaller share of cost-burdened households (total) and cost-burdened renter households than other cities in close proximity (Newberg, Independence, and Monmouth).

For example, about 23% of McMinnville households have incomes of less than $25,000 per year, which is about 50% of McMinnville's median household income. Based on HUD's 30% cost-burden threshold, these households can afford monthly housing costs of less than $629 per month. Most, but not all, of these households are cost burdened. For instance, as Exhibit 66 illustrates, 86% of households earning less than $20,000 per year are cost burdened while only 20% of households earning between $50,000 and $75,000 are cost burdened.

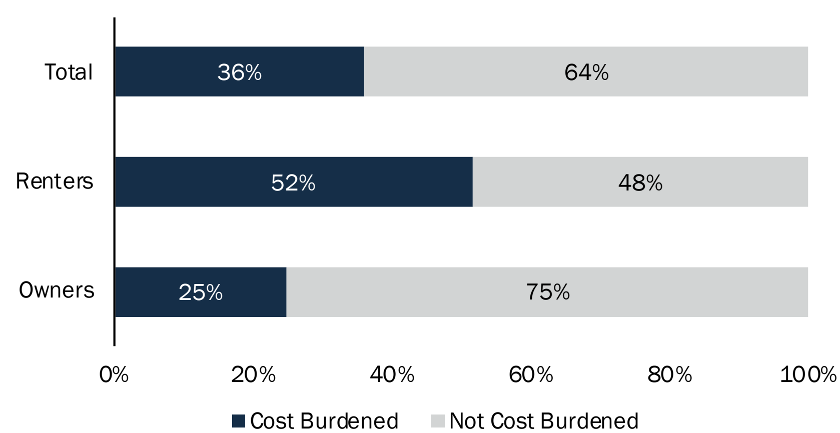
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

Renters are much more likely to be cost burdened than homeowners.

Cost-burden rates are higher among renters in McMinnville than among homeowners. In 2016, about 52% of renters were cost burdened, compared to 25% of homeowners.

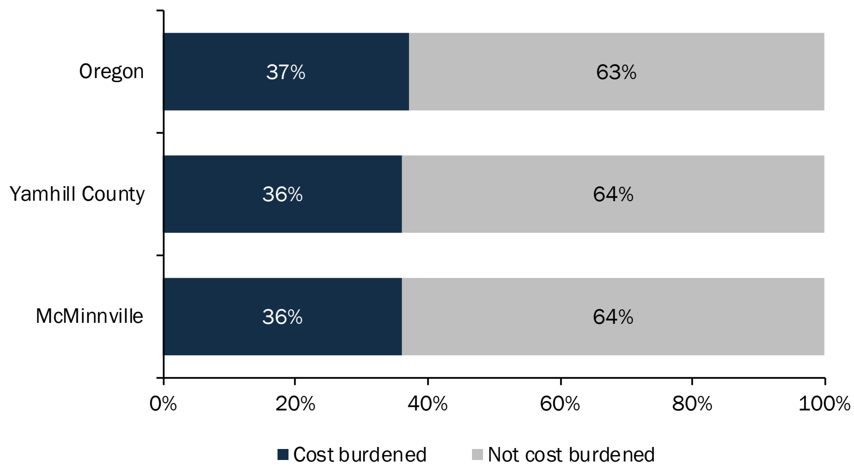
Exhibit 62. Housing Cost Burden by Tenure, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



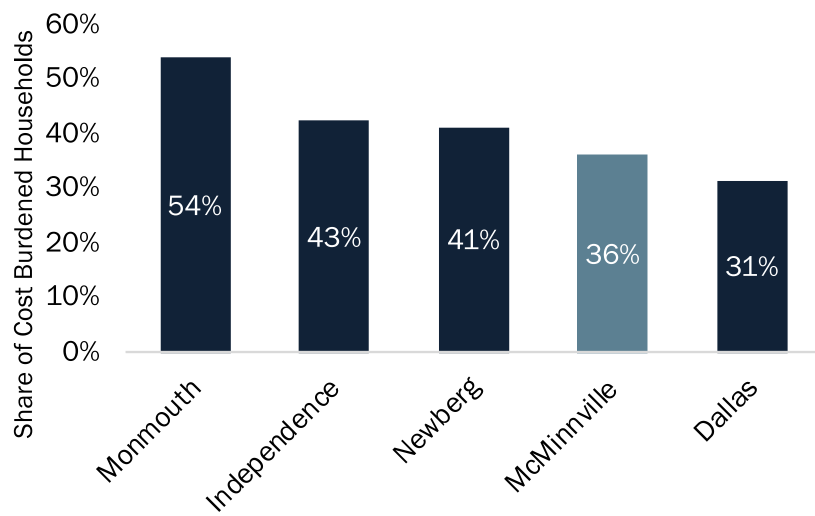
The share of McMinnville households that are cost burdened is similar to the share of cost-burdened households in the County and State.

Exhibit 63. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



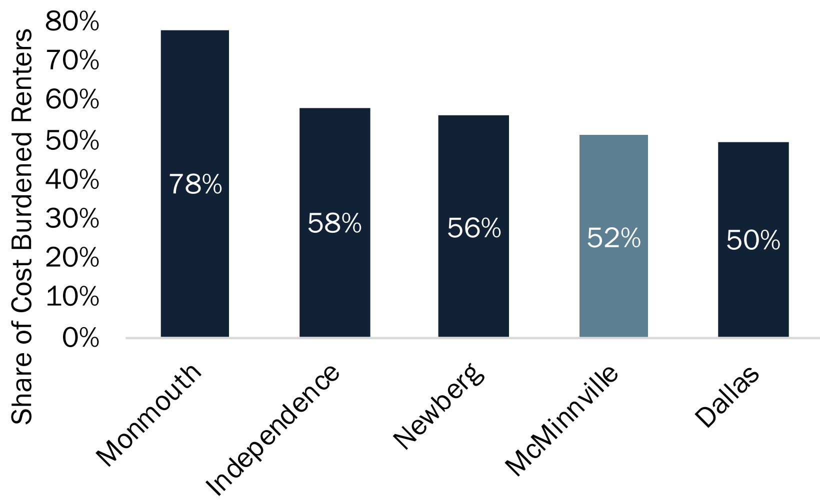
Other communities in the region have a larger share of cost-burdened households than McMinnville does.

Exhibit 64. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



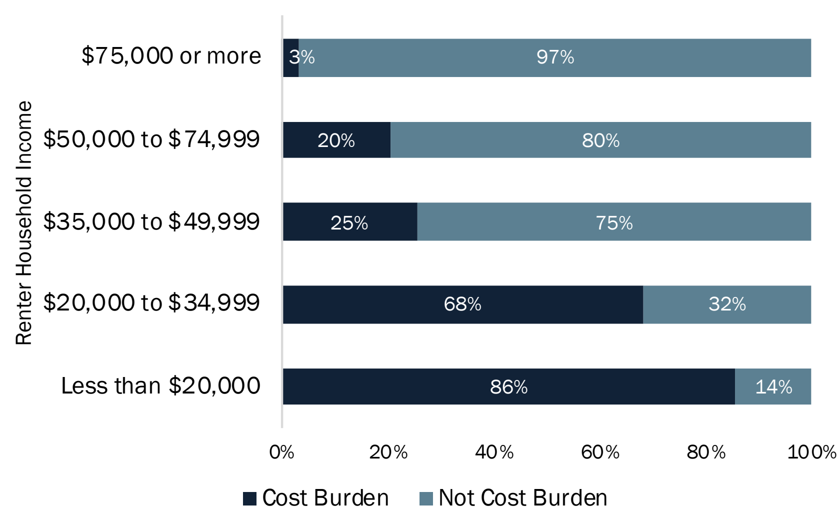
Similar to other comparison cities in the region, over half of renter households in McMinnville are cost burdened.

Exhibit 65. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016
Source: US Census Bureau, 2012–2016 ACS Table B25070.



Households with incomes less than $35,000 experience much higher rates of cost burden than higher-income households. Eighty-six percent of households, making less than $20,000 per year were cost burdened and 68% of households making between $20,000 and $35,000 were cost burdened.

Exhibit 66. Cost-Burdened Households by Household Income, McMinnville, 2013–2017
Source: US Census Bureau, 2013–2017 ACS Table B25074.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses. Thus, some households with higher incomes may choose housing that technically results in cost burden, even if other housing options are available that would not result in cost burden.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household with retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on their household income.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair market rent for a 2-bedroom apartment in Yamhill County is $1,330

Exhibit 67. HUD Fair Market Rent (FMR) by Unit Type, Yamhill County, 2018

Source: US Department of Housing and Urban Development.

$1,026	$1,132	$1,330	$1,935	$2,343
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County.

Exhibit 68. Affordable Housing Wage, Yamhill County, 2018

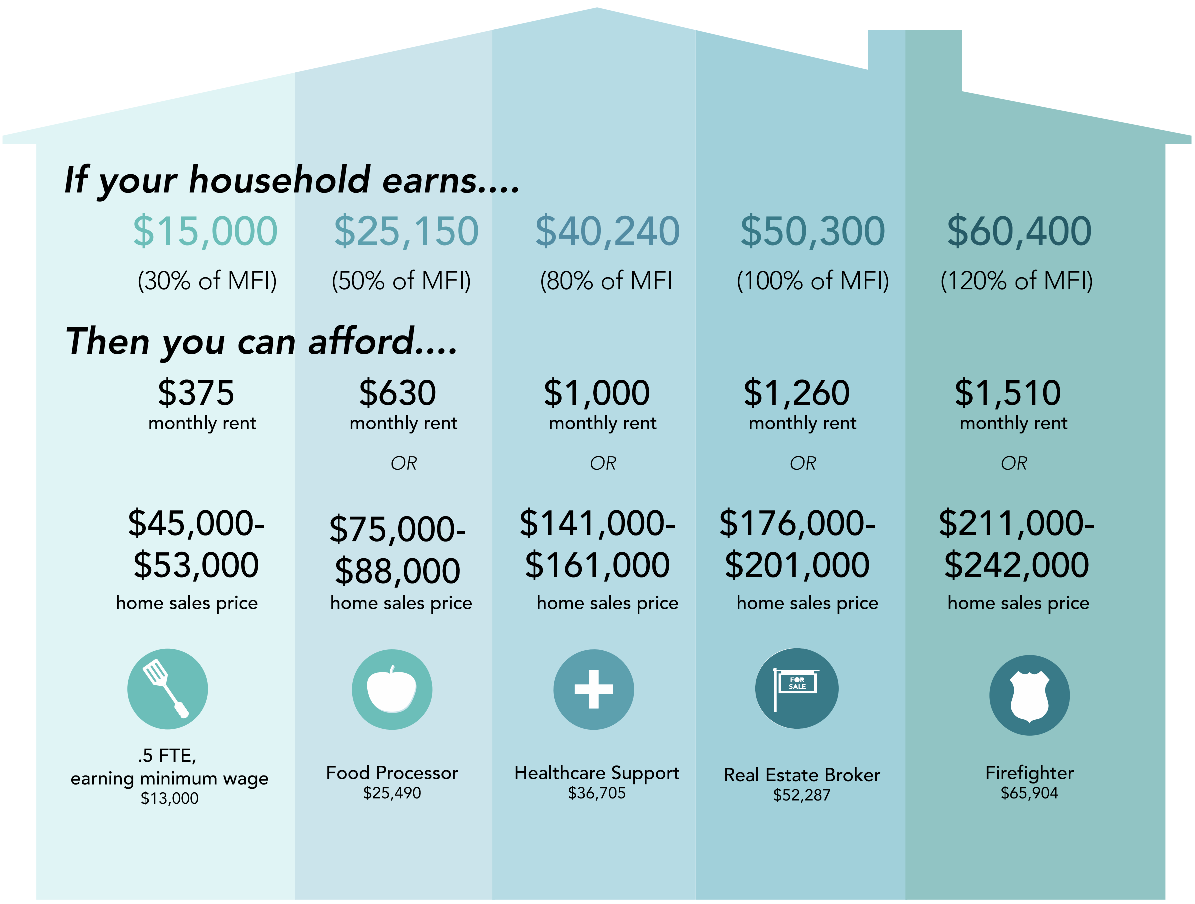
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

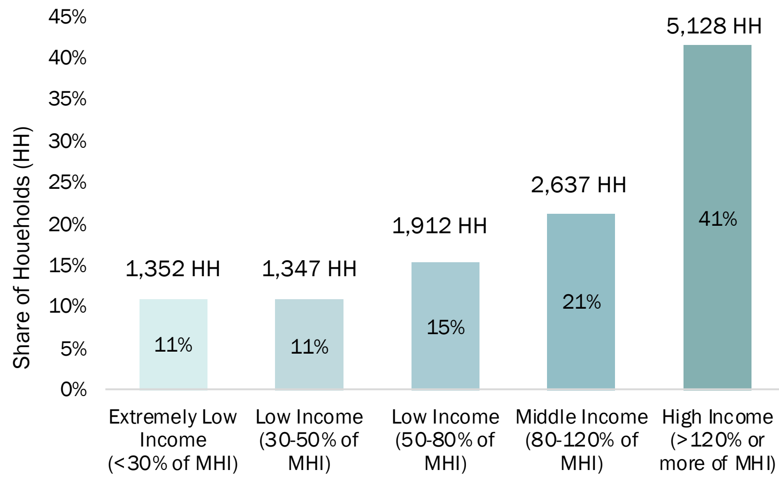
A household earning the median household income ($50,300) can afford a monthly rent of about $1,260 or a home roughly valued between $176,000 and $201,000, as illustrated in Exhibit 69. A family earning the median family income ($58,620) can afford a monthly rent of about $1,470 or a home roughly valued between $205,000 and $234,000.

Exhibit 69. Financially Attainable Housing, by Median Household Income (MHI), McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table B25119.



About 52% of McMinnville's households have incomes less than $53,200 and cannot afford a two-bedroom apartment at Yamhill County's fair market rent (FMR) of $1,330.

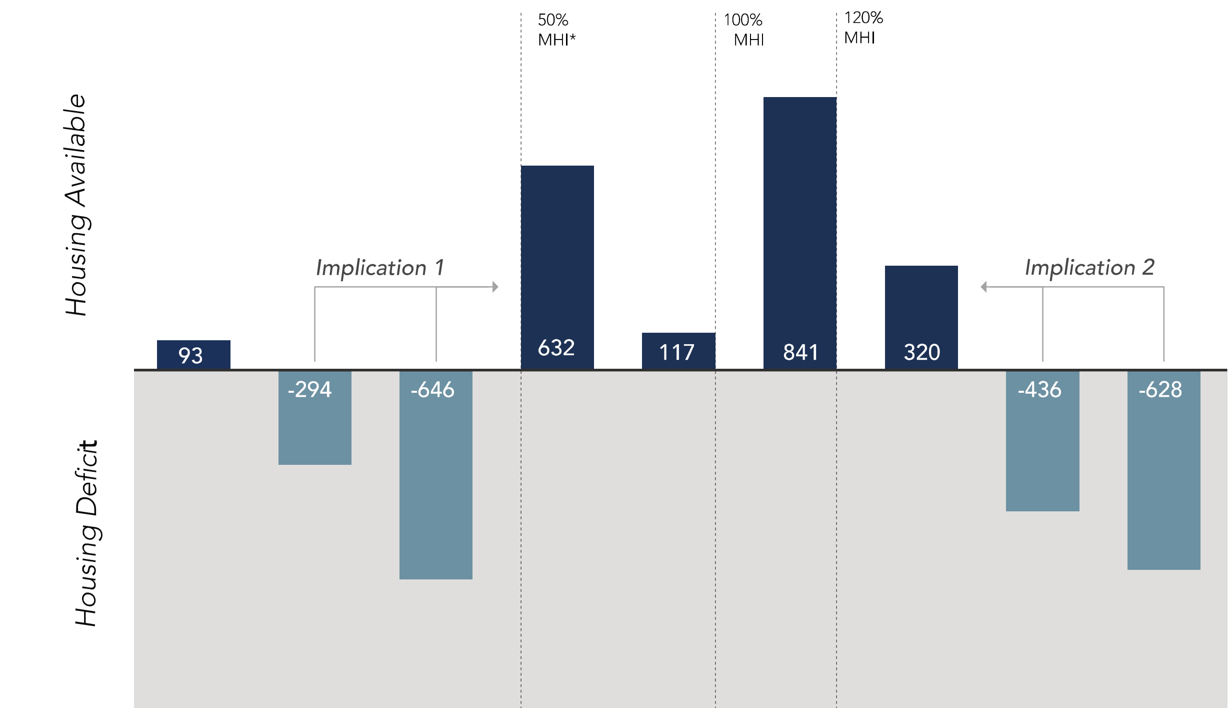
Exhibit 70. Share of Households, by Median Household Income (MHI) for McMinnville ($50,300), 2017
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



Comparing the number of households by income with the number of units affordable to those households in McMinnville reflects a current deficit of housing affordable to households earning between $10,000 and $25,000 annually and households earning $100,000 or more annually. McMinnville has a deficit of all types of government-assisted housing; more affordable housing types (such as manufactured housing in parks and lots, small-homes, duplexes, triplexes, quadplexes, small-lots, and apartments); and housing types of higher values (such as high-amenity or executive housing).

Exhibit 71. Affordable Housing Costs and Units by Income Level, McMinnville, 2017

Source: US Census Bureau, 2012–2016, ACS Table B19001, B25075, and B25063



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	709	630	1,339	1,233	2,243	2,281	1,646	1,460	835
# Surplus / Deficit Units	93	-294	-646	632	117	841	320	-436	-628
% Surplus / Deficit Units	13%	-47%	-48%	51%	5%	37%	19%	-30%	-75%

*ACS 2013-2017 five-year estimates, table S1903.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Summary of the Factors Affecting McMinnville's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people ages 20 to 34. People in this age group will also have, on average, less income than people who are older. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing (58% in McMinnville).

The data conveys what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[47] Simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in McMinnville over the next twenty years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2017, McMinnville's population grew by 15,771 people or 88%. The population in McMinnville's UGB is forecast to grow from 36,238 (in 2021) to 47,498 (in 2041), an increase of 11,260 people (31%).[48]
- **Housing affordability will be a growing challenge in McMinnville.** Housing affordability is a challenge in Oregon in general, and McMinnville is affected by this statewide trend. Housing prices are increasing faster than incomes in McMinnville and Yamhill County, consistent with state and national challenges. While 23% of McMinnville housing is multifamily housing, the County has a relatively small supply of multifamily housing (15%), which constrains the supply of affordable housing for the region—thus affecting the City.[49] For instance, over half of renters in McMinnville are

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[47] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

[48] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[49] The share of multifamily housing stock is driven by demographics and market factors. Often, as the population within cities increases, the share of single-family detached housing decreases.

cost burdened, which is indicative of a lack of affordable rental units, such as multifamily and other housing types (e.g., single-family detached and single-family attached dwelling units). McMinnville's key challenge over the next twenty years is providing opportunities for not only the development of housing of all types but development across the affordability spectrum; in particular, there is a need for more affordable housing types, which developers may be less incentivized to develop.

- **Without substantial changes in housing policy (at all levels of government), on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

  The City's residential policies can impact the amount of change in McMinnville's housing market to some degree. If the City adopts policies to increase opportunities to build housing types that are affordable to low- and moderate-income households, a larger percentage of new housing developed over the next twenty years in McMinnville may be relatively affordable compared to the past.

  Examples of policies that the City could adopt to achieve this outcome include (1) allowing a wider range of housing types (e.g., duplexes, triplexes, town houses, cottage clusters, or single-lot small-home subdivisions) in single-family zones to promote inclusivity and equity, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing and other innovative affordable housing development; (2) supporting development of government-subsidized affordable housing, and (3) encouraging multifamily residential development in downtown. Ultimately, the degree of change in McMinnville's housing market, however, will depend on market demand for these types of housing in McMinnville, Yamhill County, and the greater region.

- **If the future differs from the past, and policy changes are prescribed, the future of housing in McMinnville is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most, but not all, of the demographic evidence suggests that the bulk of the change should be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, town homes, and multifamily housing.

  Key demographic and economic trends that will affect McMinnville's future housing needs are:(1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population.

  - *The Baby Boomer population is continuing to age.* By 2041, people 60 years and older will account for about 28% of the population in McMinnville (up from 23% in 2017). As the population ages, household sizes and homeownership rates will decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. With Baby Boomers' debt "reaching $5.3 trillion by 2030. Many retirees may [also] downsize their homes to pay off debt and boost retirement savings,"

which will open up housing opportunities for Gen Xers and Millennials.[50] Demand for specialized senior housing may grow in McMinnville, such as visitable age-restricted housing and housing in a continuum of care (from independent living to in-home nursing care).

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[51]
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

  Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic and Latino population will drive demand for larger housing for families with children. Given the lower income for Hispanic and Latino households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [52]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables support the need for a broader array of housing choices than are available today.

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[50] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

[51] Ibid.

[52] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have a lower median income than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

Growth of seniors will drive demand for smaller single-family detached housing and town homes, as well as multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and the Hispanic and Latino population will drive demand for smaller and larger affordable housing types, including demand for single-family units (many of which may be ownership units) and for multifamily units (many of which may be rental units). Growth in the Hispanic and Latino population and the aging of the Baby Boomer generation will increase demand for multigenerational housing. McMinnville's share of households (41%) earning more than 120% of median household income will increase demand for high-amenity housing or all types.

The purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in McMinnville

This chapter analyzes housing needs in McMinnville for the next 5, 10, 20, and 46 years. Much of the emphasis is on the 20-year forecast, as it is required by Goal 10. The analysis also provides projections of housing by type. Depending on the development configurations and character of McMinnville's neighborhoods, different areas of the City may have distinct or dissimilar housing types and densities. The aggregate total density is used in this analysis, as well as densities that correspond to current zoning classifications.

Project New Housing Units Needed in the Next 5, 10, 20, and 46 Years

The results of the housing needs analysis are based on (1) the official population forecast for growth in McMinnville over the 5-, 10-, 20-, and 46-year planning periods, (2) information about McMinnville's housing market relative to Yamhill County and nearby comparison cities, and (3) the demographic composition of McMinnville's existing population and expected long-term changes in the demographics of Yamhill County.

Projection for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in McMinnville between 2021 and 2041, shown in Exhibit 72. The key assumptions are based on the best available data and may rely on safe harbor provisions (or safe harbor methodologies), when available.[53]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. McMinnville's urban area is forecast to grow from 36,238 persons in 2021 to 47,498 persons in 2041, an increase of 11,260 people.[54]
- **Persons in Group Quarters.** Typically, persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges,

[53] A safe harbor is an assumption that a city can use in a housing needs analysis, which the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[54] This forecast is based on McMinnville's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

The 2013–2017 American Community Survey shows that 5% of McMinnville's population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options[55] to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and

[55] **Option 1:** Use the "share method," then assign one person per group quarter, and assign group quarters to land need at the same density as multifamily development.

Option 2a: Use the "share method," then assign an analogous household size, and then apply that to the population to calculate land needs. Two Project Advisory Committee members requested this method instead of Option 1.

Option 2b: Use the "share method," then assign a direct group quarters population per acre estimate. This method directly assigns population density for group quarters rather than rely on use of an interim assignment step analogous to household size.

Option 3: Do not use the "share method." Instead, use assumptions and methods based on McMinnville-specific group quarters data and PSU's official population forecast for McMinnville. This option assigns all new net population growth to housing units. This method assumes the population in group quarters at Linfield and the jail will remain relatively constant. The population in other group quarters represents less than 1% of McMinnville's current population. Group quarters have also remained relatively constant and have not experienced a consistent growth trend in recent years. The group quarters population segment represents a declining share of overall population. The needed housing mix reflects a higher share of multifamily housing than the historic share. The land needs and densities for multifamily housing and group quarters are assumed to be equivalent. Without differentiating between population in multifamily housing and group quarters, the identified land needs would meet the same needs, whether the population is in housing or in group quarters.

multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Census. According to the 2013–2017 American Community Survey, McMinnville's vacancy rate was 5.4%. For the 2021 to 2041 period, we assume a vacancy rate of 5.4%.

McMinnville will need 4,657 new dwelling units over the 20-year period from 2021 to 2041, or an average of 233 dwelling units annually.

Exhibit 72. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2021-2041)
Change in persons	11,260
Average household size	2.55
New occupied DU	4,416
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	241
Total new dwelling units (2021-2041)	4,657
Annual average of new dwelling units	233

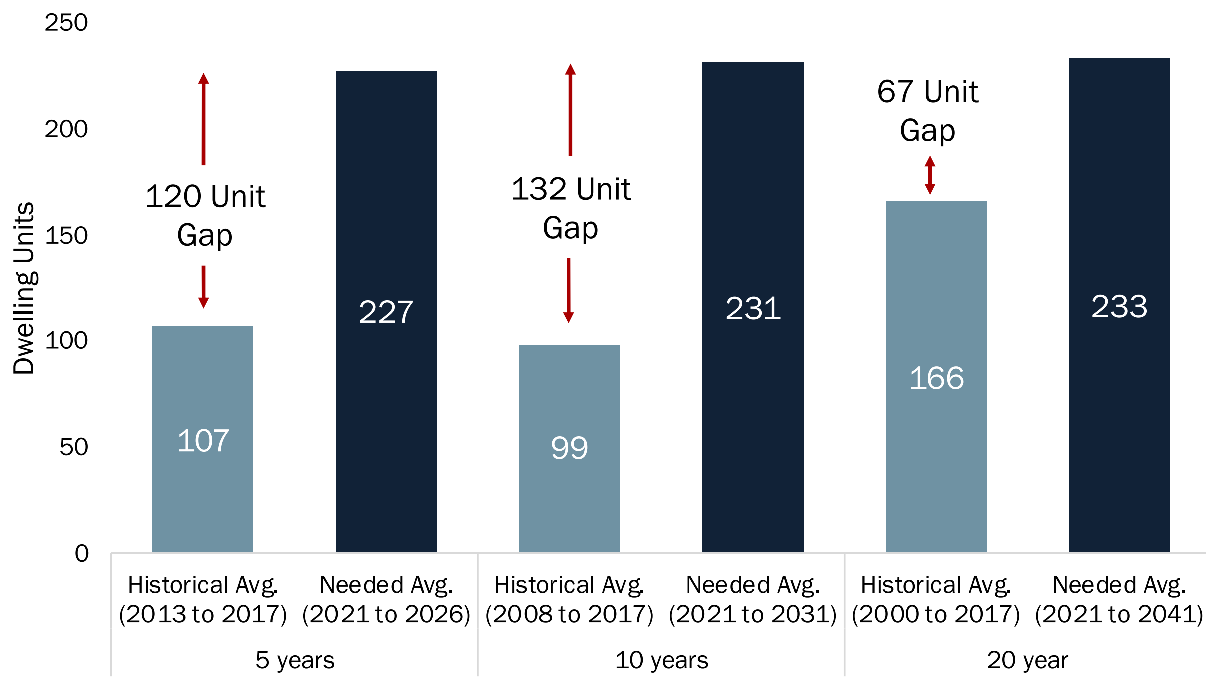
Exhibit 73 presents McMinnville's forecast of demand for new dwelling units over McMinnville's other various planning horizons. It shows that McMinnville will have demand for about 1,136 new dwelling units between 2021 and 2026, and another 1,169 new dwelling units between 2026 and 2031 (totaling 2,305 for the 10-year period). McMinnville will have demand for approximately 10,986 new dwelling units for the 46-year period between 2021 and 2067.

Exhibit 73. Forecast of Demand for New Dwelling Units in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Change in persons	2,746	5,575	11,260	26,565
Average household size	2.55	2.55	2.55	2.55
New occupied DU	1,077	2,186	4,416	10,418
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals Vacant dwelling units	59	119	241	568
Total new dwelling units	1,136	2,305	4,657	10,986
Annual average of new dwelling units	227	231	233	234

As illustrated in Exhibit 74, if production of housing in McMinnville follows historic trends, the market will not produce enough housing to meet all of McMinnville's projected housing needs.

Exhibit 74. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041
Source: City of McMinnville permit database. Calculations by ECONorthwest.



Projection for Housing Growth Before 2021

McMinnville's 20-year planning horizon begins in 2021, resulting in an interim period during which time McMinnville will have additional population growth, new residential development, and consumption of buildable land. McMinnville's housing strategy will address these shorter-term needs, and the land-sufficiency analysis will reflect the additional land consumed between 2018 and 2021.

The Portland State University population forecast shows growth of about 1,480 people between 2018 and 2021, resulting in a need for 612 new dwelling units.[56] The population locating in McMinnville between 2018 and 2021 is considered part of the "existing population" at the beginning of the planning period, which begins in 2021. The existing population does not need to be added into the population forecast for 2021 to 2041 or the forecasts for the 5-, 10-, and 46-year planning periods. Buildable land is required to accommodate these units. Therefore, to estimate the capacity of the land supply in 2021 (at the beginning of the 20-year planning period), this analysis deducts the housing units which require buildable land between 2018-

[56] According to Portland State University's Population Research Center, McMinnville UGB had 34,293 people in 2017. ECONorthwest extrapolated the population in 2017 to 34,758 persons in 2018. McMinnville UGB forecasted that the population in 2021 will be 36,238 people (Exhibit 29), resulting in 1,480 new persons between 2018 and 2021. Using the assumptions presented in Exhibit 75, McMinnville will have demand for approximately 612 new dwelling units between 2018 and 2021.

2021 from the capacity of land in 2018 to determine the remaining capacity of land in 2021. This analysis is presented in Chapter 6.

McMinnville will have demand for 612 new dwelling units between 2018 and 2021.

Exhibit 75. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2018 to 2021
Source. Calculations by ECONorthwest.

Variable	New Dwelling Units (2018-2021)
Change in persons	1,480
Average household size	2.55
New occupied DU	580
times Aggregate vacancy rate	5.4%
equals Vacant dwelling units	32
Total new dwelling units (2018-2021)	612

Projection for Housing Growth by Housing Type

This section describes the factors that influenced the assumptions for the housing forecast. It also presents the housing forecast by housing type. Appendix B outlines the scenario models presented to the Project Advisory Committee, which informed their recommendation for housing mix (a core assumption for the housing forecast).

Factors Influencing the Needed Mix and Density Determination

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296(1)-(9). Goal 10 requires cities to make a housing needs projection. OAR 660-008(4) provides the specific guidance:

> (4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:
>
> (a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;
> (b) consistent with any adopted regional housing standards, state statutes, and Land Conservation and Development Commission administrative rules; and
> (c) consistent with Goal 14 requirements.

To make the housing needs determination, we use the information presented in the housing needs analysis. We use the following definitions to distinguish between housing need and housing market demand, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household (and group quarters population) will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local housing needs projection.

- *Housing market demand* is what households demonstrate they are willing or able to purchase (own or rent) in the market place. Growth in population means growth in the number of households, which implies an increase in demand for housing units. That demand is met primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market supply component, called a buildable land needs analysis,[57] which must consider the density and mix of housing developed over the previous five years or since the current periodic review, whichever is greater. In concept, what got built in that five-year period, or longer, was the effective demand for new housing of those who can afford to purchase housing in the market: it is the local equilibrium of demand factors, supply factors, and price.

Cities are required to determine the average density and mix of needed housing over the next 20 years (ORS 197.296(7)). McMinnville is using a 2021 to 2041 analysis period. The determination of needed density and mix over the 2021 to 2041 period must consider the five factors listed in ORS 197.296(5) that may affect future housing need:

> (a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:
>
> (A) the number, density, and average mix of housing types of urban residential development that have actually occurred;
>
> (B) trends in density and average mix of housing types of urban residential development;
>
> (C) demographic and population trends;
>
> (D) economic trends and cycles; and
>
> (E) the number, density, and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(5)(A)(A) AND (E) AVERAGE DENSITY AND MIX

Subsections (A) and (E) require similar data. Subsection (A) requires the number, density, and average mix of housing types of urban residential development that have actually occurred; while (E) requires the same data but for housing types that have occurred on the buildable lands. The density and mix analysis presented in Chapter 3 of this report is intended to comply

[57] ORS 197.296 (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

with these two requirements. Exhibit 76 shows the average housing mix of units by type for each zone and net density by type for each zone, and overall by zone and type.

Exhibit 76. Historical Average Density and Mix, McMinnville, 2000 through July 2018
Source. City of McMinnville Permit Database.

Plan Designation and Zone	Single-Family Detached		Single-Family Attached		Multifamily		TOTAL	
	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density	Mix of Units	Net Density
Commercial	0%	-	0%	-	33%	31.2	10%	31.2
C-3	0%	-	0%	-	33%	31.2	10%	31.2
Residential	100%	4.8	100%	12.3	67%	16.5	90%	6.0
O-R	0%	-	0%	-	6%	7.6	2%	7.6
R-1	21%	4.0	12%	9.5	0%	-	14%	4.1
R-2	47%	4.8	45%	12.3	23%	18.6	39%	5.8
R-3	5%	5.9	19%	10.6	1%	-	5%	6.8
R-4	27%	5.4	24%	17.6	37%	19.1	30%	7.9
Total	**62%**	**4.8**	**8%**	**12.3**	**31%**	**18.2**	**100%**	**6.6**

(5)(A)(B) TRENDS IN DENSITY AND AVERAGE MIX OF HOUSING TYPES OF URBAN RESIDENTIAL DEVELOPMENT

Housing mix is the mixture of housing types (e.g., single-family detached, single-family attached, or multifamily) within a city. State law requires a determination of the future housing mix in the community and allows that determination to be based on different periods: (1) the mix of housing built in the past five years or since the most recent periodic review, whichever time period is greater, (2) a shorter time period if the data will provide more accurate and reliable information, or (3) a longer time period if the data will provide more accurate and reliable information (ORS 197.296).

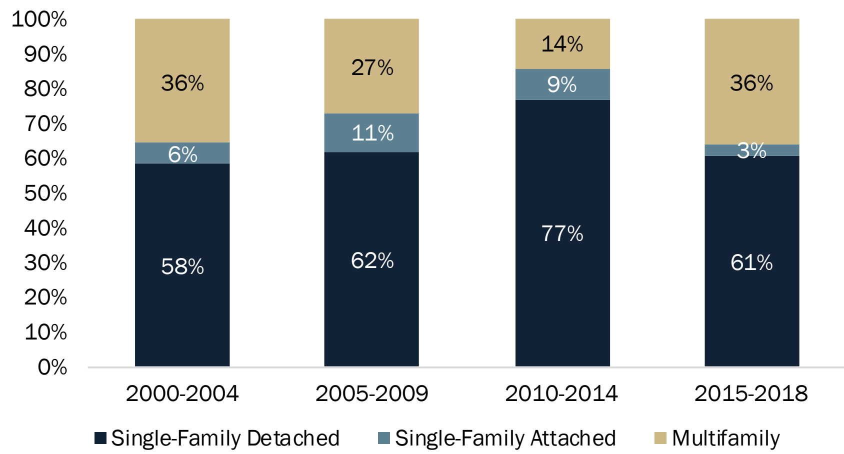
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

Since 2000, single-family detached housing predominated McMinnville's housing market.

Single-family attached housing consistently makes up a smaller share of the housing stock built since 2000.

Exhibit 77. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

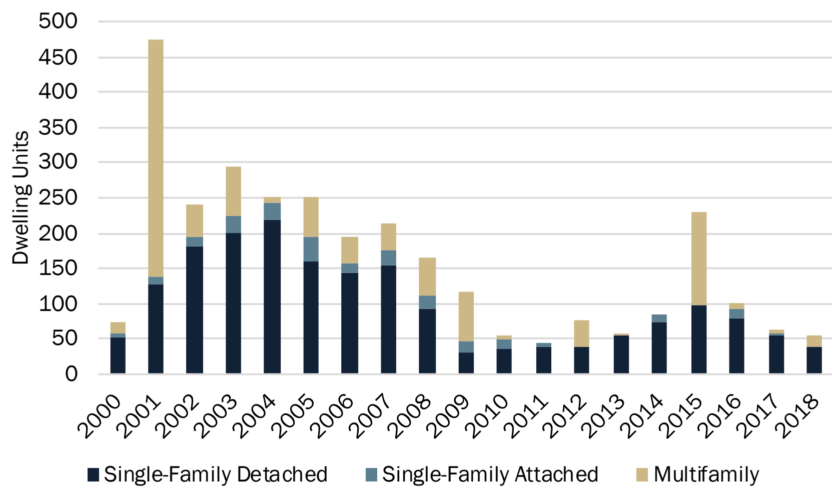
Source: McMinnville Building Permit Database.



Since 2000, 62% of housing permitted in McMinnville was single-family detached, 8% was single-family attached, and 31% was multifamily.

Exhibit 78. Trends in Housing Mix of New Units, McMinnville, 2000 to July 2018

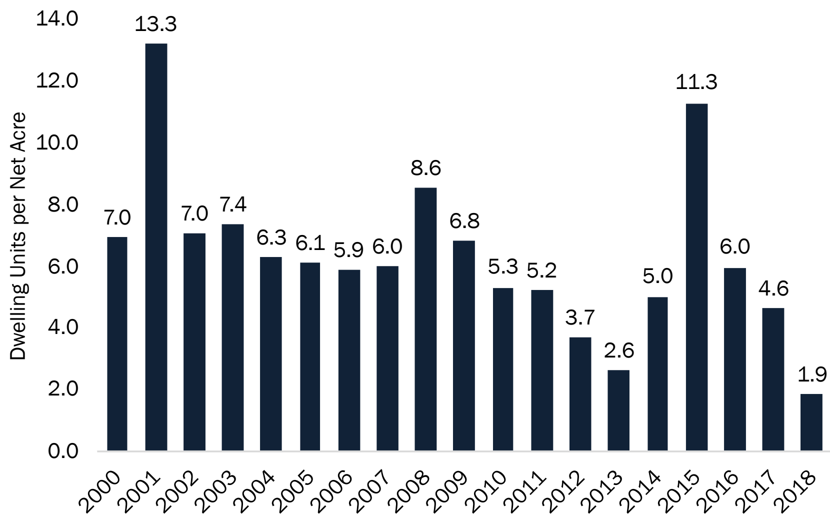
Source: McMinnville Building Permit Database.



Since 2000, McMinnville's average net density was 6.6 dwelling units per net acre.

Exhibit 79. Trends in Net Density of New Units, McMinnville, 2000 to July 2018

Source: McMinnville Building Permit Database. Note: Net density is dwelling units per net acre.



Housing density is the density of residential units by structure type, expressed in dwelling units per net or gross acre. The US Census does not track residential development density, so this study analyzes housing density based on new development between 2000 and July 2018. Consistent with trends observed in other cities, considerable variation exists in residential density from year to year. While housing density averaged around 6.6 dwelling units per net acre since 2000, some years show a spike in density of over 10 dwelling units per net acre. In other years, density dipped below five dwelling units per net acre. Density is affected by many factors—housing type, housing mix, lot configurations, etc. With limited annual permitting, one large multifamily project can considerably change annual density findings (such as in 2001 and 2015).

(5)(A)(C) DEMOGRAPHIC AND POPULATION TRENDS

To understand what will influence McMinnville's housing market, it is important to consider demographic and population trends. The following factors will influence needed mix and density in McMinnville's future:

- Population in McMinnville is growing faster than the State and national average since 1990.
- Population in McMinnville is aging, and the cohort aged 60+ in Yamhill County will increase by about 56% by 2041.
- The share of the population that is Hispanic and Latino is growing faster than County and State averages since 2000. Per the most recent Decennial Census, Latino and Hispanic households were on average 1.5 persons larger.
- Overall, average household size is shrinking and the share of 1-person households in McMinnville has increased since 2000.

- Median household income and median family income is below County and State median incomes.
- While 41% of McMinnville households earn more than 120% of McMinnville's median household income, about 50% of McMinnville households earn less than $50,000 per year, compared to 43% of Yamhill County households.
- From 2017 to 2018, Point-in-Time homelessness increased by 30%.
- In the 2016–2017 school year, 3% of students experienced homelessness in Yamhill County.
- Approximately 13,500 people work in McMinnville, but 60% of those workers commute into McMinnville from other areas.

These trends—coupled with the forecast of new housing in McMinnville's UGB for the 2021 to 2041 period (Exhibit 72)—suggest that, in the future, the need for new housing developed in McMinnville will include housing that is generally more affordable, with some housing located in walkable areas with access to services. Findings additionally suggest that in the future, McMinnville will need high-amenity housing types for the large share of households earning over 120% of McMinnville's median family income. This assumption is additionally based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for small-lot, small-home detached single-family housing, attached single-family housing, and multifamily housing. The key demographic trends that will affect McMinnville's future housing needs are (1) the aging of Baby Boomers, (2) the aging of Millennials, and (3) the continued growth of the Hispanic and Latino population. Growth of these groups has the following implications for housing need in McMinnville:
  - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted-living facilities or age-restricted developments. These households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for smaller single-family detached, single-family attached, multifamily, and multigenerational housing types like accessory dwelling units. Some Baby Boomers may prefer housing in walkable neighborhoods with access to services.
  - *Millennials.* Over the next twenty years, Millennial households will continue to grow, but their share of the population will stay stable at about 25% of the population. The aging of Millennials will still result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is

comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, others in town houses or multifamily housing.

   - *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville's population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.

- About 36% of McMinnville's households are cost burdened. Fifty-two percent of McMinnville's renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about $50,300) could afford a home roughly valued between $176,000 and $201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about $349,000).

  McMinnville's share of multifamily housing accounts for about 23% of the City's housing stock. The majority of McMinnville's multifamily buildings are five or more units (73%), indicating few "missing middle" multifamily housing types.

These findings suggest that McMinnville's needed housing mix is for a broader range of housing types than are currently available in McMinnville's housing stock, both for ownership and rent, as well as across the affordability spectrum. McMinnville will need to provide development opportunities over the next twenty years for traditional single-family detached housing, smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), manufactured housing, accessory dwelling units, town houses, duplexes, triplexes, quadplexes, and apartment buildings. McMinnville needs housing across the affordability spectrum from affordable housing (including government-assisted housing) to high-amenity housing.

(5)(A)(D) ECONOMIC TRENDS AND CYCLES

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the United States in the 1990s (which was generally an expansionary period) but lagged behind the United States in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth slowed during 2007, Oregon's population growth began to slow.

Despite this, McMinnville has grown at an average annual growth rate of 2.4% since 1990, faster than the nation, State, and County (1.0%, 1.4%, 1.8%). Migration is the largest component of

population growth in McMinnville. From 2000 to 2016, 67% of Yamhill County's new population (13,477 people) was a result of migration. According to the Joint Center for Housing Studies of Harvard, immigration will continue to play a role in accelerating growth in the coming years unless affected by macro-politics.

Building activity had not picked up since the recession, until the past three to five years. McMinnville is experiencing pent-up demand for housing, and competition has grown. As a result of increased housing costs and competition, McMinnville is experiencing a decrease in first-time homebuyers due to limited options and competition from wealthier households.

Housing instability is increasing in McMinnville, fueled by an unsteady and low-opportunity employment market. As of 2019, the minimum wage in Oregon was $11.25 (an annual salary of $23,400, or about 47% of median family income in McMinnville). A household must earn at least $25.58 per hour to afford a two-bedroom unit in Yamhill County at fair market rent. Wages in Oregon remain below the national average, but they are at its highest point relative to the early 1980s. The Office of Economic Analysis reports that new Oregon Employment Department research "shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years."[58] These wage increases are "substantially stronger for the Oregonians who have been continually employed over the last three years."[59]

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon's economy. This is an approximate annual growth of 2.2% in total nonfarm employment relative to 2017 levels.[60] The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs. This information explains that, as the housing market continues to recover, and as Oregon's economy improves, Oregon will likely see an increase in household formation rates. Yamhill County and McMinnville will be affected by these state trends, which will result in continued demand for new houses.

[58] Office of Economic Analysis, "Oregon Economic and Revenue Forecast," 38(3), September 2018. https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf.

[59] *Ibid*.

[60] *Ibid*.

Housing Forecast by Housing Type

The Project Advisory Committee recommended that Scenario 2 needed a housing mix assumption to inform the housing forecast by housing type (see Appendix B for a description of each scenario). The recommendation is presented below. The basis for the determination of needed housing mix in McMinnville is the demographic trends suggesting continued demand for a wider variety of housing types as well as the following assumptions:

- McMinnville's official forecast for population growth shows that the City will add 11,260 people over the 20-year period. This new population will result in the need for 4,657 new dwelling units over the 20-year period.
- The recommended mix assumption for McMinnville's needed housing mix was Scenario 2:
  - 55% of new housing will be single-family detached, a category which includes manufactured housing, accessory dwelling units, and cottage clusters. In the 2013–2017 period, 68% of McMinnville's total existing housing stock was single-family detached.
  - 12% of new housing will be single-family attached. In the 2013–2017 period, 9% of McMinnville's total existing housing stock was single-family attached.
  - 33% of new housing will be multifamily, a category which includes redevelopment. In the 2013–2017 period, 23% of McMinnville's total existing housing stock was multifamily.

McMinnville will have demand for 4,657 new dwelling units over the 20-year period, 55% of which will be single-family detached housing.

Exhibit 80. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
Needed new dwelling units (2021-2041)	4,657
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	**55%**
equals Total new single-family detached DU	2,561
Single-family attached	
Percent single-family attached DU	**12%**
equals Total new single-family attached DU	559
Multifamily	
Percent multifamily	**33%**
equals total new multifamily	1,537
Total new dwelling units (2021-2041)	4,657

This analysis accounts for units accommodated through infill and redevelopment of land classified as "developed." Results and assumptions are documented below.

- **Infill and Redevelopment.** Infill (which includes accessory dwelling units) and redevelopment is development that occurs on fully developed lots; the property owner may add additional units to the property or demolish the dwelling unit(s) that are already in place to build one or more units on the property. The McMinnville Project Advisory Committee recommended assumption for infill and redevelopment is 8%. For the 2021 to 2041 period, we assume 8% of new housing will be accommodated through infill and redevelopment. This results in 373 units that will be accommodated through infill and redevelopment.

Over the 20-year period, McMinnville will accommodate 373 needed units through infill and redevelopment (approximately 19 units per year).

Exhibit 81. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through infill and redevelopment	373
Subset of total new dwelling units (2021-2041)	373

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment.

This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 82. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	37
Single-family attached	
Multifamily	335
Total Units in Infill or Redevelopment	373
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	2,524
Single-family attached	559
Multifamily	1,202
Total DUs Requiring Vacant or Partially Vacant Land	4,284

To summarize Exhibit 80, Exhibit 81, and Exhibit 82, McMinnville will have demand for 4,657 new dwelling units over the 20-year period. Of these 4,657 dwelling units, 2,561 dwelling units are forecast to be single-family detached housing and 1,537 are forecast to be multifamily housing (see Exhibit 80). After accounting for the 373 forecasted units accommodated by infill and redevelopment (Exhibit 81), McMinnville will have demand for 2,524 single-family detached units on vacant or partially vacant land and 1,202 multifamily units on vacant or partially vacant land (Exhibit 82). Exhibit 83 presents a summary.

Exhibit 83. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% of Total Needed Units	% of Infill / Redeveloped Units	#	% of Total Needed Units	% of Units of V / PV Land
Single-Family Detached	2,561	55%	37	1%	10%	2,524	54%	59%
Single-Family Attached	559	12%	-	0%	0%	559	12%	13%
Multifamily	1,537	33%	335	7%	90%	1,202	26%	28%
Total	4,657	100%	373	8%	100%	4,284	92%	100%

Redevelopment typically involves the replacement of one or more units with a larger number of units. Multifamily is a reasonable assumption for redevelopment, as it matches historical redevelopment trends in McMinnville. Redevelopment has historically not occurred as single-family attached housing in McMinnville. Infill (which includes accessory dwelling units [ADUs]) may be attached or detached, but they have characteristics of multifamily housing. ADUs do not have separate fee simple ownership—ownership is not separate from the primary dwelling unit—similar to a duplex or other multifamily housing product. Single-family detached infill is likely to entail small partitions of small lots classified as developed with limited remaining capacity based on zoning.

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 84 though Exhibit 86 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 87 through Exhibit 89 replicate the forecast for demand for new dwelling units (including infill/redevelopment) for housing growth between 2018 and 2021.

Exhibit 84. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
equals Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
equals Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
Total new multifamily	375	760	1,537	3,626
equals Total new dwelling units	1,136	2,305	4,657	10,986

Exhibit 85. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	91	184	373	879

Exhibit 86. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067
Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	82	166	335	791
Total Units in Infill or Redevelopment	91	184	373	879
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	1,045	2,121	4,284	10,107

McMinnville will have demand for 612 new dwelling units between 2018 and 2021, 55% of which will be single-family detached housing.

Exhibit 87. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2018–2021
Source: Calculations by ECONorthwest

Variable	Needed Mix
Needed new dwelling units (2018-2021)	612
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	55%
equals Total new single-family detached DU	337
Single-family attached	
Percent single-family attached DU	12%
equals Total new single-family attached DU	73
Multifamily	
Percent multifamily	33%
equals total new multifamily	202
Total new dwelling units (2018-2021)	612

Between 2018 and 2021, McMinnville will accommodate 49 needed units through infill and redevelopment.

Exhibit 88. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2018–2021
Source: Calculations by ECONorthwest

Variable	New Dwelling Units (2018-2021)
New units accomodated through infill and redevelopment	49
Subset of total new dwelling units (2018-2021)	49

Between 2018 and 2021, McMinnville will accommodate 49 needed new units through infill and redevelopment.

This results in McMinnville having demand for 563 new dwellings units on vacant or partially vacant land before 2021.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, McMinnville UGB, 2018–2021
Source: Calculations by ECONorthwest

Variable	Needed Mix
DUs Accomodated by Infill or Redevelopment	
Single-family detached	5
Single-family attached	
Multifamily	44
Total Units in Infill or Redevelopment	49
DUs Requiring Vacant / Partially Vacant Unconstrained Land	
Single-family detached	332
Single-family attached	73
Multifamily	158
Total DUs Requiring Vacant or Partially Vacant Land	563

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**[61] will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to "determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years." This section describes historic residential densities and needed residential densities for McMinnville's planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres[62] to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

[61] Residential plan designations with county zoning are lands with the City's residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

[62] OAR 660-024-0010(6) defines net buildable acre as land that "consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.[63]

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 90 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

[63] The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 90. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	**6.6**	**25%**	**4.9**

Exhibit 91. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018
Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	**6.6**	**25%**	**4.9**

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville's historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018. If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (4.9 dwelling units per gross acre), McMinnville's overall residential density will increase to 5.3 dwelling units per gross acre over the twenty-year planning period—an 8% increase in gross residential density.

This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville's median household income (MHI) of $50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville's future households will have incomes at or below 50% of McMinnville's median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville's MHI.

Forty-one percent will have incomes greater than 120% of McMinnville's MHI.

Exhibit 92. Future (New) Households, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021 to 2041

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

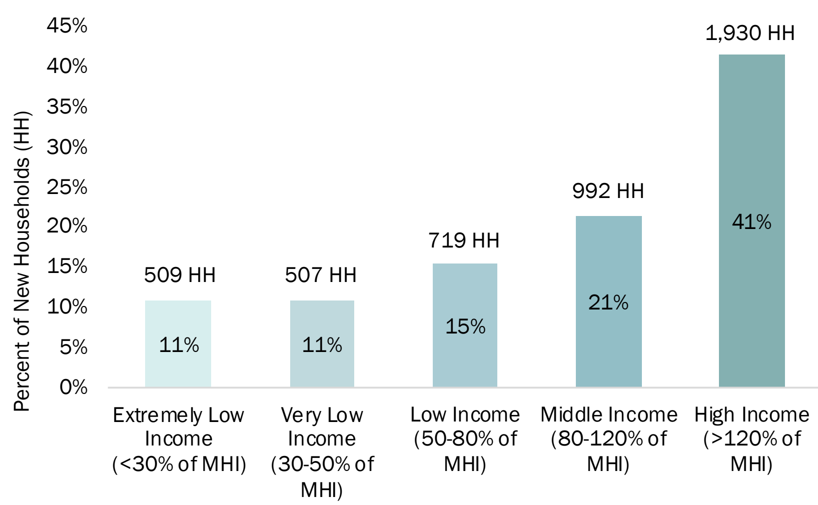


Exhibit 93. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville ($50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
    - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville's median household income (less than $15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.

- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.

- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling Park Directory,[64] McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

  ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

  - The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
  - Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
  - Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
  - National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

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[64] Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory." http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Households most likely to live in manufactured homes in parks are those with incomes between about $15,000 and $25,150 (30% to 50% of McMinnville's median household income), which includes 11% of McMinnville's households. However, households in other income categories may also live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

  Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,[65] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

[65] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year's notice of park closure and pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

The Portland State University population forecast shows growth of about 1,480 people between 2018 and 2021, resulting in a need for 612 new dwelling units.[66] After deducting dwelling units accommodated by infill and redevelopment (8% or 49 units), McMinnville needs to accommodate 563 new dwelling units on vacant or partially vacant lands before 2021. To accommodate the 563 dwelling units at historic densities,[67] it is expected that the market would consume about 115 gross acres of existing buildable land before 2021. In 2021, the City of McMinnville could update their buildable lands inventory to deduct the actual amount of land consumed prior to 2021 from the inventory.

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks,

[66] According to Portland State University's Population Research Center, McMinnville UGB had 34,293 people in 2017. ECONorthwest extrapolated the population in 2017 to 34,758 people in 2018. McMinnville UGB forecasted that the population in 2021 will be 36,238 people (Exhibit 29), resulting in 1,480 new people between 2018 and 2021. Using the assumptions presented in Exhibit 75, McMinnville will have demand for approximately 612 new dwelling units between 2018 and 2021.

[67] McMinnville's average overall residential density between 2000 and July 2018 was 6.6 dwelling units per net acre and 4.9 dwelling units per gross acre.

public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville's ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10[68] and ORS 197.296[69] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. McMinnville is required to make a local housing needs projection[70] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14[71], OAR 660-008,[72] and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.3 dwelling units per gross acre (average overall)

[68] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[69] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[70] OAR 660-008-0005(4)

[71] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

[72] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[73] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville's 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 4.9 dwelling units per gross acre include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

[73] There is ambiguity in the term "capacity analysis." It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
- **Needed densities.**[74] The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities.

Exhibit 94. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	145	3.1	449
R-2 Single Family Residential	131	4.3	561
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	21	6.1	127
O-R Office/Residential	0	6.3	3
C-3 General Commercial	61	21.9	-
County Zoning	358	4.9	1,753
TOTAL	**721**	**4.1**	**2,921**

Exhibit 94 shows that McMinnville has 721 acres of unconstrained buildable lands, (approx. 660 acres in residential zones are assigned residential capacity), with capacity for 2,921 dwelling units using historical densities by zoning district (before deducting acreage for housing development between 2018 and 2021). Exhibit 95 shows that McMinnville has 588 acres of

[74] This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

unconstrained buildable lands in Zone 1,[75] with capacity for 2,360 dwelling units (before deducting acreage for housing development between 2018 and 2021 and by using historical densities by zoning district).

Exhibit 95. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	109	3.1	338
R-2 Single Family Residential	86	4.3	368
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	21	6.1	127
O-R Office/Residential	0	6.3	3
C-3 General Commercial	61	21.9	-
County Zoning	305	4.9	1,496
TOTAL	**588**	**4.0**	**2,360**

Note: All housing development occurring between 2018 and 2021 is assumed to be in Water Zone 1 as Water Zone 2 will not be serviceable during that time. The report presents this deduction in the following sub-section.

[75] The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results incorporate assumptions for land needed to accommodate new population and housing between 2018 and 2021.[76]
- Results reflect demand for new dwelling units which require vacant and partially vacant lands.[77]

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 96 shows the capacity for each planning period in 2018 and in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones. The 563 dwelling units needed between 2018-2021 will need about 115 acres at McMinnville's historic density of 4.9 du/gross acre.

[76] This section approximates the number of vacant and partially vacant buildable acres in 2021 (2021 Buildable Land Inventory). Each planning period begins with the 2021 capacity.

[77] Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 96. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The 2,360 DU capacity total includes 864 DUs in City Limits and 1,496 DUs in the county. Note3: The 2,921 DU capacity total includes 1,168 DUs in City Limits and 1,753 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2018 Capacity (DUs)				
Water Zone 1	2,360	2,360	2,360	2,360
Water Zone 2	NA	NA	561	561
Total	**2,360**	**2,360**	**2,921**	**2,921**
2018-2021 Demand (DUs on buildable land)	563	563	563	563
2021 Capacity (DUs)				
Water Zone 1	1,797	1,797	1,797	1,797
Water Zone 2	NA	NA	561	561
Total	**1,797**	**1,797**	**2,358**	**2,358**
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	752	(324)	(1,926)	(7,749)
Capacity Based on Land in Water Zone:	*1*	*1*	*1&2*	*1&2*
Surplus/Deficit @ 4.9 du/ac (hist), gross acres	153	(66)	(393)	(1,581)
Surplus/Deficit @ 5.3 du/ac (need), gross acres	142	(61)	(363)	(1,462)
Difference, gross acres	12	(5)	(30)	(119)

Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville's households have grown smaller on average. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 needed dwelling units through redevelopment and infill—these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.3 dwelling units per gross acre (needed average density)—an 8% increase.[78]

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem—possibly

[78] This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone.

growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 1,926 dwelling units, which means the City has an approximate deficit of about 363 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in Exhibit 97.

Exhibit 97. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067
Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for this report. The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor's roll data from Yamhill County for the analysis. The inventory then builds from the tax lot–level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville's floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

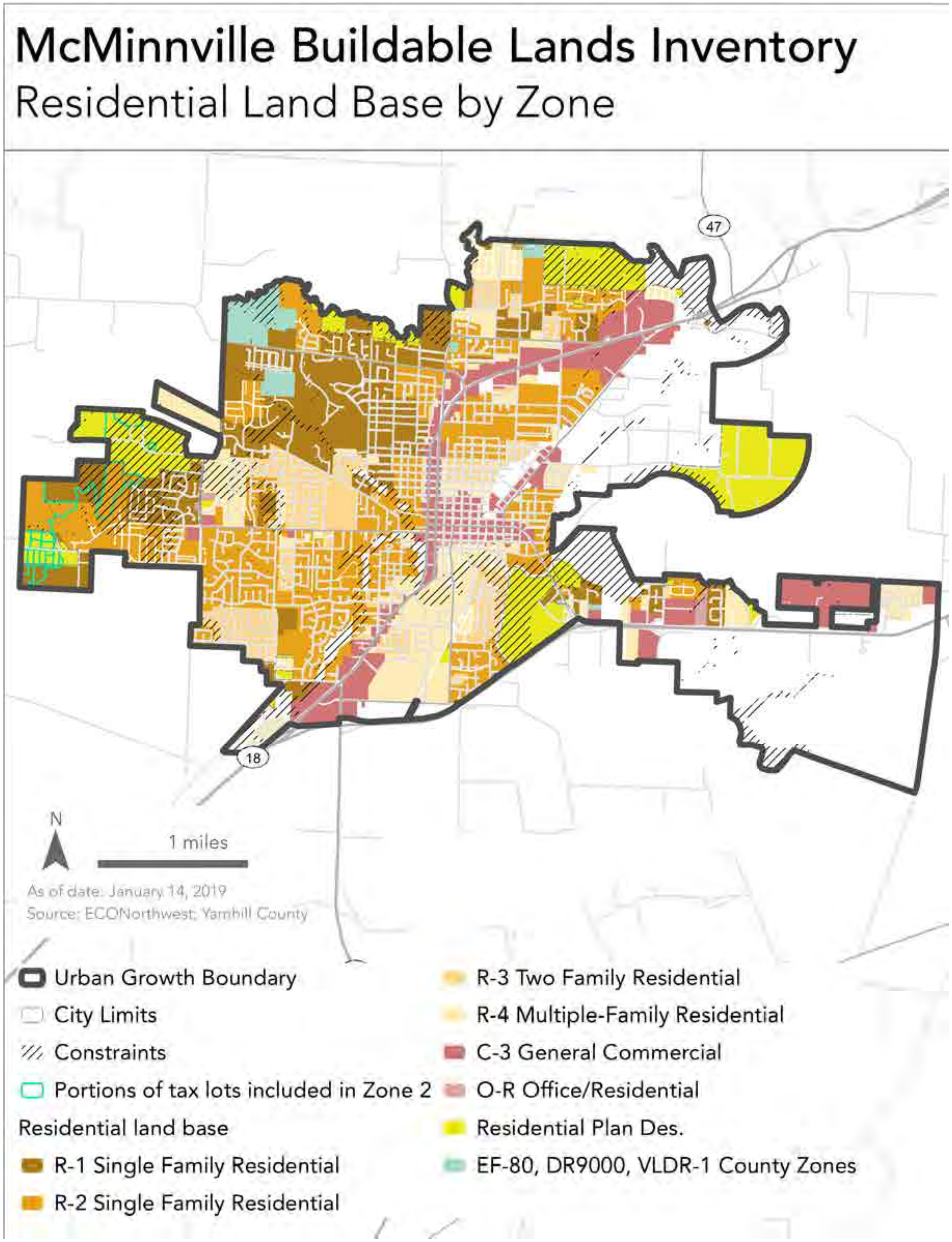
Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of August 2018.

Residential Land Base

Exhibit 98 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 98. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 99 presents a 20-year forecast (using the four scenarios), and Exhibit 100 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 99. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville's existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	68%	62%	60%	55%
equals total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	9%	8%	10%	12%
equals total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	23%	31%	30%	33%
equals total new multifamily	1,016	1,359	1,328	1,460
equals Total new dwelling units (2021-2041)	4,424	4,424	4,424	4,424

Exhibit 100. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067

Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
equals Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
equals Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
Total new multifamily	331	673	1,359	3,205
equals Total new dwelling units	1,079	2,190	4,424	10,435

The housing mix determination over the 2021 to 2041 period will impact McMinnville's overall housing mix in 2041. Exhibit 101 displays what McMinnville's overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 102 displays what McMinnville's overall housing mix would be at the end of McMinnville's various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 101. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	23%	25%	25%	26%
Total	**17,513**	**17,513**	**17,513**	**17,513**

Exhibit 102. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		
	Number	Percent	Number	Percent	Number	Percent	Total
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							-
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							-
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							-
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 103 through Exhibit 106 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville's historic share of housing developed in each of McMinnville's existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville's housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 103. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 104. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 105. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 106. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities (Exhibit 91), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 107. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013-2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
equals gross acres needed for SFD	836	759	737	676
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
equals gross acres needed for SFA	43	36	48	57
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
equals gross acres needed for MF	74	99	97	107
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	953	894	882	839

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 103, Exhibit 104, Exhibit 105, and Exhibit 106 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 108. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	2,921	4,424	(1,503)	(321)

Exhibit 109. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	2,921	4,424	(1,503)	(320)

Exhibit 110. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	2,921	4,424	(1,503)	(325)

Exhibit 111. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	2,921	4,424	(1,503)	(323)

City of McMinnville
Addendum 1 to June 2019 Draft Housing Needs Analysis (HNA):
Description of June 2020 Revisions to Residential Capacity Analysis,
as Reflected in June 2020 Draft Urbanization Report

Summary

This addendum provides supplemental analysis that revises certain aspects of the residential capacity analysis for the Buildable Land Inventory (BLI) in the June 2019 Draft Housing Needs Analysis (HNA). This updated analysis and revision to the June 2019 Draft HNA is reflected in the June 2020 Draft Urbanization Report. The updates address the issues below.

1. Corrections to BLI Acreages Due to Split-Zoned Lots Identified During EOA Work
2. Capacity of Exception Areas in the UGB
    a. OAR 660-024-0067(6) Analysis
    b. Density Assumptions
    c. Other: Serviceability
3. Analysis Under ORS 197.296 as Amended by HB 2001
4. Small Lot Status and Capacity
5. Add capacity for vacant already platted lots within landslide constraint area

Any assumptions used in the June 2019 HNA which are revised by this addendum are described herein in detail.

The table below summarizes the revisions provided in this addendum.

In summary, the housing need remains unchanged; it is the capacity of the buildable lands which is revised. The need for 5,269 additional dwellings by 2041 remains the same. ***The updated analysis results in a reduction in the capacity of buildable lands, when compared to the 2019 Draft HNA, from 2,921 dwellings to 2,129 dwellings, a net capacity reduction of 792 dwellings.***

This means there is a deficit of buildable lands to meet the needs for 3,053 of the 5,269 needed dwellings by 2041. At a historic density of 4.9 du/gross acre, this is a deficit of 623 gross buildable acres. At the "needed" density of 5.3 du/gross acre, this is a deficit of 576 gross buildable acres.

Note: *The City is undertaking inventory and analysis of additional Goal 7 hazards, Goal 5 natural and cultural resources, and constraints which could be subject to adoption of protection measures which could potentially render certain areas unbuildable or could reduce capacity. While this addendum may provide additional information and discussion relating to these constraints, these other constraints have not been introduced into or applied to this revised capacity analysis.*

Summary Table - 2018-2041 Residential Capacity Analysis Revisions

Component	Description	Capacity - Dwelling Units		
		Original	Revised	Difference
2018 Capacity				
Total Relative to June 2019 Draft HNA		2,921	**2,129**	(792)
Adjustments				
1. Revised Total After Split-Zoned Lot Adjust.	BLI Buildable Res. Acres Adjusted to Split-Zoned Ac.	2,921	2,822	(99)
2. Exception Areas <2 acres	OAR 660-024-0067(6)	342	18	(324)
3. Exception Areas >=2 acres	Revise Avg. Hist. Density to R-1 Hist. Density	687	434	(253)
4. Elevation >415' (Potential Zone 3)	Subtract 6.5 bld ac in except. area @ R-1 Hist. Density	68	48	(20)
5. Small City Lot Adjustments*	Non-Exception Area < 2ac	366	251	(115)
6. Add Capacity to Platted Vacant Lots w/LSC	19 Small Vac. Platted Subd. Lots with Landslide Constr.	-	19	19
2018-41 Demand (for Vac/PV)				
Total		5,269	5,269	-
Adjustments				
7a. Vacant/Partially Vacant	To Address HB 2001 Amendments to ORS 197.296	**4,847**	**5,182**	**335**
7b. Infill/Redevelopment	To Address HB 2001 Amendments to ORS 197.296	422	87	(335)
2041 Deficit (for Vac/PC)				
Deficit: DUs		(1,926)	**(3,053)**	(1,127)
*Adjustments for small lots in Exception Areas are calculated separately above per OAR 660-024-0067(6) provisions				
2041 Deficit (Acres)				
Deficit: Acres @ Hist. 4.9 du/ac		(393)	**(623)**	(230)
Deficit: Acres @ Needed 5.3 du/ac		(363)	**(576)**	(213)

The following table summarizes the residential capacity analysis revisions by zone.

	Capacity																					
		1			2			3			4			5			6			Subtotal with Cap Adjust		
Zone	Orig Capacity by Zone	Total After Split Lot Adj			Exception Areas < 2a c			Excpetion Areas > 2 ac			Elevation >415'			Small Lot Adjustments			Vacant Platted Constr					
		Before	After	Diff	Before	After	Diff	Befpre	After	Diff	Before	After	Diff	Before	After	Diff	Before	After	Diff	Before	After	Diff
R-1	449	449	428	-21										93	61	-32	0	19	19	449	415	-34
R-2	561	561	569	8										90	71	-19				561	550	-11
R-3	28	28	28	0										29	23	-6				28	22	-6
R-4	127	127	110	-17										61	55	-6				127	104	-23
County	1753	1753	1687	-66	342	18	-324	687	434	-253	68	48	-20	93	41	-52				1753	1038	-715
SUM	2918	2918	2822	-96	342	18	-324	687	434	-253	68	48	-20	366	251	-115	0	19	19	2918	2129	-789
	(2921 in Table 94)	2921 in table		-99 in table																Orig	Rev	Diff
																				2921 in table		-792 in tabl

1. Corrections to BLI Acreages Due to Split-Zoned Lots Identified During EOA Work

Following completion of work on the June 2019 Draft HNA, the City began work on an update to the Economic Opportunities Analysis (EOA). During that work, it was observed that there were some split-zoned tax lots. While some tax lots had only a small portion of the acreage in a second zone, in other cases, there were a few larger tax lots that had a significant percentage of acreage in each zone. For example, some tax lots were split-zoned with some acreage in a residential zone and some acreage in a commercial zone. During the HNA work, the split-zoned tax lots had the entire acreage assigned to the zone in which the majority of the tax lot was located. This approach helped avoid issues with "slivers" that can result with technical issues associated with minor mapping alignments.

However, it was insufficient to address those few split-zoned tax lots with a significant percentage of the acreage in each zone. Therefore, during the Buildable Lands Inventory (BLI) work for the EOA, those tax lots were split at the zone boundary, and the acreage within each zone was addressed within the respective residential or employment buildable lands inventory. Acres in the residential portions were assigned to the residential BLI and acres in commercial or industrial portions were assigned to the employment BLI. The analysis dates for the cut-off date for the BLI work for the HNA and EOA work were also aligned for consistency.

The buildable lands inventory and capacity analysis for the HNA is updated accordingly. This is shown below for Exhibits 94 and 95. With the adjustments to buildable acres for the residential portions of the split zoned lots, the capacity is 2,822 dwellings.

Original Exhibits 94 and 95:

The original assumptions for the capacity analysis of buildable lands within the UGB used in the HNA, including status of unincorporated exception areas previously added to the UGB, was summarized in Tables 94 and 95, below.

Exhibit 94. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	145	3.1	449
R-2 Single Family Residential	131	4.3	561
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	21	6.1	127
O-R Office/Residential	0	6.3	3
C-3 General Commercial	61	21.9	-
County Zoning	358	4.9	1,753
TOTAL	**721**	**4.1**	**2,921**

Exhibit 94 shows that McMinnville has 721 acres of unconstrained buildable lands, (approx. 660 acres in residential zones are assigned residential capacity), with capacity for 2,921 dwelling units using historical densities by zoning district (before deducting acreage for housing development between 2018 and 2021). Exhibit 95 shows that McMinnville has 588 acres of unconstrained buildable lands in Zone 1, 75 with capacity for 2,360 dwelling units (before deducting acreage for housing development between 2018 and 2021 and by using historical densities by zoning district).

Exhibit 95. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	109	3.1	338
R-2 Single Family Residential	86	4.3	368
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	21	6.1	127
O-R Office/Residential	0	6.3	3
C-3 General Commercial	61	21.9	-
County Zoning	305	4.9	1,496
TOTAL	**588**	**4.0**	**2,360**

Note: All housing development occurring between 2018 and 2021 is assumed to be in Water Zone 1 as Water Zone 2 will not be serviceable during that time. The report presents this deduction in the following sub-section.

Updated Exhibits 94 and 95:

Exhibits 94 and 95 with the updated buildable lands and capacity analysis reflecting the adjustments for split-zoned properties are provided below:

Exhibit 94. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption *(DU/Gross Acre)*	Capacity *(Dwelling Units)*
R-1 Single Family Residential	138	3.1	428
R-2 Single Family Residential	132	4.3	569
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	18	6.1	110
C-3 General Commercial	5	21.9	-
City Sub-Total	**300**	**-**	**1,135**
County Zoning	344	4.9	1,687
County Sub-Total	**344**	**-**	**1,687**
TOTAL	**644**	**-**	**2,822**

Exhibit 95. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory, Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1)*	Density Assumption *(DU/Gross Acre)*	Capacity *(Dwelling Units)*
R-1 Single Family Residential	102	3.1	317
R-2 Single Family Residential	88	4.3	376
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	18	6.1	110
C-3 General Commercial	5	21.9	-
City Sub-Total	**219**	**-**	**831**
County Zoning	292	4.9	1,430
County Sub-Total	**292**	**-**	**1,430**
TOTAL	**511**	**-**	**2,261**

2. Capacity of Exception Areas in the UGB

2a. OAR 660-024-0067(6) Analysis

As applied to the exception areas added to the UGB, the provisions of OAR 660-024-0067(6) provide for reduced capacity assumptions for tax lots less than two acres.

This is based on research and analysis that was conducted for the "HB 2554 Report." In September 2015, The University of Oregon Community Service Center published a final report for the HB 2254 Rules Advisory Committee, "Analysis of Development on Rural Residential Lands: A Report to the HB 2254 Rules Advisory Committee."

Some of the key findings excerpted from the report are as follows:

- Lots under two acres are much less likely to divide and develop at urban densities than lots over two acres.

- Across all zones, parcelization of lots (e.g., land divisions) less than 1 acre is very infrequent. Within Rural Residential zones, 2 to 5 acre parcels are the most common to parcelize. If cities are adding existing developed Rural Residential subdivisions with lots less than 2 acres, it is not likely that any capacity exists on these lands.

- Development and parcelization in all unincorporated areas inside UGBs has slowed tremendously since the implementation of the Statewide Planning Program but is still occurring in some jurisdictions. Continued development in incorporated areas, particularly on parcels less than 2 acres, will have long term implications for UGB expansion as parcels less than 2 acres are unlikely to subdivide inside UGBs.

OAR 660-024-0067(6) was adopted in response to these findings, and the OAR provides:

(6) For vacant or partially vacant lands added to the UGB to provide for residential uses:

(a) Existing lots or parcels one acre or less may be assumed to have a development capacity of one dwelling unit per lot or parcel. Existing lots or parcels greater than one acre but less than two acres shall be assumed to have an aggregate development capacity of two dwelling units per acre.

(b) In any subsequent review of a UGB pursuant to this division, the city may use a development assumption for land described in subsection (a) of this section for a period of up to 14 years from the date the lands were added to the UGB.

This applies to lands within three exception areas that were added to the UGB: Riverside South, Redmond Hill Road, and Fox Ridge Road.

The tables below show the total tax lots in these areas, total acres before deducting constraints, and total buildable acres. All tax lots in these areas are privately owned, except for three tax lots in Fox Ridge Road which would be unavailable for development. Two of these are public sites for water infrastructure and one of these is a cemetery. Those are included in the calculations for total tax lots and acres, but excluded from the calculations for buildable residential properties in the tables below.

Of the original capacity of 2,921 dwelling units within the UGB shown in the original Exhibit 94 of the HNA, capacity of 1,029 dwellings is assumed within the exception areas, as shown in the table below.

Capacity of Exception Areas and Other Lands

Areas	Capacity (DUs)
Exception Areas	1,029
Other Lands	1,892
Total	**2,921**

The breakdown of that 1,029 dwelling unit capacity for each exception area in the UGB is shown in the table below as calculated in the original June 2019 Draft HNA.

Capacity of Exception Areas

Area	Tot. TLs	Tot. Ac	Buildable Acres			DU/Gross Ac	Capacity (DUs)
			Zone 1	Zone 2+	Total		
Fox Ridge Road	29	145	0	23	23	4.9	113
Redmond Hill Road	15	44	10	30	40	4.9	196
Riverside South	76	191	147	0	147	4.9	720
SUM	**120**	**380**	**158**	**53**	**210**		**1,029**

Not all tax lots or acreage within tax lots is private land available for development. Some are public lands, and some private acreage is constrained by natural features or hazards. The following table provides a breakdown of the tax lots with buildable acreage by size class. Properties in the smaller size classes (<=1ac, >1<2 ac) will have the provisions of OAR 660-024-0067(6) applied, while the same density assumptions as the original method are applied to the larger size class (>=2 ac) in this section.

Exception Areas Tax Lots with Unconstrained Residential Capacity by Size Class

Area	# Unc. TLs <=1 Bld Ac			# Unc. TLs >1<2 Bld Ac			# Unc. TLs >=2 Bld Ac			SUM		
	w/DU	w/o DU	Total	w/DU	w/o DU	Total	w/DU	w/o DU	Total	w/DU	w/o DU	Total
Fox Ridge Road	1	1	2	1	0	1	1	0	1	3	1	4
Redmond Hill Road	1	0	1	1	0	1	8	5	13	10	5	15
Riverside South	20	1	21	14	1	15	35	5	40	69	7	76
SUM	22	2	**24**	16	1	**17**	44	10	**54**	82	13	**95**

The result of applying the OAR 660-024-0067(6) provisions to these tax lots based on size class results in revised capacity as provided in the table below.

Exception Areas Capacity with OAR 660-024-0067 Adjustments

Area	Capacity			
	<=1 unconstr ac	>1<2 unconstr ac	>=2 unconstr ac	TOTAL
Fox Ridge Road	1	1	119	121
Redmond Hill Road	0	1	160	161
Riverside South	1	14	408	423
SUM	**2**	**16**	**687**	**705**

The table below compares the original and revised capacity calculations. Capacity of lots less than two buildable acres is reduced from 342 DUs to 18 DUs. The result is reduced capacity from 1,029 DUs to 705 DUs within the three exception areas. This a difference of 324 fewer DUs for the exception areas resulting from applying OAR 660-024-0067(6) to parcels of two acres or smaller.

Exception Areas Capacity Comparison

Bld Ac	Original	Revised	Difference
Lots <2 bld ac	342	18	(324)
Lots >=2 bld ac	687	687	-
SUM	**1,029**	**705**	**(324)**

This means the overall capacity of lands within the UGB is reduced by 324 DUs, from the original 2,921 DUs as shown in the original Exhibit 94 of the HNA to 2,597 DUs as shown below, before accounting for the adjustments associated with issue #1 above and other issues below.

Capacity of Exception Areas and Other Lands

Areas	Capacity (DUs)		
	Original	Revised	Difference
Exception Areas	1,029	705	(324)
Other Lands	1,892	1,892	-
Total	**2,921**	**2,597**	**(324)**

2b. Revised Capacity and Density Assumptions for Exception Area Tax Lots >= 2 Acres

The density factor of 4.9 du/gross acre applied to the exception areas, calculated in the tables above, is the average density for all urban residential zones because the exception areas still have county rural zoning, and haven't yet had city urban residential zoning applied. Capacity assumptions will need to be adjusted based on a determination of zoning to be applied to these areas, which is further discussed in a separate section below.

Since the average density for all zones was used to calculate capacity for exception areas, capacity assumptions need to be adjusted based on further determinations of suitability of zoning to be applied to these different areas. Capacity can be calculated based on the historic densities by zoning district, which for the R-1, R-2, and R-3 zones, are respectively 3.1 du/gross acre, 4.3 du/gross acre, and 4.8 du/gross acre. The high percentage of exception area small parcels with no capacity or low capacity under the OAR 660-024-0067(6) calculations, and their spatial distribution within these areas influences the consideration of the appropriate zoning for these areas.

Further, with the above findings and assumptions regarding parcels of two acres or smaller, efficiencies are not achieved on those smaller properties. This means significantly higher densities would be required on parcels >=2 acres to achieve the overall average “needed” density of 4.9 du/acre within the exception areas, with insufficient numbers of parcels >=2 acres to achieve this average. This means assumptions for exception areas need to recognize that these areas are incapable of realistically achieving production of housing averaging 4.9 du/gross acre in the baseline analysis.

The calculations below show the capacity of these areas after applying the OAR 660-024-0067(6) provisions to tax lots of <2 acres, then applying an R-1 density assumption of 3.1 du/gross acre for tax lots >= 2 unconstrained acres, and how that would affect the overall capacity of lands in the UGB, versus the 4.9 du/gross acre assumption used above for the baseline analysis in the June 2019 Draft HNA.

Exception Areas Capacity with OAR 660-024-0067 Adjustments for Parcels Smaller than 2 acres and Revised Density Calculations for Parcels >=2 Acres (at 3.1 du/gross acre).

Area	Capacity			
	<=1 unconstr ac	>1<2 unconstr ac	>=2 unconstr ac	TOTAL
Fox Ridge Road	1	1	75	77
Redmond Hill Road	0	1	101	102
Riverside South	1	14	258	273
SUM	**2**	**16**	**434**	**452**

**applying 3.1 du/gross acre density factor to exception area properties >=2 unconstrained acres*

Exception Areas Capacity Comparison

Bld Ac	Original	Revised	Difference
Lots <2 bld ac	342	18	(324)
Lots >=2 bld ac	687	434	(253)
SUM	**1,029**	**452**	**(577)**

**applying 3.1 du/gross acre density factor to exception area properties >=2 unconstrained acres for revised*

Capacity of Exception Areas and Other Lands

Areas	Capacity (DUs)		
	Original	Revised	Difference
Exception Areas	1,029	452	(577)
Other Lands	1,892	1,892	-
Total	**2,921**	**2,344**	**(577)**

**applying 3.1 du/gross acre density factor to exception area properties >=2 unconstrained acres for revised*

2c. Other: Serviceability: Elevation >415' Elevation (Potential Water Pressure Zone 3)

In the June 2019 Draft Residential Buildable Lands Inventory and Capacity Analysis, it was assumed that lands with elevations above 275' elevation were in water pressure service Zone 2, which requires development of Zone 2 water infrastructure to serve those properties, including water storage tanks. The assumptions for the BLI were that Zone 2 infrastructure would not be developed for approximately 10 years, but that Zone 2 could still be serviced approximately during the second half of the 2-year planning period.

However, water pressure Zone 2 is an elevation band between approximately 275'-415' elevation. Therefore, properties (and future structures) with elevation over 415' elevation would need to be further evaluated to determine whether they could be served from Zone 2 infrastructure, or whether a new Zone 3 (and/or additional Zones for substantially higher elevations) and associated infrastructure, would be necessary to serve properties with elevation over 415' elevation. Depending on the elevation, the ultimate extent and size of the service area, water provider standards and performance policies, fire pressure and fireflow requirements, and public drinking water standards, there may need to be analysis of options for private booster pumps, public pump stations, an/or ultimately additional water storage facilities.

A portion of the Fox Ridge area, approximately 6.5 acres, and a small portion of the Redmond Hill Road area, approximately 0.5 acre, are above 415' elevation. The current water system master plan doesn't currently include Zone 3 service. If the elevation above 415' elevation can't be served from Zone 2 facilities, or if Zone 3 service isn't addressed in the master plan, then approximately 6.5 acres of the Fox Ridge Road area would not be available for development within the 20-year planning horizon, reducing capacity of that area by approximately 32 additional DUs if applying the density factor of 4.9 du/gross acre. As addressed in 2b above, a density factor of 3.1 du/gross acre is assumed for this area, and this would reduce the capacity of this area by approximately 20 additional DUs.

<u>3. Analysis under ORS 197.296 as Amended by HB 2001</u>

HB 2001 was signed into law after the City finished the preliminary work to produce the June 2019 Draft HNA with recommendations from the Project Advisory Committee. HB 2001 amends ORS 197.296(6) in part to specify that, when a City is expanding its UGB and/or including new measures to accommodate growth within the UGB, that it must:

> "adopt findings regarding the density expectations assumed to result from the measures adopted under this paragraph based upon the factors listed in ORS 197.303(2) and data in subsection (5)(a) of this section. The density expectations may not project an increase in residential capacity above achieved density by more than three percent without quantifiable validation of such departures. For a local government located outside a metropolitan service district, a quantifiable validation must demonstrate that the assumed housing capacity has been achieved in areas that are zoned to allow no greater than the same authorized density level within the local jurisdiction or a jurisdiction in the same region."

This statute prescribes what assumptions cities are to apply when considering how implementation of standards to allow "middle housing" in zones that allow single-family dwellings would affect capacity consideration, stating, "The density expectations may not project an increase in residential capacity above achieved density by more than three percent without quantifiable validation of such departures."

The City sought clarification from DLCD on their interpretation of how to apply this new provision to an HNA. Their interpretation is provided below:

> We have come to the conclusion that the 3% limit on assumptions for increased residential capacity above achieved density applies to a broad range of "efficiency measures," including many of the measures listed in OAR 660-038-0190(5). ORS Section 197.296(5) describes how local governments are to determine housing capacity within residential areas, based on the number, density, and average mix of housing types that have been developed since completion of the prior buildable land inventory.
>
> The presumption here is that efficiency measures would be enacted within the same residential zones, in order to establish baseline numbers for past housing production. For this reason, the 3% cap would not apply to the establishment of new zones or zone changes that would allow higher densities than were previously allowed in an area. The notable exception here is the adoption of middle housing allowances, per HB 2001, which would not change the zoning and would therefore be subject to the 3% limitation.
>
> It should also be noted that Section 6(b) allows local governments to assume housing production above a 3% increase if "quantifiable validation" of such an increase can be demonstrated, as detailed in Section 6(b).

The analysis in the June 2019 draft HNA reflects the analysis required by ORS 197.296 as it existed prior to the HB 2001 amendments.

The baseline "density expectations" by zone, and the associated capacity of buildable lands, using those density expectations for the BLI were provided in Exhibit 94 (below) in the June 2019 Draft HNA. It shows the 661 buildable residential acres have capacity for 2,921 dwelling units. Three percent above that capacity is 3,008 dwellings, or 87 additional dwellings. After correcting for split-zoned lots in Section 1 above, as reflected in the updated Exhibit 94 below, this capacity is 2,822 dwelling units based on the historic achieved density. Three percent capacity over historic achieved density, the assumption required by the statute, is 2,906 dwelling units, or about 85 additional dwellings.

Original

Exhibit 94. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	145	3.1	449
R-2 Single Family Residential	131	4.3	561
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	21	6.1	127
O-R Office/Residential	0	6.3	3
C-3 General Commercial	61	21.9	-
County Zoning	358	4.9	1,753
TOTAL	**721**	**4.1**	**2,921**

Updated

Exhibit 94. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (4.9 du/gross acre).

Zoning Districts	Total Unconstrained Buildable Acres *(Water Zone 1 & 2)*	Density Assumption *(DU/Gross Acre)*	Capacity *(Dwelling Units)*
R-1 Single Family Residential	138	3.1	428
R-2 Single Family Residential	132	4.3	569
R-3 Two Family Residential	6	4.8	28
R-4 Multiple-Family Residential	18	6.1	110
C-3 General Commercial	5	21.9	-
City Sub-Total	**300**	**-**	**1,135**
County Zoning	344	4.9	1,687
County Sub-Total	**344**	**-**	**1,687**
TOTAL	**644**	**-**	**2,822**

The June 2019 Draft HNA already included assumptions about the amount of new residential development to be accommodated through infill and redevelopment. Therefore, that needs to be revised to be consistent with ORS 197.296 as amended by HB 2001 as discussed above, and to avoid double-counting infill and redevelopment assumptions twice.

The approach and assumptions used in the 2019 Draft HNA borrowed from the provisions for the “simplified” UGB approach in OAR 660 Division 38, which provides a range of percentages that can be used to assume how many new dwelling units would be developed through infill and redevelopment, thereby reducing demand on new vacant and partially vacant land for new housing. This approach is based on deducting a percentage of housing from the total housing need that won't require new vacant or partially vacant land.

That approach specifies assumptions which are based on a percentage of needed housing assumed to be achieved through infill and redevelopment rather than the capacity of buildable lands. That is then deducted from the housing need that is assumed to require new vacant or partially vacant buildable land. The assumptions used in the 2019 Draft HNA were within the range identified under the simplified approach, but the assumptions were not based on quantifiable validation that identified specific properties likely to experience infill and redevelopment, and further, they exceeded the historic achieved infill and redevelopment.

The 3% limits in HB 2001 are applied to capacity of buildable lands, not a percentage of needed housing. Therefore, the 3% limits in HB 2001 need to be added, and the assumptions used in the June 2019 Draft HNA need to be removed.

The June 2019 Draft HNA assumed 8% of needed new housing would be achieved through infill and redevelopment. The tables below show what that means in terms of number of dwelling units and the impact in terms of effective density of the current inventory of vacant and partially vacant residential land. In short, the 8% infill rate (422 units) would be mean the effective capacity of existing buildable land would be significantly higher than an additional 3% in capacity over the historic "achieved" density. An infill and redevelopment rate of 1.65% of needed housing (87 dwellings) would result in an effective increase in capacity of buildable lands of 3% over the historic achieved density for the residential buildable lands, based on the original 2,921 dwelling unit capacity in the original Exhibit 94. *(Please note the table below has calculations based on the original Exhibit 94. The narrative below describes the adjustments based on the updated Exhibit 94).*

Residential Land Type	**2018-21**	**2021-41**	**SUM**
New Vacant Land	563	4,284	4,847
Infill/Redev (8%)	49	373	422
SUM	**612**	**4,657**	**5,269**

Current Capacity			
Capacity of 661 Res Buildable Acres (Ex 94)			2,921
Density (2,921/661)	4.41	du/ac	

Effective Capacity with Current Infill & Redevelopment Assumptions			
Effective Cap. of 661 Res Bld Ac w/ 422 I/R Dus (8%)			3,343
I/R rate: 8%			
Difference (2,921 + 422)			422
Effective Density (3,343 du/661 ac)	5.06	du/ac	

103% of Current Capacity, Effective Infill & Redevelopment Rate			
103% of Capacity of 661 Res Bld Acres 2,921*1.03)			3,008
Difference			87
Effective Density	4.55	du/ac	
Effective I/R Rate (87/5,269): 1.65%			

The calculations in the table above were performed prior to the corrections to Exhibit 94 described in Section 1 to correct for buildable acres and capacity associated with split-zoned lots. If this is applied to the updated Exhibit 94 which reflects the buildable acres and capacity of 2,822 DUs after adjusting for split-zoned tax lots, the difference is only about 2 dwelling units less than the calculation above, approximately 85 dwelling units.

This is broken down by zoning district in the table below. The number is approximately 7 dwelling units higher in the table below due to rounding differences. The table below is again based on the capacity of 2,921 DUs in the original Exhibit 94 before correctly for split-zoned lots, so the calculation based on updated Exhibit 94 would be about 2-3 dwellings less.

Zoning District	Total Unconstrained Buildable Acres (Water Zones 1 & 2)	Density Assumpton (DU/gross ac)	Capacity (Dwelling Units)	3% Higher Density Assumption	Capacity (Dwelling Units)	Difference in Capacity (Dwelling Units)
R-1	145	3.1	449	3.193	463	14
R-2	131	4.3	561	4.429	580	19
R-3	6	4.8	28	4.944	30	2
R-4	21	6.1	127	6.283	132	5
O-R	0	6.3	3	6.489	3	0
C-3	61	21.9	-	22.557		-
County Zoning	358	4.9	1,753	5.047	1,807	54
Total	**722**	**4.1**	**2,921**		**3,015**	**94**

*661 buildable residential acres, excluding C-3 zoned land
**Rounding and calculations to two decimal places for the 3% higher density assumption results in capacity of 3,008 rather than 3,015.

Absent additional efficiency measures, an infill/redevelopment rate in excess of 1.65% of needed new housing or roughly 85 dwelling units would exceed the additional 3% capacity of buildable land above historic achieved density without quantifiable validation for buildable lands, and would be inconsistent with HB 2001.

4. Small Lot Status and Capacity

Most of the tax lots which do not have land use entitlements are highly parcelized in small, dispersed parcels. Based on analysis of historic partition and development on small lots, the capacity assumptions used in the June 2019 Draft HNA would overstate the capacity yield of smaller lots during the planning period. Background information is provided below. Based on the analysis of historic partition activity, the capacity of partially vacant lots smaller than 2 acres would be revised to reflect historic capacity achieved through residential partitions of lots smaller than 2 acres.

Background

State law requires that, for all land classified as “buildable” in the Buildable Land Inventory, it must be assumed that land will develop during the 20-year planning period to meet the housing need, unless there is a surplus which exceeds the need. In this respect, the applicable law doesn’t differentiate between one decision to develop a 50-lot subdivision on a larger property from 50 separate decisions that would each partition or add a home to a smaller property. The reality is much different in terms of decision-making and investments to develop new housing. The housing market doesn’t supply housing nearly as efficiently through the incremental small lot development. This is borne out by McMinnville's partition and development history, as well as findings documented in the HB 2554 report.

The HB 26554 report includes the following findings:

- Across all zones, parcelization of lots (e.g., land divisions) less than 1 acre is very infrequent.

- Development and parcelization in all unincorporated areas inside UGBs has slowed tremendously since the implementation of the Statewide Planning Program but is still occurring in some jurisdictions. Continued development in incorporated areas, particularly on parcels less than 2 acres, will have long term implications for UGB expansion as parcels less than 2 acres are unlikely to subdivide inside UGBs.

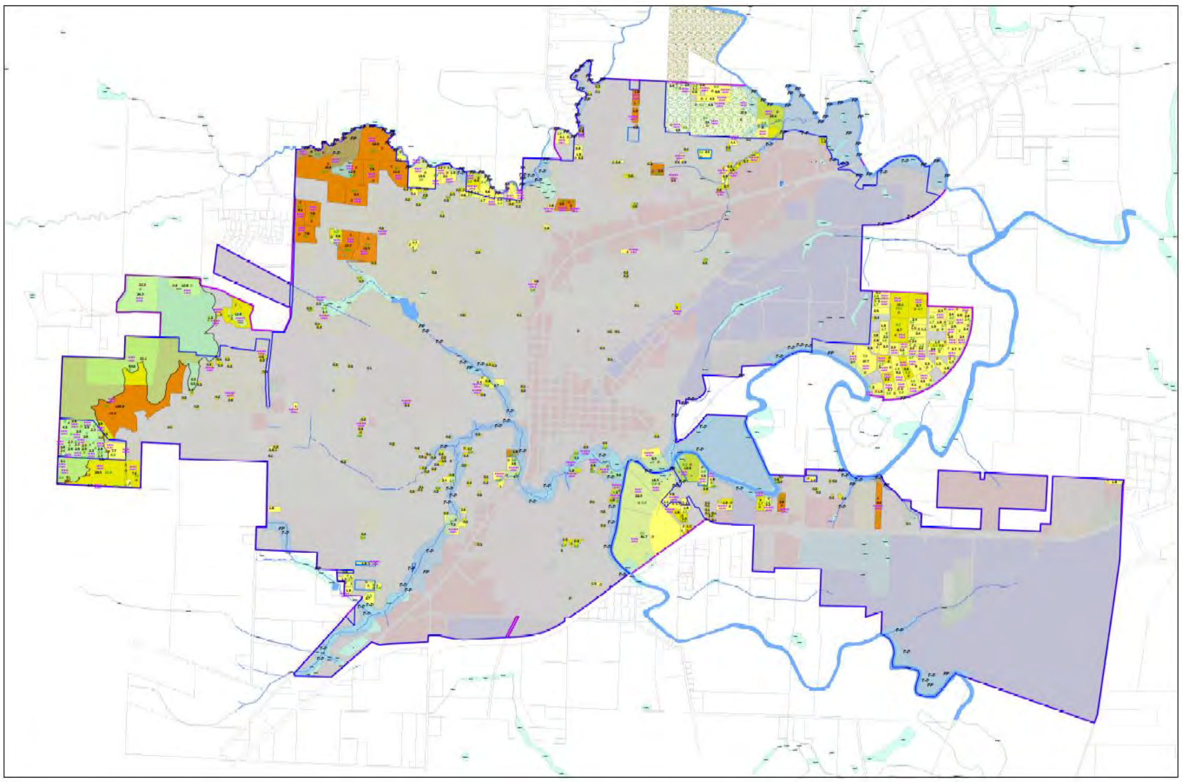
Intuitively, most people would think of further development on smaller lots with existing homes as infill or redevelopment. However, for purposes of the BLI, small properties under one-half acre with an existing home are classified as "developed," while small properties just over one-half acre and everything larger with a home are classified as "partially vacant." Developed properties aren't assumed to have further capacity other than an assumption and recognition that a percentage of those developed properties may have capacity for additional infill or redevelopment which may occur for a percentage of those lots during the 20-year planning period. However, if development occurs on a lot over one-half acre, that is technically considered "new development" rather than "infill or redevelopment" and treated the same per state law as larger greenfield development sites when considering capacity. That technical difference in terminology is significant, because <u>every</u> "partially vacant" property must be assumed to further develop during the 20-year planning period (unless surplus) in order to meet the identified housing need. This is important when considering the BLI, because any property owner decisions about whether those properties will actually develop additional dwellings during the 20-year planning period can't be considered. The result can be that "false capacity" may be assigned to those properties and tied up in those properties if they don't develop, rather than providing actual capacity through addition of lands that would be likely to actually develop over the 20-year period.

In addition, division of existing small parcels may be less likely to achieve needed density, because there is often fractional remnant acreage when an existing property further divides or develops that doesn't add additional capacity, whereas development of a larger property allows for establishment of efficient lots sizes and configurations that can more efficiently respond to and achieve the allowed density permitted by the zoning district.

These issues would be less of a concern if there were only a few small properties which are assigned capacity as "partially vacant" lots in the buildable land inventory. However, most of the land in the UGB has already developed, and most of the larger buildable properties in the UGB are already "entitled" for specific developments. Entitled properties are unlikely to have opportunity for increased capacity through enactment of efficiency measures. Much of the remaining buildable land in the UGB is within small properties. These make up a disproportionate share of the number of remaining properties classified as "buildable" within the UGB per state law.

BLI buildable acres in small lots and capacity assumptions

Most of the UGB is located within water pressure service Zone 1. Approximately 82% of the non-entitled tax lots classified as buildable land within Zone 1 are two acres or smaller, approximately 93% of these non-entitled tax lots are three acres or smaller, and approximately 97% of these non-entitled tax lots are 5 acres or smaller. Of these Zone 1 non-entitled tax lots with buildable acres of three acres or larger, only three properties are within City limits: one parcel between 3-4 acres, one parcel of about 7 acres, and one parcel of about 22 acres. The remainder are in the unincorporated UGB.



**Orange indicates entitled properties as of December 2019*

Non-Entitled
Approximate Zone 1 Buildable Acres, Residential
Total: ~348 Tax Lots

>20 ac: 2 properties (~43 ac)
22 ac (in city)
21 ac (out of city)

10-20 ac: 4 properties (~40 ac)
10 ac (out of city)
10 ac (out of city)
10 ac (out of city)
10 ac (out of city)

5-10 ac: 6 properties (~38 ac)
8 ac (out of city)
7 ac (in city)
7 ac (out of city)
6 ac (out of city)
5 ac (out of city)
5 ac (out of city)

2-5 ac: ~52 properties
4-5 ac: ~5 properties (~20 ac) (all 5 out of city)
3-4 ac: ~9 properties (~27 ac) (8 out of city, 1 in city)
2-3 ac: ~38 properties

0-2 ac: ~284 properties
1-2 ac: ~94 properties
0-1 ac: ~190 properties

Of the approximately 284 properties which have less than two unconstrainted acres, ~41 properties are in exception areas, and the remaining ~243 in other areas, predominantly within city limits. Those ~243 were assigned full capacity in the June 2019 Draft BLI, unlike the reductions described in this addendum for parcels smaller than 2 acres in exception areas.

Further, fractional acres in tax lots become aggregated in the BLI and capacity analysis, where compounding is more of an issue with a disproportionate number of smaller parcels, where fractional acres can't actually be aggregated into buildable acres since the properties are dispersed and non-contiguous. This can overstate capacity. These are classified as buildable, although most have an existing home, and are classified as partially vacant. Per the HB 2554 report, these smaller parcels less than two acres (190 tax lots with 0-1 acres, 94 tax lots with 1-2 acres) most with home, are unlikely to achieve full capacity, if any. Lots less than one-half acre with a home are already excluded from this total as "developed".

The analysis identified buildable acres on each parcel then aggregated into total buildable acres then multiplied by the respective density factor, therefore counting those fractional acres. If capacity is assigned for each tax lot, tossing out the fractional acres first then aggregating the capacity for each lot, that is a more accurate analysis of capacity, and will necessarily be lower than aggregating fractional acres. Historic analysis shows most new units on smaller properties result from land divisions rather than adding more dwellings to existing lots. The vast majority of capacity in smaller parcels during the historic analysis period was through land divisions – not by adding an additional dwelling to an existing lot or by subdividing these small lots (4 or more lots), but by partitioning (3 or fewer lots). However, that method presents issues for the BLI where buildable acres must be identified when calculating for middle housing that may not be on separate lots.

Staff conducted a review of historic partition activity to determine whether there were any implications for capacity assigned to smaller lots in city limits. Many properties that are partitioned are remnants of land divided through the old metes and bounds descriptions of dividing and describing properties, often rural properties that were added to the city and UGB over time or much older city properties. Many of these weren't divided with regard to current minimum lot sizes or current zoning. More recent land divisions have divided with respect to the zoning, often seeking to maximize the density by dividing into as many lots or parcels as allowed by the minimum lot size of the zone. The larger remnant properties within the UGB aren't increasing in number except if/when larger rural properties are added to the UGB, therefore their supply is decreasing over time. Essentially, nearly all of these smaller lots that still remain likely would have been existing at the time of the previous BLI, and still haven't been divided since then or during the last historic analysis period. These properties haven't divided since the last BLI, even during a period in which there has been a constrained land supply as evidenced by the prior and current BLI. This suggests that while they are classified as "buildable" per state law, the reality is they haven't been available for development. This artificially ties up capacity, which means other buildable land likely to be available for development during the planning period can't be brought into the UGB.

While not applied to the analysis in this addendum, this suggests that based on the HB 2554 findings, that the threshold for what is considered "developed" vs. "partially vacant" should be increased, or similar capacity adjustment should be codified, to account for the limited capacity actualized on smaller parcels. This would be analogous to the OAR 660-024-0067(6) provisions for exception area parcels less than two acres.

Note: *Many of these small parcels are classified as "partially vacant". The HNA uses the "safe harbor" <u>methodology</u> available to smaller cities, although this isn't an actual safe harbor for McMinnville due to its size. Classifying these lots as partially vacant and buildable means the HNA assumes <u>every one</u> must further develop in order to meet the identified housing needs over the next 20 years.*

Ideally, in light of real-world data about the further development potential of smaller lots and parcels, smaller properties would be re-evaluated to determine whether some of these should not be classified as buildable, or whether assumptions should be adjusted to allow assumptions about infill and redevelopment of smaller "partially vacant" parcels that are different than greenfield development - either assuming reduced capacity, or assuming only a percentage would be expected to develop during the planning period.

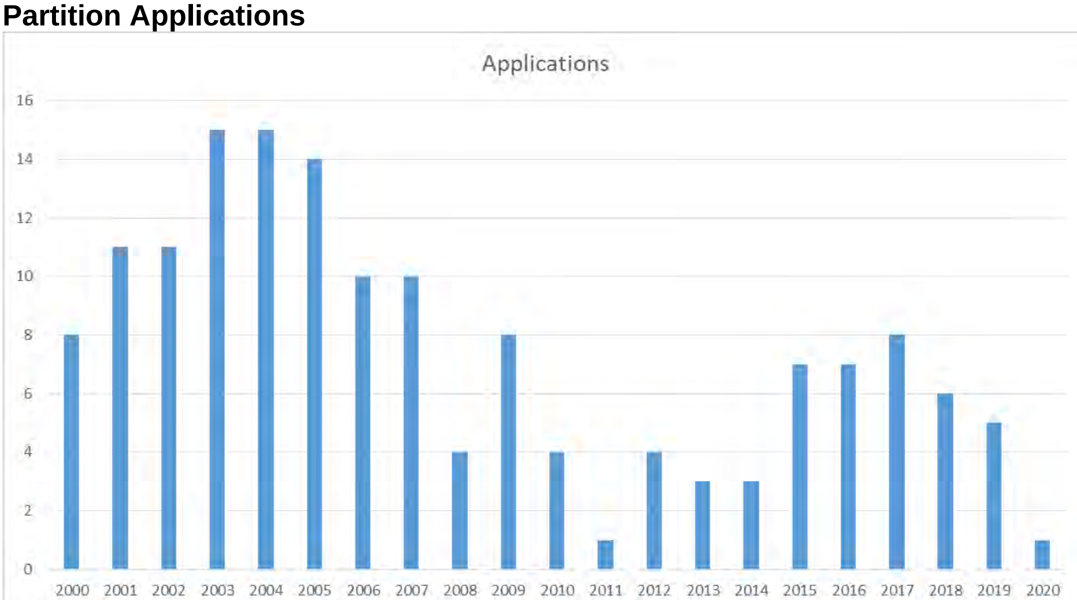
Historic Partition Activity

Additional development of partially vacant properties has typically occurred trough partitioning, and development of the resulting new parcels. In general, the supply of parcels that would further partition into 2 or 3 parcels is diminishing over time, typically a remnant of areas where the city grew into unplatted areas. Properties which are large enough to subdivide into four or more lots generally reflect the density of the zoning. Except for where new exception area lands are added to the UGB, the partitionable properties are largely a subset of the same supply of small parcels that existed during last planning horizon and historic analysis period.

During a planning period for which there was a deficit of buildable residential land, there was still only a small number of new properties created through partitioning, and many of these were to separate a parcel with an existing dwelling from 1 or 2 additional parcels. Some were to split properties that already had development on each new parcel.

- Partition records indicate that from 2000-2018, there were approximately 135 partition applications that would have created a total of 177 new parcels, excluding withdrawn applications. Of these, 34 applications were for parent parcels of 0.5 acres or less, 26 were 0.5-1 acre, and 78 were greater than 1 acre. About 48 of these were commercial/ industrial/ institutional /large multi-family housing sites. Additional partitions included in these figures were applications that adjusted large properties in preparation for subdivision phasing. Therefore, many of these partitions didn't create new buildable residential parcels. Further, some partitions didn't create any additional buildable capacity – they were sites already developed with two or more homes that were divided so there was one home on each parcel.
- Further, the partition activity peaked in 2003-2004, so the information should be analyzed to determine if this is due to a diminishing supply of smaller sites which are eligible or feasible for further land divisions.
- This suggests the assumptions regarding residential infill and redevelopment of 8% sued in the 2019 Draft HNA are high. This historic partitioning activity suggests infill and redevelopment consistent with the HB 2001 methodology is more appropriate.

Partition Applications



City of McMinnville Partition Applications 2000-2018
(Excludes Withdrawn Applications)

Total Partitions	Partitions by Parent Parcel Size <=0.5 ac	>0.5-1 ac	>1-2 ac	>2 ac	SUM -All	SUM <=2 ac
Number of partition applications (excluding withdrawn)	34	25	15	61	135	74
Number of additional parcels from partitioning	41	35	21	76	173	97
Total partition applications per year	1.8	1.3	0.8	3.2	7.1	3.9
Total additional parcels per year	2.2	1.8	1.1	4.0	9.1	5.1
Residential Partitions						
Number of residential partitions (includes zero lot line lots)	**32**	**23**	**11**	**9**	**75**	**66**
Number of new residential parcels*	**39**	**34**	**16**	**14**	**103**	**89**
Residential partitions per year	1.7	1.2	0.6	0.5	3.9	3.5
Additional residential parcels per year	2.1	1.8	0.8	0.7	5.4	4.7
Other Partitions						
Number of non-residential partitions**	2	2	4	38	46	8
Number of subdivision phasing partitions***	0	0	0	14	14	0
SUM of non-residential and subdivision phasing partitions	**2**	**2**	**4**	**52**	**60**	**8**

*Some partitions added no capacity: the parent parcel had more than one dwelling, and the partition split the dwellings onto separate parcels

**Approximately 46 partitions from 2000-2018 were commercial, industrial, institutional, or large multi-family sites

***Approximately 14 partitions were to adjust large properties in preparation for subdivision phasing

Acreage by Parent Parcel Size	Parent Parcel Acreage by Parent Parcel Size <=0.5 ac	>0.5-1 ac	>1-2 ac	>2 ac	SUM	
All	13	49	23	993	1,078	84
Residential only*	12	48	18	151	228	77
New residential parcels per acre	3.28	0.71	0.91	0.09	0.45	1.15

The table above shows that for residential partitions, on average, there were 1.15 new parcels per parent parcel acre (89/77) for the 2000-2018 period.

Most buildable residential lots which are developed are new vacant lots created through residential subdivisions. A small number of new parcels are created through partitioning. Most of those add new development capacity, but some are simply to split ownership of a parcel that has more than one existing dwelling so that each of the existing dwellings is on a separate parcel.

Approximately 3,038 new dwellings were added from 2000 to mid-2018. During the same time period, about 75 partition applications added 103 additional residential parcels. By definition, a partition adds 1 or 2 new parcels in addition to the original parcel. The average was 1.37 new parcels per partition application. If each new parcel was developed with a dwelling, that would account for 3.4% of new dwellings, which would be an average of 179 new dwellings, about 9.4 new dwelling per year; however, partitioning accounted for an average of only 5.4 new dwellings per year.

Partitions of parent parcels of less than one-half acre were accounted for in infill and redevelopment assumptions. Not all of new parcels below developed with new dwellings.

Over the 2000-2018 period, there were:

- 32 new partitions of residential parent parcels smaller than one-half acre in size, creating 39 additional parcels, averaging 2.1 per year.
- 23 new partitions of residential parent parcels of one-half acre to one acre, creating 34 additional parcels, averaging 1.8 per year.
- 11 new partitions of residential parent parcels of one to two acres in size, creating 16 additional parcels, averaging 0.8 per year.

- 9 new partitions of residential parent parcels larger than two acres in size, creating 14 additional parcels, averaging 0.7 per year.

Non-Entitled Properties in the UGB

The following table summarize the non-entitled properties in the UGB by size class.

Size	Total		Entitled		Non-Entitled	
	TLs	Bld Ac	TLs	Bld Ac	TLs	Bld Ac
<=0.5 bld ac	193	84	3	1	190	83
>0.5-1 bld ac	66	47	1	1	65	46
>1-2 bld ac	50	75	3	6	47	69
>2 bld ac	63	438	16	198	47	241
SUM	**372**	**644**	**23**	**205**	**349**	**439**

The subtotal of properties 0-2 acres is approximately 309 tax lots classified as vacant or partially vacant (193 TLs <0.5 acres, 66 TLs 0.5-1 acres, and 50 TLs 1-2 acres, with buildable acres between 0-2 acres totaling about 206 buildable acres ac (84 buildable acres in 193 TLs with 0-0.5 buildable acres, 47 buildable acres in 66 TLs with 0.5-1 buildable acres, and 75 buildable acres in 50 TLs with 1-2 buildable acres). This already excludes developed parcels <1/2 acre with an existing dwelling.

This section only adjusts capacity for non-entitled small lots in non-exception areas, so a subset of tax lots in non-exception areas is identified.

The assumptions in the June 2019 Draft HNA assumed the following capacity on vacant and partially vacant non-exception area properties smaller than 2 acres by zone, yielding 366 dwelling units of capacity.

Capacity of Vac. & Part. Vac. Tax Lots <=2 tot ac in UGB Non-Exception Areas by Zone

	Vac/PV <=2 ac		Vacant <=2 ac		PV <=2 ac			Vac&PV	Vac	PV
Zone	TLs	Bld. Ac.	TLs	Bld. Ac.	TLs	Bld. Ac	DU/Gross Ac	Cap (Dus)	Cap (Dus)	Cap (Dus)
R-1	81	30	60	13	21	17	3.1	93	41	53
R-2	75	21	67	15	8	6	4.3	90	64	25
R-3	20	6	18	5	2	1	4.8	29	22	6
R-4	36	10	34	9	2	1	6.1	61	54	9
County	21	19	6	5	15	14	4.9	93	25	66
SUM	**233**	**86**	**185**	**47**	**48**	**39**		**366**	**205**	**158**

Based on the analysis of historic partitions and development of vacant and partially vacant tax lots smaller than 2 total acres within the UGB in non-exception areas, the following revised assumptions are used for the baseline capacity analysis instead of the assumptions used in the June 2019 Draft HNA:

- ***Vacant*** lots less than 2 acres will be assumed to develop at the historic density by zone. This is the same assumption as the original methodology for these lots, yielding 205 new dwellings.

- ***Partially vacant*** lots less than 2 acres will be assumed to further develop through partitioning and development, consistent with the analysis above for historic partition activity: there are 39 buildable acres, and these will yield an average of 1.15 new parcels per parent parcel acre, and each new parcel will be assumed to yield a new dwelling. This assumption yields 45 new dwellings on these lots. These parcels were assumed to yield 158 dwellings using the original methodology.

- ***Together***, this yields 251 dwellings (with rounding differences) for tax lots smaller than 2 acres in non-exception areas, which are calculated separately. This is 115 fewer dwellings on these properties (251 dwellings vs. 366 dwellings).

5. Capacity for Already-Platted Vacant Lots within Landslide Constraint Area

Some vacant lots that were already platted in a subdivision were assigned no capacity because they were within the landslide constraint area. These lots are able to develop subject to approved geotechnical analysis, so these lots are assigned capacity consistent with the subdivision approval. 19 lots were affected, so the capacity is increased from 0 dwellings to 19 dwellings for these lots (1 dwelling for each lot).

Any other constraints and hazards not addressed in the June 2019 HNA or herein would be analyzed and addressed separately, and are not addressed herein.

Summary of Results

With each of the revisions above reflected in the BLI and capacity analysis, the aggregate results are as follows:

- **Revised Capacity of UGB Lands:** 2,129 DUs
- **Total Housing Need:** 5,269 (unchanged)
- **Revised Demand on Vacant/Partially Vacant Land:** 5,182 DUs
- **Deficit:** 2,129-5182= -3,053 DUs

2041 Deficit, Gross Buildable Acres:

@4.9 avg historic density: -623 ac
@5.3 needed density: -576 ac

This is summarized in the following table.

2018-2041 Residential Capacity Analysis Revisions

Component	Description	Capacity - Dwelling Units		
		Original	Revised	Difference
2018 Capacity				
Total Relative to June 2019 Draft HNA		2,921	**2,129**	(792)
Adjustments				
1. Revised Total After Split-Zoned Lot Adjust.	BLI Buildable Res. Acres Adjusted to Split-Zoned Ac.	2,921	2,822	(99)
2. Exception Areas <2 acres	OAR 660-024-0067(6)	342	18	(324)
3. Exception Areas >=2 acres	Revise Avg. Hist. Density to R-1 Hist. Density	687	434	(253)
4. Elevation >415' (Potential Zone 3)	Subtract 6.5 bld ac in except. area @ R-1 Hist. Density	68	48	(20)
5. Small City Lot Adjustments*	Non-Exception Area < 2ac	366	251	(115)
6. Add Capacity to Platted Vacant Lots w/LSC	19 Small Vac. Platted Subd. Lots with Landslide Constr.	-	19	19
2018-41 Demand (for Vac/PV)				
Total		5,269	5,269	-
Adjustments				
7a. Vacant/Partially Vacant	To Address HB 2001 Amendments to ORS 197.296	**4,847**	**5,182**	**335**
7b. Infill/Redevelopment	To Address HB 2001 Amendments to ORS 197.296	422	87	(335)
2041 Deficit (for Vac/PC)				
Deficit: DUs		(1,926)	**(3,053)**	(1,127)
*Adjustments for small lots in Exception Areas are calculated separately above per OAR 660-024-0067(6) provisions				
2041 Deficit (Acres)				
Deficit: Acres @ Hist. 4.9 du/ac		(393)	**(623)**	(230)
Deficit: Acres @ Needed 5.3 du/ac		(363)	**(576)**	(213)

The following table summarizes the residential capacity analysis revisions by zone.

	Capacity	1			2			3		
Zone	Orig Capacity by Zone	Total After Split Lot Adj			Exception Areas < 2a c			Excpetion Areas > 2 ac		
		Before	After	Diff	Before	After	Diff	Befpre	After	Diff
R-1	449	449	428	-21						
R-2	561	561	569	8						
R-3	28	28	28	0						
R-4	127	127	110	-17						
County	1753	1753	1687	-66	342	18	-324	687	434	-253
SUM	2918	2918	2822	-96	342	18	-324	687	434	-253
	(2921 in Table 94)	2921 in table		-99 in table						

	4			5			6			Subtotal with Cap Adjust		
Zone	Elevation >415'			Small Lot Adjustments			Vacant Platted Constr					
	Before	After	Diff	Before	After	Diff	Before	After	Diff	Before	After	Diff
R-1				93	61	-32	0	19	19	449	415	-34
R-2				90	71	-19				561	550	-11
R-3				29	23	-6				28	22	-6
R-4				61	55	-6				127	104	-23
County	68	48	-20	93	41	-52				1753	1038	-715
SUM	68	48	-20	366	251	-115	0	19	19	2918	2129	-789
										Orig	Rev	Diff
										2921 in table		-792 in tabl

Additional Considerations

This Addendum provides the amended baseline capacity analysis. The City has estimated a target future "needed density" of 5.3 du/gross acre, which applies to "buildable land," excluding development assumed to occur through infill and redevelopment on properties classified as developed. This is an 8% increase over the historic average density of 4.9 du/gross acre. Given limitations on buildable lands within the current UGB, since the majority of lands are developed, there will be challenges in "bending the curve" to achieve significant efficiencies and additional density on lands already within the UGB. Additional density will likely need to be achieved on land to be added to the UGB. Much of the buildable land already within the UGB includes limitations, including:

- **Entitlements.** A substantial portion of the remaining buildable land within the UGB is in properties which already have entitled land use decisions that already establish the development densities, where it unlikely that new efficiency measures would influence the capacity of those entitled approvals.

- **Exception Lands.** Consistent with the OAR analysis provided herein, the majority of exception lands that were brought into the UGB are substantially parcelized and already developed with homes, distributed in a pattern which limits the likelihood that extension of urban services for the limited amount of incremental development that would occur, or that higher densities would be achieved. These properties have developed because they didn't require service extensions, using on-site private wells and septic systems instead and served by rural streets. The incremental amount of additional development capacity compared to what has already developed makes the prospect of sewer, water, storm water, and city standard street improvements challenging given that the costs would be needed within an area that is significantly developed, where cost can't now be easily captured from existing development that has already occurred.

- **Small Lots.** A substantial number of the buildable lots are small city lots with existing homes, classified as "partially vacant" buildable land which exceed the size threshold to be classified as "developed", but which are unlikely to all develop during the planning period or achieve "needed density," despite the assumptions required by state law that they must all be classified as buildable and assumed to develop during the 20-year planning period in order to meet the identified housing needs for that period.

- **Infrastructure Capacity Limitations.** The few larger properties within the UGB which are not already entitled would have the greatest likelihood for efficiency measures that would have a greater likelihood of achieving increased capacity. However, several of those have infrastructure capacity limitations that present limitations to density and capacity increases through efficiency measures. For example, sewer modeling is typically based on historic density achieved by zone rather than maximum density permitted by zone. In many cases, there is insufficient sewer capacity to build to the maximum density permitted by the zoning, let alone higher densities associated with potential upzoning.

Because the City completed the June 2019 Draft HNA prior to enactment of HB 2001, and with the above limitations, the Draft HNA doesn't include assumptions for increased capacity for residential buildable lands within the UGB in excess of historic density based on existing zoning. It provides a baseline capacity analysis. The baseline capacity analysis is based on the existing zoning of lands in the UGB.

The City is continuing to evaluate efficiency measures identified in the June 2019 Draft Housing Strategy. The greatest likelihood for achieving the identified "needed density" for the needed number of new housing units would result from inclusion of buildable lands in the UGB for which there are greater opportunities for efficiencies associated with new master planned development on larger properties.

Exhibits 94 and 96 provide the capacity of buildable lands within the UGB based on the historic density. Exhibit 96 also summarizes capacity of land within the UGB for historic density of 4.9 du/gross acre and for needed density of 5.3 du/gross acre.

DRAFT

City of McMinnville

Housing Strategy

June 2019

Prepared for:

City of McMinnville

FINAL REPORT

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Table of Contents

1. Introduction

In 2018, the City of McMinnville received a Technical Assistance planning grant from the Department of Land Conservation and Development (DLCD) to develop a buildable land inventory (BLI), housing needs analysis (HNA), and housing strategy. The BLI and HNA determine whether the City has enough land to accommodate 20-years of population and housing growth. They also address needs for 5-, 10-, and 46-year periods. The BLI and HNA also provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as the basis for developing a Housing Strategy to respond to the identified housing need. While the BLI and HNA predominantly provide the quantitative basis, the Housing Strategy addresses qualitative issues about how the City will plan for those needs, including policies to ensure the community achieves enduring value for future generations.

This work was undertaken with guidance by a Project Advisory Committee through a series of meetings, recommendations, and decision points. The project also included broader outreach with a focus group and public open house to seek input on housing needs and strategies to address identified needs.

Importantly, the housing strategy recognizes that the city does not build housing, but rather provides the regulatory framework in which housing is built. The first part of the strategy focuses on land use tools to ensure there is adequate land planned and zoned to meet the community's future housing needs, promoting opportunities for a variety of housing types, whether market rate or subsidized housing. This strategy further strives to provide opportunities for lower-cost market rate housing to the extent possible to achieve more housing affordability without reliance on subsidies if and when possible. However, it is recognized that housing for those with the lowest incomes is unlikely to be achieved at market rates, and will require some housing provided through affordable housing models that also include subsidized housing, choice vouchers, "sweat equity," etc. Unfortunately, in a community the size of McMinnville there are very few resources available to subsidize housing and without the requested changes in HB 2997 2019, allowing McMinnville to implement inclusionary zoning on housing developments for affordable housing, McMinnville has very few regulatory tools to mandate affordable housing. Like many smaller cities in Oregon, McMinnville will continue to face significant challenges providing subsidized housing for its residents with the lowest incomes.

The City is committed to working hard to ensure that every resident in McMinnville has a great neighborhood in which to live. Recently, the City adopted its Great Neighborhood Principles, thirteen principles of neighborhood development describing what makes a great neighborhood in McMinnville, with a goal of inclusivity and providing a great neighborhood for every resident to live in regardless of income. *See Exhibit 1.*

Exhibit 1. Summary of McMinnville's Great Neighborhood Principles

McMinnville's Great Neighborhood Principles will guide land use patterns, design, and development of the places where McMinnville citizens live, work, and play.

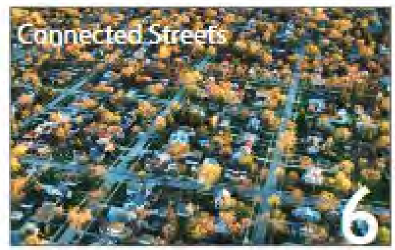
Great Neighborhoods are sensitive to the natural conditions and features of the land.

Great Neighborhoods preserve scenic views in areas that everyone can access.

Great Neighborhoods have open and recreational spaces to walk, play, gather, and commune as a neighborhood.

Great Neighborhoods are pedestrian friendly for people of all ages and abilities.

Great Neighborhoods are bike friendly for people of all ages and abilities.



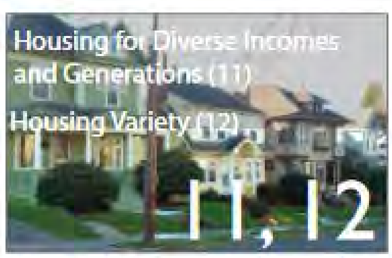
Great Neighborhoods have interconnected streets that provide safe travel route options, increased connectivity between places and destinations, and easy pedestrian and bike use.

Great Neighborhoods are designed to be accessible and allow for ease of use for people of all ages and abilities.

Great Neighborhoods have buildings and spaces that are designed to be comfortable at a human scale and that foster human interaction within the built environment.

Great Neighborhoods provide easy and convenient access to many of the destinations, activities, and local services that residents use on a daily basis.

Great Neighborhoods complement adjacent rural areas and transition between urban and rural uses.



11 - Great Neighborhoods provide housing opportunities for people and families in all stages of life.

12 - Great Neighborhoods have a variety of building forms and architectural variety to avoid monoculture design.

Great Neighborhoods have unique features, designs, and focal points to create neighborhood character and identity.

McMinnville's housing strategy strives to make transformational and fundamental changes to the Comprehensive Plan and Zoning Ordinance to ensure policies and regulations that provide neighborhoods with a variety of housing types, income levels and generations, rather than the homogeneous neighborhoods defined by Euclidean zoning.

Traditionally, when communities undertake their Housing Needs Analysis and Housing Strategy, they determine what the make-up of the future population is for the community and evaluate how they are going to meet the needs of that future population by identifying the types of housing they will encourage through their policies and housing strategy. Typically, the assumption is that the higher density housing is more affordable and therefore multi-family is the most affordable housing type to serve the population base on the lower end of the affordability spectrum (*see* **Exhibit 2***)*. However, that does not always bear true in reality and may be what had led to some of the affordable housing issues.

With this Housing Strategy, the City intends to dispel the notion that each of the major categories of needed housing types described in ORS 197.303(1)(a) (single family detached, single family attached and multi-family) is a proxy for a level of affordability (see **Exhibit 2***)*. Rather, it is recognized that there is a wide range of affordability within each of these major housing types, and communities should have housing strategies that promote housing choices in terms of housing types and in terms of ownership or rental, regardless of income. People are making their housing choices based upon two factors: 1) what they can afford; and 2) how they prefer to live (rental versus ownership, detached versus attached housing). Ideally a housing strategy would provide housing at all income levels that provide choices for all preferences (see **Exhibit 3***)*. There is not one "right" way to meet housing needs. **Exhibit 4** provides a conceptual illustration of how different communities might address housing needs in very different ways.

Exhibit 2. Relationships between affordability, housing type, and strategy in the traditional statutory model

Assumptions Inherent in Traditional Statutory Model			
	Less Affordable ←→ **More Affordable**		
	1	**2**	**3**
A-Housing Type	Single-Family Detached	Single-Family Attached	Multi-Family
B-Density	Low Density	Medium Density	High Density
C-Affordability	High Cost	Medium Cost	Low Cost
Strategy	↓	↓	↓
Housing Mix Strategy	Reduce Share Compared to Historic	Increase Share Compared to Historic	Increase Share Compared to Historic
Housing Density Strategy	Increase Density of SFD	Increase Density of SFA	Increase Density of MFH
Leads To:	↓	↓	↓
Presumptive Outcome	• Lower % SFD in Mix • Increase Density of SFD • Lower Cost: • Less of the most expensive housing type • Make this housing type more affordable by increasing its density	• Greater % SFA in Mix • Increase Density of SFA • Lower Cost: • More of a more afford. housing type • Make this housing type more affordable by increasing its density	• Greater % of MFH in Mix • Increase Density of MFH • Lower Cost: • More of the most afford. housing type • Make this housing type more affordable by increasing its density
Action:	"Lock In" a mix and density, and determine how to achieve those with the strategy		

Exhibit 3. Affordable housing types by income level

	Extremely Low Income (≤ 30% of MHI) 509 HH in 20 Year Forecast 11% of total units	Very Low Income (30 – 50% of MHI) 507 HH in 20 Year Forecast 11% of total units	Low Income (50-80% of MHI) 719 HH in 20 Year Forecast 15% of total units	Middle Income (80 - 120% of MHI) 992 HH in 20 Year Forecast 21% of total units	High Income (≥ 120% of MHI) 1,930 HH in 20 Year Forecast 41% of total units
Single Family Detached	Tiny Home Villages Mobile Homes	Tiny Home Villages Mobile Homes Manufactured Homes Single Family Detached – Habitat and CHB, Section 8	Tiny Home Villages Mobile Homes Manufactured Homes Cottage Clusters Small Lot Subdivisions Single Family Detached – Habitat and CHB, Section 8	Single Family Detached Cottage Clusters Small Lot Subdivisions	Single Family Detached Cottage Clusters Small Lot Subdivisions
Single Family Attached		Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes Townhomes	Common Wall Duplexes Townhomes
Multi-Family	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes Triplexes Quadplexes Apartments Condos	High End Duplexes High End Triplexes High End Quadplexes Apartments Condos

Exhibit 4. Spatial models of housing density

Provision of housing is accomplished by a wide variety of organizations including the City, builders, housing providers, and other organizations. Municipalities must fulfill certain requirements under state law and can choose to undertake additional roles to help achieve development of needed housing.

- **The City of McMinnville's Primary Role: Land Use Planning & Growth Management.** The City has a responsibility under state law to manage land use and development, including land and backbone infrastructure for housing. The City does this through its Comprehensive Plan and land use regulations. The City must adopt and amend plans to ensure an adequate supply of land zoned to accommodate needed housing, together with supporting infrastructure. Plans must be compliant with state and federal law, while reflecting local values and vision for a livable community.

- **The City of McMinnville's Potential Roles.** The City does not build housing. In addition to its primary role in managing growth, the City may employ additional strategies to help builders and housing providers deliver market-rate and subsidized housing. Evaluation of these strategies, including evaluation of implementation options, are typically the basis for the work plans various City committees carry out with the appropriate charge. City committees generally include representatives of organizational partners.

Housing Strategic Priorities

Through the technical analysis of the Housing Needs Analysis and input from the Project Advisory Committee, the City identified four strategic priorities (SP). In light of Council's adoption of the Great Neighborhood Principals, the Housing Strategy includes a fifth priority to address urban form. The strategic priorities are listed below.

- **Land Availability (SP1):** This strategic priority focuses on strategies that ensure an adequate land supply—not just a 20-year supply as Goal 10 requires, but also a pipeline of serviced land that is available for immediate development. Strategies include tools such as boundary amendments to expand the urban area, map amendments to increase density or amount of residentially zoned, and policy and code amendments to address development standards related to uses, density, and lot sizes. This Strategic Priority focuses on land supply, capacity, and availability.
- **Wider Variety of Housing Types (SP2):** This strategic priority intends to allow and encourage a wider array of housing types. This includes all needed housing types identified in ORS 197.303 and include tools to achieve a wider variety of housing types. The city has already adopted some of these tools such as allowing corner duplexes and accessory dwelling units. Other tools include expanding the types of housing allowed in low density zones, and allowing housing types such as cottage housing, tiny homes, and co-housing.
- **Housing Affordability (SP3):** This strategic priority focuses on McMinnville's housing affordability issues. Much of that work is already underway with the council-appointed Affordable Housing Task Force.[1] This housing strategy is coordinated with that effort but does not intend to duplicate past or future efforts of the Task Force. As such, this housing strategy focuses on a narrow range of strategies which may complement or supplement Task Force efforts.
- **Infrastructure & Public Facilities (SP4):** This strategic priority focuses on ensuring that adequate and cost-effective infrastructure and public facilities are available to support new housing. It includes provision of services by the City and other services providers, including transportation, water, wastewater, stormwater, and parks functional plans. There are two predominant aspects to this strategic priority. First, as the City evaluates opportunities to meet needs within the current UGB, it is necessary to identify and

[1] https://www.mcminnvilleoregon.gov/mahtf/page/mcminnville-affordable-housing-task-force-27

evaluate existing infrastructure & public facilities planning assumptions, capacity, and potential constraints which may need to be resolved to facilitate housing at authorized densities, opportunities for infill and redevelopment, up-zoning, and/or special area planning that may incorporate housing or mixed-use development. Second, it will be necessary to evaluate infrastructure & public facilities needs associated with future expansion areas, including potential Urban Reserve and UGB expansion areas. Some of these issues may overlap, as there could be some cases where "downstream" capacity considerations might affect additional growth whether within the current UGB or in future expansion areas.

- **Urban Form (SP5):** This strategic priority focuses on preserving McMinnville's character. The adoption of the Great Neighborhood Principles provides the foundation. This strategic priority includes strategies that preserve the character of existing neighborhoods while allowing new housing, and strategies that ensure that the Great Neighborhood principles are reflected in new development, in the unincorporated areas of the UGB, and in future expansion areas. *See* **Exhibit 4**.

Each of the strategies and actions aligns with one or more strategic priorities.

2. The McMinnville Housing Strategy

This Housing Strategy is an action plan. Accordingly, herein, the individual strategies and tools have been re-organized into **Strategies** and **Actions**. Each strategy includes individual actions grouped together as a series of tasks. When necessary these have been organized into a series of sequential tasks when there are task dependencies that drive the order of the work. There may also be certain efficiencies where there are similar tasks for more than one strategy that could be carried out at the same time to address similar issues for multiple strategies.

Organizing strategies into these groups also provides a specific context for individual strategies. The same strategy might be implemented differently depending on the specific context and objective to be achieved. For example, planning for a "diverse housing type" zone might be accomplished the same way throughout the UGB, or it might be tailored and accomplished one way for infill and redevelopment and a different way for new lands brought into the UGB. Grouping of strategies is also intended to help develop interdepartmental work plans, schedule work, assign resources, and identify budget needs.

In addition to the 20-year Housing Needs Analysis required by state law for UGB planning, the City also conducted the BLI and HNA to include analysis of land supply and housing needs for 5-, 10-, and 46- year periods to facilitate development of short-, medium-, and long-term strategies which are responsive to different needs, issues, and constraints associated with each of these time periods.

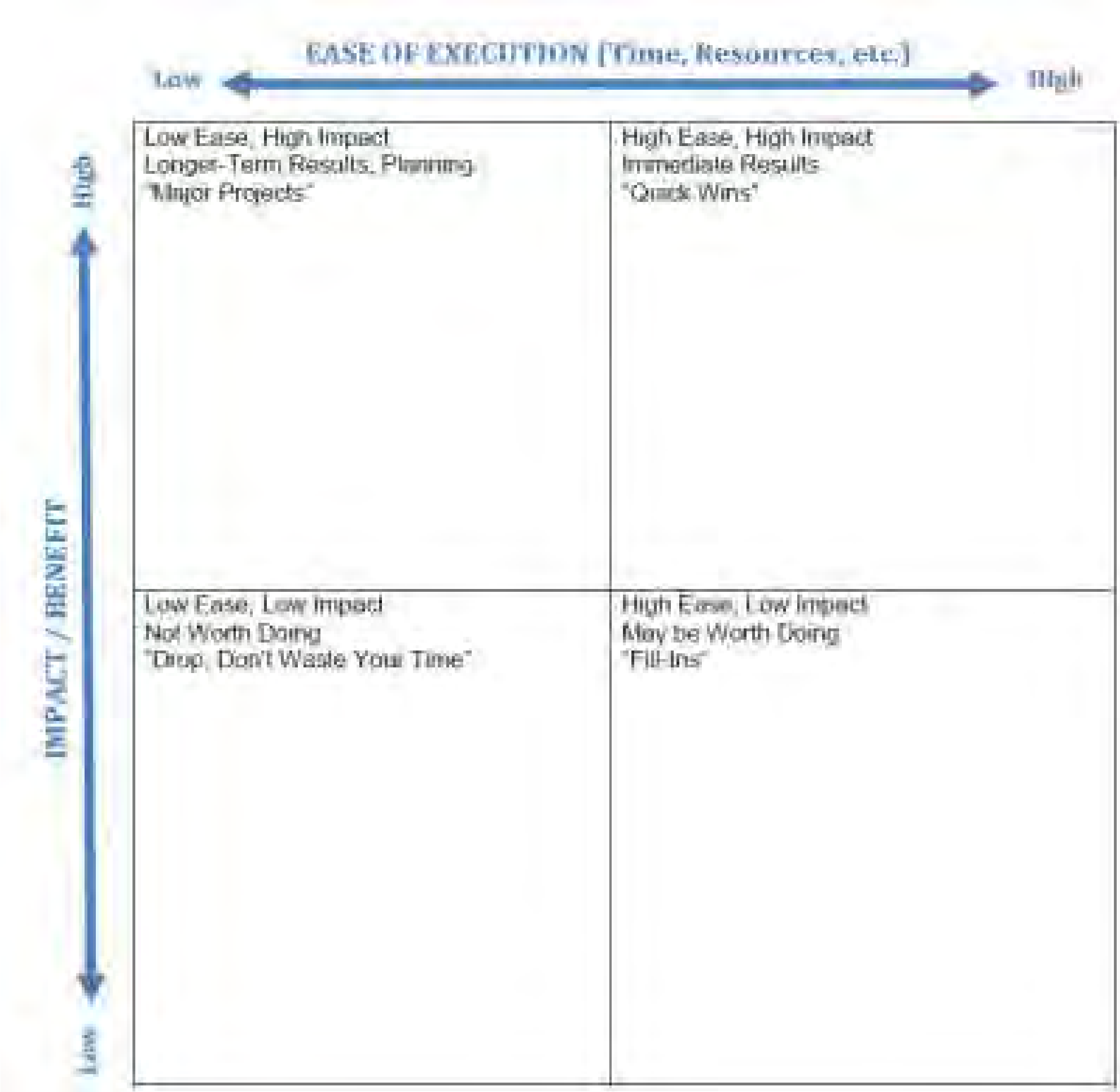
The McMinnville Housing Strategy was developed over the course of several meetings with the Project Advisory Committee. The committee reviewed key issues and prioritized more than 80 potential land-use and non-land-use actions. The following supporting materials from the PAC meeting are included as appendices to this document:

- **Appendix A.** Table 1. Issues Associated with Strategic Priorities. This table identifies issues from the BLI and HNA and also evaluates current conditions; existing plans, policies, and regulations; and new state law that might be addressed as part of the housing strategy.
- **Appendix B.** Table 2. McMinnville Housing Strategy – Potential Strategies and Actions. This table lists each strategy and cross references it with strategic priorities, applicability to affordability groups, applicability to short/medium/long term needs and issues, and other factors.
- **Appendix C.** Table 3. Description of Potential Strategies and Actions. This table provides more detailed descriptions of the potential housing strategies and actions listed in Table 2. In addition, the table provides further information about the potential scale of impact of the strategy.

The Strategies and Actions described below cross-reference with the tables in the appendices (where appropriate) and are identified by their numerical reference (for example A1). In some instances, additional implementation actions or tasks which are necessary as part of a strategy were identified. Any additional actions do not have a cross-reference.

Further, committee members were presented with an "ease/impact" matrix to assist with prioritizing the most impactful strategies and were also asked to consider how long it would take to complete work and realize benefits of a strategy once initiated until completion, which might require early initiation. This is discussed at a high level under the headings for the strategies below.

Exhibit 5. Ease/Impact Prioritization Matrix



Strategies and Actions

The following strategies and actions have been identified to respond to McMinnville's future housing need and will be further evaluated by the appropriate City committees, with public processes, research, and an opportunities and constraints analysis. The strategies and actions were discussed and prioritized by the PAC. Implementation may also identify other key strategies and actions that need to be undertaken as part of a group of strategies undertaken together. Note that some individual actions may be part of more than one strategy.

Based on the City's roles in addressing housing needs described above, the strategies in each exhibit are grouped into two broad categories:

- **Land Use Strategies. (Shown in green headings).** These are related to the City's primary role of land use planning and management.

- **Other, Non-Land Use Strategies. (Shown in orange headings).** These are other strategies the City may employ to help builders and housing providers deliver needed housing. These strategies must still all occur within the parameters of the land use framework. Some of these strategies are also used by other organizations and partners involved in provision of housing.

Land Use Strategies

Strategy 1. Growth Planning

Summary: This strategy focuses on increasing the supply of buildable lands and conducting all of the associated planning and implementation tasks which are required.

This strategy will predominantly address Strategic Priority 1: Land Availability. It will also address issues of Infrastructure & Public Facilities. It is also a prerequisite to being able to address many of the strategic priorities and address a wide variety of affordability objectives. This Strategy is low ease / high impact. This work needs to be started/continued in the short-term because it will take years before the results / benefits are realized. Many of the following actions include additional planning and implementation actions.

Potential Actions or Projects:

1.1 **Develop an Urban Reserve Area (URA) (E36).** Cities may establish Urban Reserve Areas (URAs) for a period of up to 30 years beyond the Urban Growth Boundary (UGB) planning period of 20 years, for a combined period of up to 50 years. These become the highest priority lands for future UGB expansions. Urban Reserve Areas provide an opportunity for efficient infrastructure planning and future urbanization.

1.2 **Establish a Framework Plan for the URA (E37).** A framework plan identifies the major land uses, transportation backbone, infrastructure needs, and sequencing for the long-term growth within the URA. As these lands come into the UGB, area plans will be developed to ensure land uses and housing are provided consistent with the long-term framework plan.

1.3 **Identify an Expanded UGB per the URA (E38).** Urban Reserve Planning helps guide where to establish an Urban Growth Boundary to meet needs for the 20-year planning period. In addition to other applicable law, this action could also potentially establish local criteria for housing affordability as part of the UGB expansion process.

1.4 **Develop Area Plans for UGB Lands Identifying Housing Opportunities (E39).** Area plans for the UGB refine the framework plan into a more detailed land use plan for areas within the UGB. Development proposals would require master plans consistent with the area plans.

1.5 **Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands) (D29)**. Infrastructure plans are generally sized with capacity for build-out of the Urban Growth Boundary. Expansion of the UGB will necessitate updates to the public facility plans to provide capacity to serve new areas. Infrastructure planning can also be sized to accommodate future growth within designated Urban Reserve Areas, providing for more cost-efficient provision of services.

1.6 **Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas (F41).** The City has not adopted certain local "Goal 5" resource policies, which will be required, including a Local Wetland Inventory (LWI) and standards for riparian corridors. These will further affect or inform the capacity of lands within the UGB and future growth areas.

1.7. **Update Goal 7 Hazards Planning & Policies, incl. Landslide Susceptibility (F42).** The City has not adopted certain local "Goal 7" policies for hazards, including areas mapped by DOGAMI (The Oregon Department of Geology and Mineral Industries) as high landslide susceptibility. DOGAMI is in the process of refining their mapping which will further inform this work, which could affect or inform the capacity of lands within the UGB and future growth areas.

1.8. **Review and Update City/County Urban Growth Management Agreement (UGMA) if needed**. The UGMA defines planning authorities and procedures between the city and Yamhill County for the unincorporated areas of the UGB.

1.9. **Implement Great Neighborhood Principles (C26).** In April 2019, the City adopted Great Neighborhood Principles (GNP) and associated policies as part of the Comprehensive Plan. Some of these policies address mixed income and mixed housing neighborhoods. These policies will need to be implemented with code amendments, which can include other strategies, such as Strategy A2 to achieve a Diverse Housing Zone.

1.10. **Create a Diverse Housing Zone (A2).** Explore residential zoning with targeted/ minimum density and multiple allowed housing types. This zone would authorize a variety of housing types and sub-types including single-family detached and attached and multi-family housing types (such as duplexes, triplexes and quad-plexes, and cottage clusters). In contrast to traditional zoning, this strategy would be used to implement Great Neighborhood Principles (GNP), including the framework and area planning for growth areas, to specify a housing mix and associated average density that would need to be achieved in an area.

1.11. **Develop a High-Density Residential Zone (A3).** This strategy would be used in conjunction with and to complement the Great Neighborhood Principles and diverse housing zone (A2) to provide for higher density housing types in specific areas, such as more dense core areas, centers, nodes, etc. which would be higher density than the densities for housing types which would be incorporated on smaller lots within the diverse housing zone, such as duplexes, cottages, townhomes, row houses, and tri- and quad-plexes.

1.12. **Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans (E40).** Lands brought into the UGB are placed in an urban holding zone, allowing for annexation phasing plans. Annexation would require master plan approval addressing required housing mix and average density, site design, and development standards.

Exhibit 6. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
1.1	E36. Plan for Urban Reserve Area (URA)	X		
1.2	E37. Develop Framework Plan for URA	X		
1.3	E38. Plan for UGB within Urban Reserve	X		
1.4	E39. Develop Area Plans for UGB		X	X
1.5	D29. Conduct Infrastructure Planning for URA and UGB Areas.	X		
1.6/1.7	F41 & F42. Update Goal 5 and Goal 7 planning for URA and UGB areas.		X	
1.8	Review and Update City/County IGA if needed		X	
1.9	B26. Establish Guidance on Implementation of Great Neighborhood Principles That Will Inform Land Use for Urban Reserves and UGB.	X		
1.10/1.11	A2 & A3. Establish Provisions in the Zoning Ordinance for a New "Diverse Housing" Zone and a New "High Density" Zone	X		
1.12	E40. Establish Requirements for Master Planning Prior to Annexation to Ensure Areas Will Be Consistent with Framework and Area Plans, Great Neighborhood Principles, and Affordability Targets.		X	

Strategy 2. Housing Development in Existing UGB

Summary: This strategy focuses on increasing the capacity of lands already inside the UGB for residential development. Some of the actions may also have capacity benefits for future lands not already in the UGB.

This strategy addresses Strategic Priorities 1 (Land Availability) and 5 (Urban Form). This strategy seeks to achieve more efficient use of land within the current UGB through more efficient land use – which is also required by Goal 14 and ORS 197.296. It helps address short-term needs, and it addresses urban form through decisions implementing policies for Great Neighborhood Principles within the current UGB.

This strategy is low and high ease / high impact. This work needs to be started/continued in the short-term and may see both immediate as well as long-term results.

Potential Actions or Projects:

2.1 **Create a Diverse Housing Zone (A2).** Explore residential zoning with targeted/ minimum density and multiple allowed housing both within existing zones and in a new zone as applicable. This zone would authorize a variety of housing types and sub-types including single-family detached and attached and multi-family housing types, such as duplexes, cottages, townhomes, row houses, and tri- and quad-plexes. In contrast to traditional zoning, this strategy would be used to implement Great Neighborhood Principles (GNP).

2.2 **Develop a High-Density Residential Zone (A3).** This strategy would be used in conjunction with and to complement the Great Neighborhood Principles and diverse housing zone (A2) to provide for higher density housing types in specific areas, such as more dense core areas, centers, nodes, etc. which would be higher density than the densities for housing types such as such as duplexes, cottages, townhomes, row houses, and tri- and quad-plexes which would be incorporated on smaller lots within the diverse housing zone.

2.3 **Provide Density Bonuses to Developers (A15).** The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones. Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus, if the proposed project provides a certain amount affordable units, would allow more housing units to be built than what would be allowed by zoning.

2.4 **Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards (A13).** This policy seeks to maximize the use of lands that are fully developed or underdeveloped and makes use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities and (2) reduce impediments to development in areas suitable for infill or redevelopment.

2.5 **Update Infrastructure Plans for Infill Development (D28).** In some developed areas, infrastructure plans including waste water collection and transportation may have assumed no additional development and were not planned for infill and redevelopment to higher intensity. Further, in undeveloped areas, these plans may have assumed growth would occur at historic densities, which may be less than the maximum density permitted by zoning, limiting density of new development where there may be a desire to encourage infill and redevelopment.

2.6 **Implement Great Neighborhood Principles (C26).** In April 2019, the City adopted Great Neighborhood Principles (GNP) and associated policies as part of the Comprehensive Plan. Some of these policies address mixed income and mixed housing neighborhoods. These policies will need to be implemented with code amendments, which can include other strategies, such as Strategy A2 to achieve a Diverse Housing Zone and A13 to promote infill development with appropriate design and development standards.

2.7 **Re-designate or Rezone Land for Housing (A1).** The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location. When rezoning employment land, it is best to select land with limited employment capacity (e.g., smaller parcels) in areas where multifamily housing would be compatible (e.g., along transit corridors or in employment centers that would benefit from new housing). This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.

Exhibit 7. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
2.1	A2. Create a Diverse Housing Zone	X		
2.2	A3. Develop a High-Density Residential Zone	X		
2.3	A15. Provide Density Bonuses to Developers	X		
2.4	A13. Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards	X		
2.5	D28. Update Infrastructure Plans for Infill Development		X	
2.6	B26. Establish Guidance on Implementation of Great Neighborhood Principles That Will Inform Land Use for Urban Reserves and UGB.		X	
2.7	A1. Re-designate or Rezone Land for Housing		X	

Strategy 3. Infrastructure & Public Facilities Planning

Summary: This strategy would provide data to help inform decision-making about where there might already be infrastructure capacity that could accommodate additional growth or make adjustments to capital projects already identified in infrastructure plans that haven't yet been built, to achieve efficiencies and add capacity.

As special area planning has been undertaken, and as higher density development applications have been submitted, there has been additional ad-hoc infrastructure analysis that indicates there may be limitations to capacity to serve new development consistent with zoned densities, through infill and redevelopment, within special area planning areas, or through up-zoning. Sufficiency of infrastructure capacity and public facilities will also be a factor in evaluating future growth areas.

This strategy should be undertaken early as a prerequisite to other projects. It will provide information needed to help inform other work. This strategy has the potential to help meet short-term needs as well as address longer-term infrastructure and public facility needs.

This strategy is low and high ease / high impact. This work needs to be started/continued in the short-term and may see both immediate as well as long term results.

Potential Actions or Projects:

3.1 **Assess Infrastructure Capacity to Support Infill (D28, Supports D30, D35).** This is a variation on option D28 & D30. It will provide data to help support other efforts that could Use a "value engineering" approach to determine available capacity or potential infrastructure projects to add capacity and identify areas that could be used for infill/redevelopment, up-zoning, more efficient use, etc., possible reallocation of density etc. The intent is to identify where capacity exists and consider land use options that might capitalize on that capacity. It could also help identify areas with known limited capacity, where plans already include projects for maintenance or some new capacity, and whether those improvements could upsize the same planned improvement to achieve more capacity if there are areas that could be up-zoned, etc.

3.2 **Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits (C27).** Previously, the City's sewer treatment plant (water reclamation facility) had limitations on treatment capacity, and the City established policies that limited density in certain areas commensurate with the treatment capacity limitations. The treatment capacity of the plant has increased, and those limitations are no longer necessary, and should be repealed.

3.3 **Identity Issues and Plan for Water Zone 2 Infrastructure Improvements (D34).** The western portion of the UGB is at a higher elevation which requires separate infrastructure for water service within Water Service Pressure Zone 2, which will require a new water storage tank. Buildable lands within the UGB which area in Zone 2 will be unavailable for development until they can be served with water. The investment in the Zone 2 water infrastructure won't occur without sufficient area and timely development to help fund the necessary water infrastructure.

3.4 **Develop Infrastructure Allocation Policies (D30).** If there are current infrastructure capacity limits, developing policies to allocate the capacity can provide greater certainty about capacity and allowable density of development phasing in the short term, in support of development, redevelopment, and infill priorities.

3.5 **Identify Areas with Underutilized Infrastructure Capacity (D35).** Areas with underutilized infrastructure capacity may be evaluated as candidates for additional development intensity of vacant lands or infill and redevelopment opportunities in developed areas.

3.6 **Encourage "To and Through" Infrastructure Policies (D33).** These policies ensure infrastructure extensions are sized to serve development as well as to extend beyond the development in the future to serve outlying properties.

Exhibit 8. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
3.1	D28. Assess Infrastructure Capacity to Support Infill	X		
3.2	C27. Repeal Outdated Comprehensive Plan Policies Related to Old Sewer Treatment Capacity Limits	X		
3.3	D34. Identify Issues and Plan for Water Zone 2 Infrastructure Improvements	X		
3.4	D30. Develop Infrastructure Allocation Policy	X		
3.5	D35. Identify Areas with Underutilized Infrastructure Capacity	X		
3.6	D33. Encourage To and Thru Infrastructure Policies		X	

Strategy 4. Special Area Planning

Summary: This strategy includes planning for defined geographic areas or special districts to adjust existing land use plans and evaluate opportunities to include housing or mixed-use development and determine whether and how that could occur.

Strategy 4 relates to Strategy 2 (Housing Development in Existing UGB). This strategy recognizes studies that are currently underway and that are in the Planning Department's future work plan that assess the potential for housing in McMinnville's core and on Three Mile Lane.

Because two of these projects are already underway, this planning phase is high ease / high impact. Work on two of the special area plans will be completed in the short-term and may see both immediate as well as long term results.

Potential Actions or Projects:

4.1 **City Center Housing Strategy (underway, B23).** The strategy will evaluate a defined area within the City Center for opportunities to increase context-sensitive housing within that area. This work has the potential to implement other strategies. The study area is partially within the designated Urban Renewal District area where eligible for TIF (K62), and could include strategies such as such as infill (A13), redevelopment, rezoning for residential use (A1), up-zoning (A3), identification of possible opportunity sites (H48), and determination of associated infrastructure needs (D28).

4.2 **Evaluate Three Mile Lane for Residential Development (underway, B24).** The Three Mile Lane Area Plan includes evaluation of land use alternatives that could include opportunities to increase housing within the defined study area. This work has the potential to implement other strategies, which could include rezoning to residential or mixed-use (A1), up-zoning (A3), and determination of associated infrastructure needs (D28, D30).

4.3 **Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development (B25).** This work could include opportunities for higher density mixed-use development in anticipation of changing commercial patterns.

Exhibit 9. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
4.1	B23. City Center Housing Strategy (underway)	X		
4.2	B24. Evaluate Three Mile Lane for Residential Development (underway).	X		
4.3	B25. Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development		X	

Strategy 5. Land Use / Code Amendments

Summary: This strategy includes different policy options that could be incorporated into the land use policies and development standards to help meet housing needs consistent with McMinnville's Great Neighborhood Principles. Many of these could be undertaken independently of one another but might be reviewed more efficiently if evaluated together at the same time through a single review process.

These code amendments generally do not need to be undertaken in a specific sequence. They may individually vary in ease and impact. Some may be required for statutory compliance.

Potential Actions or Projects:

5.1 **Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards (A9).** Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the zoning ordinance and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.

5.2 **Implement Other Code Amendments Prioritized by the PAC.** These include the following:

- Allow More Housing Types (A9)
- Develop a High-Density Residential Zone (A3)
- Permit ADUs in SF Zones (A11)
- Allow Small Residential Lots (A4)
- Mandate Minimum Residential Densities (A6)
- Increase Allowable Residential Densities (A7)
- Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards (Underway) (A13)
- Allow Small or "Tiny" Homes and Identify Opportunities for Tiny Home Developments. (A12)
- Allow Clustered Residential Development (A8)
- Allow Cohousing and "Group Quarters" (SROs, etc.) (A10)
- Evaluate Transfer of Density for Protection of Natural Features (A 18)

5.3 **Streamline Zoning Code and Other Ordinances (G44)**. Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development. As part of the streamlining process, McMinnville should evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include height limitations, complexity of planned unit development regulations, etc.

5.4 **Implement the Great Neighborhood Principles (C26).** In April 2019, the City adopted Great Neighborhood Principles (GNP) and associated policies as part of the Comprehensive Plan. Some of these policies address mixed income and mixed housing neighborhoods. These policies will need to be implemented with code amendments, which can include other strategies, such as Strategy A2 to achieve a Diverse Housing Zone.

5.5 **Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits (C27).** Previously, the City's sewer treatment plant (water reclamation facility) had limitations on treatment capacity, and the City established policies that limited density in certain areas commensurate with the treatment capacity limitations. The treatment capacity of the plant has increased, and those limitations are no longer necessary, and should be repealed.

5.6 **Evaluate Code for Fair Housing Act Best Practices (A22).** Historically, many communities have regulated residential use through definitions of "dwelling," "family," and "household" that described the maximum number of related and/or unrelated people living as a household within a dwelling unit. These regulations typically predated the Fair Housing Act, and new best practices which further the Fair Housing Act take a different approach to defining these terms and regulating residential use. Resulting regulations are more inclusive in permitting residential use.

5.7 **Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes (A14).** Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning-provides density or other types of incentives. Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents. Some cities have long had quasi-inclusionary housing provisions in their codes that are implemented at the point of annexation. SB 1533 2016 and HB 2997 2019 related to this issue but failed to provide inclusionary zoning reform that meets McMinnville's needs.

Exhibit 10. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
5.1	A9. Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones with appropriate design & development standards	X		
5.2	Other code amendments prioritized by the PAC. • A9. Allow more housing types • A3. Develop a high-density residential zone • A11. Permit ADU in SF Zones • A4. Allow Small Residential Lots • A6. Mandate Minimum Residential Densities • A7. Increase Allowable Residential Densities • A13. Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards (Underway) • A12. Allow small or "tiny" homes and identify opportunities for tiny home developments. • A8. Allow Clustered Residential Development • A10. Allow Cohousing and "Group Quarters" (SROs, etc.) • A19. Evaluate Parking Code as a Barrier to Housing • A18. Evaluate Transfer of Density for Protection of Natural Features	X	X	X
5.3	G44. Streamline Zoning Code and Other Ordinances	X	X	X
5.4	C26. Implement the Great Neighborhood Principles	X		
5.5	C27. Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits	X		
5.6	A22. Evaluate Code for Fair Housing Act Best Practices	X		
5.7	A14. Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes	X		

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

Summary: This strategy includes different policy options that could be evaluated independently of one another. These are not land use actions, and don't go through the land use process. These don't become part of the Comprehensive Plan and land use regulations.

This strategy includes a prioritized list of actions to be evaluated by the Affordable Housing Task Force and/or other City committee. These are listed in priority identified by the PAC. This list can generally be undertaken for individual evaluation rather than as part of a larger sequenced project.

These actions range from low to high ease and low to high impact and are listed per priority for discussion and evaluation.

<u>**Potential Actions or Projects:**</u>

6.1 **Pursue Funds for Affordable Housing (City Influence).** This strategy recognizes that there are funding mechanisms that the City can institute that could be used for affordable housing.

- **Transient Lodging Tax Funds for Affordable Housing (K68)**. The City receives 30% of the transient lodging taxes collected to offset impacts of tourism on city services. Some cities have dedicated some or all of these funds towards affordable housing under the premise that short term rentals are displacing affordable housing supply and that the tourism industry creates more demand for affordable housing.
- **Urban Renewal Funds or Tax Increment Financing (K63).** The City can direct urban renewal funds to incentivize workforce housing in the city center.
- **Construction Excise Tax (K64).** Recent state legislation allows cities to collect a construction excise tax dedicated specifically for affordable housing.
- **Community Development Block Grant Funds (K69).** The City can apply to the State of Oregon for Community Development Block Grant Funds as part of the state's entitlement program. And the City can pursue a Principal City CDBG Entitlement status.

6.2 **Financial Incentives Supporting Inclusionary Zoning (I52).** In addition to regulatory mandates and incentives for inclusionary zoning, there can be financial incentives to help achieve inclusionary zoning, or to help increase the level of affordability or percentage of affordable units. If a City adopts both inclusionary zoning and a Construction Excise Tax, a city must offer certain incentives for developments subject to inclusionary zoning.

6.3 **Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing (I55).** Planning fees, permit fees, and SDCs can be reduced or waived for qualifying affordable housing developments. McMinnville has already enacted planning, permit, and certain SDC waivers for qualifying affordable housing developments.

6.4 **Vertical Housing Tax Abatement (Locally Enabled and Managed) (I51).** Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria: Completely within the core area of an urban center; Entirely within half-mile radius of existing/planned light rail station; Entirely within one-quarter mile of fixed-route transit service (including a bus line); Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential.

6.5 **SDC Financing and Credits (I53).** Enables developers to spread their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCS, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. Can come in the form of student, low-income, or workforce housing.

6.6 **Parcel assembly (H45).** Parcel assembly involves the city's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units. Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.

6.7 **Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed (I49**). Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland's program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction.

6.8 **Sole Source SDCs (I54).** Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low income, or workforce housing.

6.9 **Grants or Loans (I56).** Through the annual budget process, the City can allocate funds to assist affordable housing developments as part of an Affordable Housing Fund. Assistance can also be provided through no- or low-interest loans. That typically occurs in conjunction with a revolving loan fund that allows the fund to grow over time as loans are repaid.

6.10 **Vacant Property Tax**. This strategy would assess additional taxes on vacant residential properties. The intent is to disincentivize land holding and speculation and to encourage housing development.

6.11 **Fee for Demolition of Affordable Home for Expensive Home**. This action would assess additional fees for certain demolitions. It would be modeled after a policy in Lake Oswego. The intent is to preserve affordable housing stock.

Exhibit 11. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
6.1	Pursue Funds for Affordable Housing (City Influence) • K68. Transient Lodging Tax Funds for Affordable Housing. • K63. Urban Renewal Funds or Tax Increment Financing. • K64. Construction Excise Tax. • K69. Community Development Block Grant Funds.	X	X	X
6.2	I52. Financial Incentives Supporting Inclusionary Zoning		X	
6.3	I55. Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing	X		
6.4	I51. Vertical Housing Tax Abatement (Locally Enabled and Managed)		X	
6.5	I53. SDC Financing and Credits	X		
6.6	H45. Parcel Assembly	X	X	X
6.7	I49. Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed		X	
6.8	I54. Sole Source SDCs		X	
6.9	Vacant Property Tax	X		
6.10	I56. Grants or Loans		X	X
6.11	Fee for Demolition of Affordable Home for Expensive Home	X		

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

Summary: This strategy includes different policy options that could be evaluated independently of one another. These may require a partner organization to take on a new or expanded role or may require formation or identification of a new organizational partner.

Several of the high priority actions identified by the PAC require partnerships with external organizations.

Potential Actions or Projects:

7.1 **Support Partners Pursuit of Affordable Housing Funds for:**

- **Low Income Housing Tax Credit (P78)**. The Low-Income Housing Tax Credit Program (LIHTC) is an incentive to encourage the construction and rehabilitation of rental housing for lower-income households. The program offers credits on federal tax liabilities for 10 years. Individuals, corporations, partnerships and other legal entities may benefit from tax credits, subject to applicable restrictions. Annually, the U.S. Department of Treasury allocates tax credits to each state. Oregon Housing and Community Services (OHCS) administers' the tax credit program for the state of Oregon. Tax credits offer direct federal income tax savings to owners of rental housing developments who with a developer are willing to set-aside a minimum portion of the development's units for households earning 60 percent or less of gross area median income. Developers of tax credit developments typically sell the credits to investors who are willing to provide capital in return for the economic benefits (including tax credits) generated by the development.
- **Homeownership Programs (I57).** Cities (and other partners) use a variety of programs to assist with homeownership
  - **Homebuyer Assistance Programs.** These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers.
  - **Inclusionary Housing Program.** Some cities have an Inclusionary Housing Ordinance (IH) requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can be allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term.
  - **Partnerships.** Cities often work with partnerships with nonprofit agencies that provide homeownership assistance.
- **Oregon Affordable Housing Tax Credit (P77).** The 1989 Oregon Legislature created the Oregon Affordable Housing Tax Credit Program (OAHTC). Under the OAHTC Program, the Department has the authority to certify tax credits for projects. Through the use of tax credits, lending institutions are able to lower the

cost of financing by as much as four percent for housing projects or community rehabilitation programs serving low-income households. The savings generated by the reduced interest rate must be passed directly to the tenant in the form of reduced rents.

- **Housing Rehabilitation Programs (I59)** Cities (and other partners) often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.
- **State Affordable Housing Funding (M73).** 2019 proposed legislation, HB 3349 that would change the tax income code to eliminate certain deductions, and the resulting revenues would fund state affordable housing programs.

7.2 **Community Land Trust (CLT) (H47).** A Community Land Trust (CLT) creates permanent affordability by severing the value of the land and the improvements (i.e., the house). The land is held in trust by a nonprofit or other entity then leased to the homeowner. The homeowner enjoys most of the rights of homeownership, but restrictions are placed on use (e.g., owner occupancy requirement), and price restrictions on resale ensure that the home remains affordable. CLTs may be used in conjunction with land banking programs, where the city or a nonprofit housing corporation purchases a future site for affordable housing or other housing that meets community goals. A variation to the community land trust is to have the City own the property rather than the land trust, and lease property to income-qualifying households (such as low-income or moderate-income households) to build housing. The City would continue to own the land over the long-term, but the homeowner would be able to sell the house. Restrictions on resale ensure that the home remains affordable.

7.3 **Affordable Housing Property Tax Abatement (I50).** There are several statutory authorizations for different types of affordable housing property tax abatements which could apply to affordable housing developments that aren't already tax exempt. Some of these can be designated for a limited duration.

7.4 **Land Banking (H46).** Land banks are public or community-owned entities created to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties for conversion into productive use. Land banks can play a variety of roles. They can play a very limited role, such as simply acquiring property on behalf of a local municipality, or a broader role of property developer. It is important to note that land banks are not financial institutions: financing comes from developers, banks, and local governments. Land banks may be granted special powers via state enabling legislation. These powers can include the ability to remove legal and financial barriers, such as delinquent property taxes, that often render vacant and abandoned properties inaccessible or unattractive to the private market. Land banks acquire properties through different means, but the most common pipeline is the property tax foreclosure system.

Exhibit 12. Summary of Potential Actions or Projects

Reference	Tasks or Projects	Time Period		
		Near-term	Mid-term	Long-term
7.1	Support Partners Pursuit of Affordable Housing Funds for: • P78. Low Income Housing Tax Credit • I57. Home Ownership Programs • P77. Oregon Affordable Housing Tax Credit • I59. Housing Rehabilitation Programs • M73. State Affordable Housing Funding	X	X	X
7.2	H47. Community Land Trust (CLT)	X	X	X
7.3	H50. Affordable Housing Property Tax Abatement		X	X
7.4	H46. Land Banking	X	X	

3. Appendices

The McMinnville Housing Strategy builds upon various materials provided to the Project Advisory Committee (PAC) throughout the project. Materials from the May 21st PAC meeting are attached as appendices:

- **Appendix A.** Table 1. Issues Associated with Strategic Priorities. This table identifies issues from the BLI and HNA and also evaluates current conditions; existing plans, policies, and regulations; and new state law that might be addressed as part of the housing strategy.
- **Appendix B.** Table 2. McMinnville Housing Strategy – Potential Strategies and Actions. This table lists each strategy and cross references it with strategic priorities, affordability groups, and other factors.
- **Appendix C.** Table 3. Description of Potential Actions. This table provides more detailed descriptions of the potential housing strategies and actions listed in Table 2. In addition, the table provides further information about the potential scale of impact of the strategy.
- **Appendix D.** Prioritization Results from May 21, 2019 PAC Meeting**.**

Links to full size copies of these materials and additional supporting materials are provided below. Due to the length and format of documents, these materials are incorporated by reference through links to files on the City website.

Materials from May 21st PAC Meeting (includes above tables)

https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/0-5-housing_strategy_memo_and_tables_5-14-2019.pdf

Materials from the March 7th PAC Meeting: Thinking About McMinnville's Future Housing Needs – A Guide

https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/city_memo_-_housing_strategy_guidance1.pdf

January 22nd Focus Group Notes (see Exhibit 2)

https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/housing_pac_meeting_5_materials_3-7-2019_print.pdf

February 5th Public Open House Notes (see Exhibit 3)

https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/housing_pac_meeting_5_materials_3-7-2019_print.pdf

Issues Associated with Strategic Priorities
(Barriers, Opportunities, New Requirements, Additional Considerations)

This table identifies issues from the BLI and HNA and also evaluates current conditions; existing plans, policies, and regulations; and new state law that might be addressed as part of the housing strategy.

Table 1. Issues Associated with Strategic Priorities

1. Land Supply, Capacity, & Availability	2. Wider Variety of Housing Types	3. Affordability	4. Infrastructure	5. Great Neighborhood Principles & Urban Form
Land Use Issues & Considerations				
Barriers:				
Lack of available, buildable land in the UGB to meet short-term needs. **Some “Buildable Lands” in the UGB aren’t truly “available” for development, despite presumptions stated in state statutes or administrative rules.** Land may be unavailable due to unwilling property owners, including the unincorporated UGB, etc. **There are additional plan updates required and lag time after land is added to the UGB before it can be rezoned and ready for urban development.** **There is uncertainty in the Buildable Land Inventory regarding additional “Goal 5” natural resource impacts.** The City will need to conduct planning for a local wetland inventory and riparian corridors to determine impacts on buildable land supply. **There is uncertainty in the Buildable Land Inventory regarding additional “Goal 7” hazards impacts.** The state will be refining landslide hazards mapping; in addition, there is no statute or administrative rule interpreting the state’s landslide hazard susceptibility classifications. **See additional barriers under “Infrastructure”** related to serviceability of buildable lands in the UGB and unknowns about current downstream capacity that could affect service of expansion areas.	**No “middle housing” zone.** There isn’t a zoning district between the R-3 and R-4 zones in the Zoning Ordinance, which could cover a density range of 11-20 units/acre typical of 2-story “middle housing” types. This means zoning options are lower density or higher density. -The R-3 zone allows for density in the range of approximately 7 to 11 du/acre; it doesn’t allow for attached housing or multi-family housing over 2 units. -The R-4 zone allows for density in the range of approximately 9 to 30 du/acre; it is the only residential zone that allows for attached housing and multi-family housing with 3 or more units. -This can exacerbate infrastructure planning for somewhat higher densities, since a rezone from R-3 to R-4 would allow a significant increase from 11 to 30 units per acre, rather than a more modest increase from 11 to 20 units per acre. **No existing residential zone allows density greater than 30 du/acre (R-4)**, except when higher density is authorized as a conditional use in the defined core area. The R-4 standards also apply in commercial zones that allow residential uses. **The highest density residential zone (R-4) also allows single-family development as a stand-alone permitted use with a minimum lot size**	**Current Inclusionary Zoning (IZ) Enabling Legislation Limits Cities.** Current state law provisions governing local “inclusionary zoning” have largely been inapplicable in McMinnville since it is currently authorized only for multi-family structures with 20 or more units, which isn’t the type of multi-family housing typically built in McMinnville. Further, inclusionary zoning isn’t current authorized for single-family housing. In addition, the definition of affordability in the IZ legislation doesn’t authorize cities to establish affordability requirements below 80% median income.	**Until infrastructure planning is completed, it is unknown whether “downstream” infrastructure in the UGB will be able to serve future expansion areas without first being upsized to allow for extensions.** **Buildable lands within the UGB in Water Service Zone 2 are unserviceable in the short-term until a Zone 2 reservoir is built (estimated 10 years).** **Sewer Capacity Constraints.** The sewer (wastewater) collection plan was based on development of vacant lands at historic development densities by zone, rather than maximum density permitted by existing zoning. In addition, this planning didn’t assume developed properties would experience infill and redevelopment at higher density permitted by existing zoning. This presents constraints: **- Constraints to Code Amendments.** This may limit code amendments that would authorize additional, “middle housing” types within existing zoning districts. **- Constraints to Permitted Development and Densities.** This doesn’t always allow development of vacant lands consistent with maximum density permitted by existing zoning. **- Constraints to Infill & Redevelopment.** This doesn’t always allow infill and redevelopment of developed properties consistent with higher or maximum density permitted by existing zoning.	**Current Euclidean Zoning System Limits Mix of Housing and Density.** However, most development occurs through the Planned Development process which achieves housing mix to some extent (up to 25% of area) based on density averaging of the underlying zone. However, this requires reducing density of other housing to achieve the same average, or requires rezoning. **Form-Based Codes.** Some “form-based codes” can allow development that is compatible within a neighborhood by regulating the size and physical characteristics of a building, while providing flexibility regarding the density within the building envelope. The same exterior building form/envelope can contain fewer large units or a greater number of smaller units. Some density-based codes can prevent this flexibility. This should be considered when implementing Great Neighborhood Principles, Diverse Housing Types zoning and public facilities planning. It is unclear how this could be implemented in a way that satisfies statutory requirements which require a density-based zoning.

1. Land Supply, Capacity, & Availability	2. Wider Variety of Housing Types	3. Affordability	4. Infrastructure	5. Great Neighborhood Principles & Urban Form
	of 5,000 square feet. This could be a barrier to achieving other needed housing. **Finer-Grained Zoning.** There is a need for a finer gradation of residential uses based on "scale". Anything over a duplex or semi-detached housing (two attached units) is only permitted in the R-4 zone. Further, for 3 or more units, there is no differentiation of multi-family housing development that has the same number of units, whether all in one building or in multiple smaller buildings. More smaller-scale structures can be permitted and compatible within different neighborhood contexts. Some uses may already be permitted, but not in all zones, so there may be a need to increase opportunities for where certain uses are permitted. Finer gradation will help this. **Fair Housing Act.** Code provisions should be reviewed in the context of Fair Housing Act best practices to ensure residential living models aren't inadvertently prohibited by the zoning ordinance due to outdated definitions and regulations. **Other Co-Living Land Uses.** Places where people live are classified by the Census Bureau as either residential use or group quarters. Some codes inadvertently prohibit some residential living situations and housing types that don't technically meet the definition of residential use, but would typically fall under the Census Bureau's classification of group quarters. Some of this may be addressed through code provisions consistent with Fair Housing Act best practices.		- **Constraints to Upzoning.** This doesn't always permit upzoning of vacant lands already in the UGB. **Short-Term Housing Strategies May be Impacted by Capacity Constraints.** More efficient use of land within the current UGB would be a strategy to help meet short-term needs until additional land is available through a UGB amendment, associated public facility plan updates, and extension/ availability of services to those lands. ***However, this strategy may be impacted by infrastructure capacity issues.*** **Transportation Plan Modeling.** Transportation Planning assumed no further development in certain developed areas, posing similar potential issues as described above for sewer, possibly affecting infill & redevelopment, upzoning, etc. **Existing Policies Restricting Density.** Due to previous sewer treatment capacity limitations which are no longer applicable, the City adopted density restrictions for part of the UGB which are no longer needed and should be formally repealed.	
Opportunities:				
		SB 2997 Enabling Legislation for Broader Use of Inclusionary Zoning. If enacted, SB 2997 will allow McMinnville greater discretion in use of "inclusionary zoning" to specify a % of housing in new developments as part of land use approval.		

1. Land Supply, Capacity, & Availability	2. Wider Variety of Housing Types	3. Affordability	4. Infrastructure	5. Great Neighborhood Principles & Urban Form
New Requirements:				
	HB 2001 "Middle Housing" Mandates. If enacted, HB 2001 will mandate that cities to plan for and permit small "middle housing" multi-family types in more zones. **HB 2001 ADU Mandates.** If enacted, HB 2001 will require change to McMinnville's current ADU implementation (to eliminate off-street parking requirements for ADUs).			**HB 2001.** If HB2001 is enacted, implementation of GNP will need to be consistent with HB 2001 mandates.
Additional Considerations:				
	Transition from Current Zoning Structure. The transition from the current zoning structure to regulations that implement Great Neighborhood Principles will mean some traditional land use tools more applicable to Euclidean zoning with more separated housing types and densities won't be applicable. There may be some more traditional tools that would be used in the interim as implementation of the Great Neighborhood Principles is phased in (map amendments that upzone property, code amendments that authorize more efficient use in existing zones, etc.). **Inclusivity of Diverse Housing Types.** In addition to providing opportunities for a wider variety of housing types, it will be key that this is closely coordinated with the implementation of Great Neighborhood Principles to address inclusion of these diverse housing types within neighborhoods, together with appropriate requirements for mix and average density, design standards, and other considerations. **Context-Based Design Standards.** Some design standards are based on use and don't account for different locational contexts, such as different urban vs. suburban forms and design standards for multi-family development depending on location and context.		It would be useful to map current capacity, currently planned capacity, and capacity that would result from public facility plan updates. If there are areas unlikely to experience new development, it may be possible to transfer allowed density to other areas where sewer capacity could be utilized for new development or infill.	**Great Neighborhood Principles Adopted.** The City has adopted Great Neighborhood principles which will need to be implemented. **Great Neighborhood Principles – Implementation.** The City will be implementing the recently adopted Great Neighborhood Principles, which will be a transformative step in how the City regulates residential land use in a manner than provides for neighborhoods with a mix of housing types and housing for different incomes. Phase-in of Great Neighborhood Principles will need a strategy. Some existing developed areas may have different requirements as the implementation is phased in. **Special Area Planning Projects Underway.** Several district planning efforts are underway that may identify nodal areas suitable for higher-density housing than would be achieved within the context of smaller neighborhood settings. Larger development sites should be subject to framework planning that sets performance requirements for future neighborhood developments. *(Some housing related aspects of planning for urban form will be incorporated into a broader urbanization strategy which will include planning for all uses).*

1. Land Supply, Capacity, & Availability	2. Wider Variety of Housing Types	3. Affordability	4. Infrastructure	5. Great Neighborhood Principles & Urban Form
Other Issues and Considerations Related to Delivery of Housing (Non Land Use)				
Barriers				
		Lack of Housing Supply Prevents Partner Resources from Being Fully Utilized. Many Section 8 Housing Choice Vouchers available through the Housing Authority can't be used to help subsidize housing costs due to lack of housing or housing within the price point that would allow vouchers to be used. Reducing the cost of market-rate housing could also present an opportunity to more fully utilize these vouchers to provide a subsidy for more affordable market-rate housing. Lack of available sites could preclude partners such as the Housing Authority from developing affordable housing using Low Income Housing Tax Credits, which means lost opportunity for use of outside funds which would be highly competitive if sites were available. **Administrative Cost Could Impact Ability to Manage a Housing Program that Requires Monitoring of Deed Restricted Affordable Housing.** Deed-restricted affordable housing can help ensure affordable housing supply is maintained, but can require a housing program and staff to administer a program over the long term. *(There could be exploration of potential partnership opportunities to administer a program).*		
Opportunities				
		(Time Sensitive). Opportunity Zone. McMinnville has a significant area within a designated Opportunity Zone which can be an incentive to affordable housing. **New Opportunity: SB595 Enabling Legislation for Affordable Housing Funds.** If enacted, SB 595 will allow cities to decide whether to dedicate a portion of local transient lodging tax to affordable housing.		

1. Land Supply, Capacity, & Availability	2. Wider Variety of Housing Types	3. Affordability	4. Infrastructure	5. Great Neighborhood Principles & Urban Form
New Requirements				
Additional Considerations				
	Education & Awareness. It is important to keep homebuilders up to date on regulatory changes and opportunities for new housing types authorized by code amendments. In addition, some uses may already be permitted in some zones by a less familiar name. It is also important to evaluate what is a permitted use vs. what is actually built. The community may assume certain uses aren't permitted because they haven't been built, when that might not be the reason. There may be reasons why trending ideas aren't being built in the housing market that need to be further explored. (financial, regulatory, etc.) **Transitional Housing.** There is a need for both permanent housing and transitional housing.	There is a need to increase more affordable owner-occupied housing opportunities as well as rental opportunities. Further, such housing equity can help households maintain housing options as housing prices escalate. (Supported by land use tools to authorize a wider variety of housing types in more areas).		

TABLE 2. MCMINNVILLE HOUSING STRATEGY – POTENTIAL STRATEGIES AND ACTIONS - DRAFT MATRIX

Strategic Option		Housing Benefits						Strategic Timeframe			Strategic Priority					Housing Need Met					Status		Priority
		Market Rate		Subsi-dized																			High Medium Low (Req'd) No
		Ownership	Rental	Ownership	Rental	Program Impact, (Low, Medium, High)	Nexus with Affordable Housing Action Plan	Near-Term, 2021-2026 (5 year)	Mid-Term, 2021-2031 (10 year)	Long-Term 2021-2041 (20 year)	1 – Land Supply, Capacity, Availability	2 – Wider Variety of Housing Types	3 – Housing Affordability	4 – Infrastructure	5 – Great Neighborhood Principles and Urban Form	**Extremely Low Income** (< 30% of MHI) **509 HH** in 20 Year Forecast **11%** of total units	**Very Low Income** (30-50% of MHI) **507 HH** in 20 Year Forecast **11%** of total units	**Low Income** (50-80% of MHI) **719 HH** in 20 Year Forecast **15%** of total units	**Middle Income** (80 - 120% of MHI) **992 HH** in 20 Year Forecast **21%** of total units	**High Income** (> 120% of MHI) **1,930 HH** in 20 Year Forecast **41%** of total units	Budgeted? Plan Started? Plan Adopted? Implementation Draft? Implemented? Ongoing?	Additional Implementation or Implementation Refinement? (Opp. or Req.)	
	LAND USE STRATEGIES (City)																						
A	**Evaluate Zoning Code and Other Ordinances to Advance Strategic Priorities (efficiencies, regulatory incentives, and regulatory mandates)**																						
1	Re-designate or rezone land for housing	Y	Y	Y	Y	L-H	Y	Y	Y		Y-S	Y	Y			Y	Y	Y	Y	Y	Y-O	Y	
2	Explore residential zoning with a targeted/minimum density standard and multiple allowed housing types.	Y	Y	Y	Y	M-H		Y	Y	Y	Y-C	Y	Y		Y				Y	Y	-		
3	Develop a High Density Residential Zone	Y	Y	Y	Y	M-H	Y	Y	Y	Y	Y-C	Y	Y		Y	Y	Y	Y	Y	Y	-		
4	Allow Small Residential Lots	Y		Y		L-M	Y	Y	Y	Y	Y-C	Y	Y		Y				Y	Y	-		
5	Mandate Maximum Lot Sizes					L-M					Y-C										-		
6	Mandate Minimum Residential Densities	Y	Y	Y	Y	L-M	Y	Y	Y	Y	Y-C	Y	Y		Y				Y	Y	-		
7	Increase Allowable Residential Densities	Y	Y	Y	Y	L-M	Y	Y	Y	Y	Y-C		Y			Y	Y	Y	Y	Y	-		
8	Allow Clustered Residential Development	Y	Y	Y	Y	Med	Y	Y	Y	Y	Y-C	Y	Y		Y			Y	Y	Y	-		
9	Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones with appropriate design and development standards	Y	Y	Y	Y	L-M	Y	Y	Y	Y	Y-C	Y	Y		Y			Y	Y		-	Y (R)	(R) HB2001
10	Allow Co-housing and "Group Quarters" (SROs, etc.)	Y	Y	Y	Y	L-M	Y	Y	Y	Y		Y	Y		Y	Y	Y	Y	Y	Y	-		
11	Permit Accessory Dwelling Units (ADUs) in single-family zones (Further Revisions to Current Implementation)	Y	Y	Y	Y	Low		Y	Y	Y	Y-C	Y	Y		Y	Y	Y	Y	Y		Y-I	Y (R)	(R) HB2001
12	Allow small or "tiny" homes & identify opportunities for tiny home developments	Y	Y	Y	Y	L-M	Y	Y	Y	Y	Y-C	Y	Y		Y	Y	Y	Y			Y	Y (O)	
13	Promote Infill Development by allowing for flexibility in existing zones with appropriate design and development standards	Y	Y	Y	Y	L-M		Y	Y	Y	Y-C	Y	Y		Y	Y	Y	Y	Y	Y	Y-S	Y	
14	Evaluate Incentive-Based Zoning for Affordable Housing (Inclusionary Zoning - Regulatory Mandates Paired with Incentives, Eligibility for Financial Incentives)			Y	Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			-	(O)	
15	Provide Density Bonuses to Developers	Y	Y	Y	Y	Low	Y	Y	Y	Y	Y-C		Y			Y	Y	Y			-		
16	Allow Transfer or Purchase of Development Rights	Y	Y	Y	Y	L-M		Y	Y	Y	Y-C			Y		Y	Y	Y	Y	Y	-		
17	Transfer of Density	Y	Y	Y	Y	L-M		Y	Y	Y	Y-C			Y				Y	Y		-		

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#	Strategic Option	Housing Benefits: Market Rate – Ownership	Housing Benefits: Market Rate – Rental	Housing Benefits: Subsi-dized – Ownership	Housing Benefits: Subsi-dized – Rental	Program Impact, (Low, Medium, High)	Nexus with Affordable Housing Action Plan	Strategic Timeframe: Near-Term, 2021-2026 (5 year)	Strategic Timeframe: Mid-Term, 2021-2031 (10 year)	Strategic Timeframe: Long-Term 2021-2041 (20 year)	Strategic Priority: 1 – Land Supply, Capacity, Availability	Strategic Priority: 2 – Wider Variety of Housing Types	Strategic Priority: 3 – Housing Affordability	Strategic Priority: 4 – Infrastructure	Strategic Priority: 5 – Great Neighborhood Principles and Urban Form	Housing Need Met: Extremely Low Income (≤ 30% of MHI) 483 HH in 20 Year Forecast 11% of total units	Housing Need Met: Very Low Income (30-50% of MHI) 482 HH in 20 Year Forecast 11% of total units	Housing Need Met: Low Income (50-80% of MHI) 683 HH in 20 Year Forecast 15% of total units	Housing Need Met: Middle Income (80 - 120% of MHI) 943 HH in 20 Year Forecast 21% of total units	High Income (> 120% of MHI) 1,833 HH in 20 Year Forecast 41% of total units	Status: Budgeted? Plan Started? Plan Adopted? Implementation Draft? Implemented? Ongoing?	Status: Additional Implementation or Implementation Refinement? (Opp. or Req.)	Priority: High Medium Low (Req'd) No
18	Evaluate transfer of density for protection of natural features – develop policies	Y	Y	Y	Y	L-M		Y	Y	Y	Y-C							Y	Y		-		
19	Evaluate reduced parking standards for different housing types	Y	Y	Y	Y	Low		Y	Y	Y	Y-C		Y			Y	Y	Y	Y		-		
20	Reduce Street Width Standards (Further Revisions)			Y	Y	Low					Y-C		Y								Y-I	N	
21	Regulations to Preserve Existing Housing Supply	Y	Y	Y	Y	Low	Y	Y	Y	Y			Y			Y	Y	Y			-		
22	Fair Housing Act Best Practices	Y	Y	Y	Y	L-M		Y	Y	Y		Y	Y		Y	Y	Y	Y	Y	Y	-		
B	**Conduct Special Area Planning which Includes Housing Opportunities**																						
23	City Center Housing Strategy	Y	Y	Y	Y	L-M	Y	Y	Y	Y	Y-C	Y	Y		Y	Y	Y	Y	Y	Y	Y-S		
24	Evaluate Three Mile Lane for Residential Development	Y	Y	Y	Y	L-M		Y	Y		Y-C		Y			Y	Y	Y	Y	Y	Y-S		
25	99 W Corridor Study – Promote Higher Density Mixed-Use Development in anticipation of changing commercial patterns.	Y	Y	Y	Y	L-M		Y	Y	Y	Y-S	Y	Y		Y		Y	Y	Y		?		
B	**Ensure Comprehensive Plan Policies Support Strategic Priorities**																						
26	Great Neighborhood Principles	Y	Y	Y	Y	Low	Y	Y	Y	Y	Y-C	Y	Y		Y	Y	Y	Y	Y	Y	Y-A	Y	
27	Repeal outdated Comprehensive Plan policies previously needed to limit density based on previously limited sewer treatment capacity	Y	Y	Y	Y	L-M		Y	Y	Y	Y-C			Y		Y	Y	Y	Y	Y	-		
D	**Develop Infrastructure Plans to Support Strategic Priorities**																						
28	Update Infrastructure Plans for Vacant/Infill Develop.	Y	Y	Y	Y	L-M		Y	Y	Y	Y-C		Y	Y	Y	Y	Y	Y	Y	Y	-		
29	Update Infrastructure Plans for Growth Lands	Y	Y	Y	Y	M-H			Y	Y	Y-S			Y		Y	Y	Y	Y	Y	-		
30	Develop Infrastructure Allocation Policies and Methodologies to Manage Systems and Accommodate Need	Y	Y	Y	Y	Low		Y			Y-C			Y		Y	Y	Y	Y	Y	-		
31	Develop Alternative Mobility Network that is Convenient and Attractive to Offset Pressure on Vehicular Network.	Y	Y	Y	Y	Low				Y	Y-C			Y	Y	Y	Y	Y	Y	Y	-		
32	Develop Plan Documents that Allow for Emerging Technology Responsiveness and Flexibility	Y	Y	Y	Y	?	Y	Y	Y	Y		Y	Y		Y	Y	Y	Y	Y	Y	-		
33	Encourage "To and Through" Infrastructure Development	Y	Y	Y	Y	M-H		Y	Y	Y	Y-C			Y		Y	Y	Y	Y	Y	-		

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Strategic Option		Housing Benefits				Program Impact, (Low, Medium, High)	Nexus with Affordable Housing Action Plan	Strategic Timeframe			Strategic Priority					Housing Need Met					Status		Priority
		Market Rate		Subsi-dized																			High Medium Low (Req'd) No
		Ownership	Rental	Ownership	Rental			Near-Term, 2021-2026 (5 year)	Mid-Term, 2021-2031 (10 year)	Long-Term 2021-2041 (20 year)	1 – Land Supply, Capacity, Availability	2 – Wider Variety of Housing Types	3 – Housing Affordability	4 – Infrastructure	5 – Great Neighborhood Principles and Urban Form	Extremely Low Income (≤ 30% of MHI) **483 HH** in 20 Year Forecast **11%** of total units	Very Low Income (30-50% of MHI) **482 HH** in 20 Year Forecast **11%** of total units	Low Income (50-80% of MHI) **683 HH** in 20 Year Forecast **15%** of total units	Middle Income (80 - 120% of MHI) **943 HH** in 20 Year Forecast **21%** of total units	High Income (> 120% of MHI) **1,833 HH** in 20 Year Forecast **41%** of total units	Budgeted? Plan Started? Plan Adopted? Implementation Draft? Implemented? Ongoing?	Additional Implementation or Implementation Refinement? (Opp. or Req.)	
34	Identify issues with Water Zone 2 and Plan for strategic plan for implementing infrastructure improvements.	y	y			Low			Y	Y	Y-S			Y					Y	Y	-		
35	Identify areas with underutilized infrastructure capacity.	Y	Y	Y	Y	L-M		Y	Y		Y-C			Y		Y	Y	Y	Y	Y	-		
E	Increase Buildable Lands Inventory – Developing a 5, 10, 20 and 50 Year Inventory & Phase-In																						
36	Develop an Urban Reserve Area (URA)	Y	Y	Y	Y	L-H				Y	Y-S			Y		Y	Y	Y	Y	Y	-		
37	Develop a Framework Plan for URA	Y	Y	Y	Y	L-H				Y	Y-S	Y	Y	Y	Y	Y	Y	Y	Y	Y	-		
38	Identify Expanded Urban Growth Boundary per URA	Y	Y	Y	Y	High			Y	Y	Y-S			Y		Y	Y	Y	Y	Y	-		
39	Develop Area Plans for UGB lands identifying housing opportunities	Y	Y	Y	Y	High			Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	-		
40	Develop annexation process to mandate housing types upon annexation per area plans.	Y	Y	Y	Y	High			Y	Y	Y-S	Y	Y		Y	Y	Y	Y	Y	Y	-		
F	Complete "Functional" Planning that Further Affects or Informs Buildable Land Inventory																						
41	Goal 5 Planning and Policies – Natural Resources, Including Local Wetland Inventory. Evaluate policies for wetland mitigation within the city limits as it pertains to housing development.	Y	Y	Y	Y	Low		Y	Y	Y	Y-S					Y	Y	Y	Y	Y	-		
42	Goal 7 Planning and Policies – Hazards, Including Landslides. Update soils analysis for identified constrained buildable land (high landslide susceptibility)	Y	Y	Y	Y	Low		Y	Y	Y	Y-S								Y	Y	Y-S	Y (O)	
G	Evaluate Administrative and Procedural Reforms																						
43	Expedited / Fast-tracked building permits for affordable housing			Y	Y	Low	Y	Y	Y	Y			Y			Y	Y	Y			-		
44	Expedite land use procedures for affordable housing and other land use decisions	Y	Y	Y	Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			-		

	Strategic Option	Housing Benefits: Market Rate – Ownership	Housing Benefits: Market Rate – Rental	Housing Benefits: Subsidized – Ownership	Housing Benefits: Subsidized – Rental	Program Impact, (Low, Medium, High)	Nexus with Affordable Housing Action Plan	Strategic Timeframe: Near-Term, 2021-2026 (5 year)	Strategic Timeframe: Mid-Term, 2021-2031 (10 year)	Strategic Timeframe: Long-Term 2021-2041 (20 year)	Strategic Priority: 1 – Land Supply, Capacity, Availability	Strategic Priority: 2 – Wider Variety of Housing Types	Strategic Priority: 3 – Housing Affordability	Strategic Priority: 4 – Infrastructure	Strategic Priority: 5 – Great Neighborhood Principles and Urban Form	Housing Need Met: **Extremely Low Income** (≤ 30% of MHI) **483 HH** in 20 Year Forecast **11%** of total units	Housing Need Met: **Very Low Income** (30-50% of MHI) **482 HH** in 20 Year Forecast **11%** of total units	Housing Need Met: **Low Income** (50-80% of MHI) **683 HH** in 20 Year Forecast **15%** of total units	Housing Need Met: **Middle Income** (80 - 120% of MHI) **943 HH** in 20 Year Forecast **21%** of total units	**High Income** (> 120% of MHI) **1,833 HH** in 20 Year Forecast **41%** of total units	Status: Budgeted? Plan Started? Plan Adopted? Implementation Draft? Implemented? Ongoing?	Status: Additional Implementation or Implementation Refinement? (Opp. or Req.)	Priority: High / Medium / Low / (Req'd) / No
	OTHER STRATEGIES (City)																						
H	**Land Interventions to Reduce Costs and Facilitate Housing Development**																						
45	Parcel Assembly			Y	Y	L-M	Y	Y	Y	Y	Y-A		Y			Y	Y	Y			-		
46	Land Banking			Y	Y	L-M	Y	Y	Y	Y	Y-A		Y			Y	Y	Y			-		
47	Land Trusts			Y	Y	L-M	Y	Y	Y	Y	Y-A		Y			y	y	y			-		
48	Public Land Disposition			Y	Y	High	Y	Y	Y	Y	Y-A		Y			Y	Y	Y			Y-O	Y	
I	**Evaluate Financial Incentives and Affordable Housing Subsidy & Assistance Programs to Retain Housing Stock, Add Supply, and Help People Afford Housing**																						
49	Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)				Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			-		
50	Affordable Housing Property Tax Abatement				Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			-		
51	Vertical Housing Tax Abatement (Locally Enabled and Managed)	Y	Y	Y	Y	L-M		Y	Y	Y		Y	Y		Y	Y	Y	Y	Y	Y	-		
52	Financial Incentives for Inclusionary Zoning			Y	Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			-		
53	SDC Financing and Credits	Y	Y	Y	Y	Low	Y	Y	Y	Y			Y			Y	Y	Y	Y	Y	-		
54	Sole Source SDCs	Y	Y	Y	Y	L-M		Y	Y	Y			Y	Y					Y	Y	-		
55	Reduced / Waived Building Permit fee, Planning fees, and/or SDCs for Affordable Housing				Y	Low	Y	Y	Y	Y			Y			Y	Y	Y			Y-I	N	
56	General Fund Grants or Loans			Y	Y	?	Y	Y	Y	Y			Y			Y	Y	Y			-		
57	Home ownership programs (direct assistance)	Y		Y		Low	Y	Y	Y	Y			Y			Y	Y	Y	Y		-		
58	Rental assistance programs (direct assistance)		Y		Y	Low	Y	Y	Y	Y			Y			Y	Y	Y			-		
59	Housing Rehabilitation Programs	Y		Y		Low	Y	Y	Y	Y			Y			Y	Y	Y			-		
60	Programs to Preserve Existing Housing Supply	Y	Y	Y	Y	Low	Y	Y	Y	Y			Y			Y	Y	Y			-		
J	**Evaluate Tools to Help Fund Infrastructure or Facilitate Equitable & Timely Infrastructure Extension**																						
61	Local Improvement District (LID)	Y	Y	Y	Y	L-M		Y	Y	Y				Y		Y	Y	Y	Y	Y	Y-O **		
62	Reimbursement District	Y	Y	Y	Y	L-M		Y	Y	Y				Y		Y	Y	Y	Y	Y	Y-O **		

Strategic Option		Housing Benefits						Strategic Timeframe			Strategic Priority					Housing Need Met					Status		Priority
		Market Rate		Subsi-dized																			High Medium Low (Req'd) No
		Ownership	Rental	Ownership	Rental	Program Impact, (Low, Medium, High)	Nexus with Affordable Housing Action Plan	Near-Term, 2021-2026 (5 year)	Mid-Term, 2021-2031 (10 year)	Long-Term 2021-2041 (20 year)	1 – Land Supply, Capacity, Availability	2 – Wider Variety of Housing Types	3 – Housing Affordability	4 – Infrastructure	5 – Great Neighborhood Principles and Urban Form	Extremely Low Income (≤ 30% of MHI) **483 HH** in 20 Year Forecast **11%** of total units	Very Low Income (30-50% of MHI) **482 HH** in 20 Year Forecast **11%** of total units	Low Income (50-80% of MHI) **683 HH** in 20 Year Forecast **15%** of total units	Middle Income (80 - 120% of MHI) **943 HH** in 20 Year Forecast **21%** of total units	High Income (> 120% of MHI) **1,833 HH** in 20 Year Forecast **41%** of total units	Budgeted? Plan Started? Plan Adopted? Implementation Draft? Implemented? Ongoing?	Additional Implementation or Implementation Refinement? (Opp. or Req.)	
K	**Consider Programs and Revenue Sources to Generate Revenue to Fund Subsidy Programs and Incentives**																						
63	Urban Renewal / Tax Increment Finance (TIF)	Y	Y	Y	Y	Med		Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N?	
64	Construction Excise Tax (CET)			Y	Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			-		
65	Linkage Fees	Y	Y	Y	Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y	Y		-		
66	General Fund			Y	Y	?	Y	Y	Y	Y			Y			Y	Y	Y			-		
67	General Obligation (GO) Bonds			Y	Y	M-H	Y	Y	Y	Y			Y			Y	Y	Y			-		
68	SB 595 - Transient Lodging Tax (TLT) – up to 30% for Affordable Housing			Y?	Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y			?	(O)	
69	Community Development Block Grant (CDBG)+Sec. 108			Y	Y	?	Y	Y	Y	Y			Y	Y		Y	Y	Y			-		
70	Housing Trust Funds			Y	Y	?	Y	Y	Y	Y	Y		Y			Y	Y	Y			-		
71	Fees or Other Dedicated Revenue			Y	Y	?		Y	Y	Y			Y			Y	Y	Y			-		
L	**Education and Outreach**																						
72	Ensure builders and housing providers are aware of current opportunities and recent regulatory reforms	Y	Y	Y	Y	Low	Y	Y	Y	Y		Y	Y			Y	Y	Y	Y	Y	Y-O	Y (O)	
M	**Advocate for State/Federal Legislative Actions That Increase State Agency Program Funding Available to Fund Affordable Housing**																						
73	State Affordable Housing Funding - HB 3349			Y	Y	?	Y	Y	Y	Y			Y			Y	Y	Y					
N	**Apply for and Utilize State, Federal, and Foundation Resources**																						
74	Use grants, programs, and technical assistance when available and cost-effective*			Y	Y	?	Y	Y	Y	Y			Y			Y	Y	Y			Y-O	Y	
O	**Partnerships**																						
75	*Misc. Partnerships - (Placeholder to Capture Ideas)*					-																	
P	**Strategies and Tools Employed by Orgs. Other Than City**																						
76	*Misc. Other – (Placeholder to Capture Ideas)*					-																	
77	Oregon Affordable Housing Tax Credit (OAHTC)*				Y	L-M	Y	Y	Y	Y			Y			Y	Y	Y					
78	Low Income Housing Tax Credits (LIHTC)*				Y	Med	Y	Y	Y	Y			Y			Y	Y	Y					

*Some state and federal programs apply directly between the state and a housing developer or lender, without City involvement; however, the state may look for local support and/or matches when making competitive award decisions, such as with Low Income Housing Tax Credits.

**Authorized by the City, but not frequently used

Note 1: *While the City has a traditional Euclidean zoning program, a Planned Development (PD) process is almost exclusively employed for most new subdivision developments, which provides flexibility and has achieved a mix of housing types and densities not otherwise permitted in the underlying zoning. In addition, implementation of Great Neighborhood Principles (GNP) and transition into the new program may mean some strategies applicable to current zoning will no longer apply when GNPs are implemented.*

Note 2: *Market rate housing benefits may apply across the board, or may be targeted to market rate at the more affordable end of the spectrum that can be achieved at market rates without subsidies – typically in the "workforce housing" range of 80-120% of median income.*

Table 3. This table provides more detailed descriptions of the potential housing strategies and actions listed in Table 3. In addition, the table provides further information about the potential scale of impact of the strategy.

Strategy Name	Description	Scale of Impact
I. LAND USE STRATEGIES (City)		
A. Regulatory Changes. Changes to the Zoning Code and Other Ordinances to Advance Strategic Priorities (through increasing residential land and capacity, flexibility, efficiencies, regulatory incentives, regulatory mandates, etc.)		
A1. Redesignate or rezone land for housing	The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (e.g., smaller parcels) in areas where multifamily housing would be compatible (e.g., along transit corridors or in employment centers that would benefit from new housing). This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.	**Scale of Impact - Low to high:** Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.
A2. Diverse Housing Zone. Explore residential zoning with targeted/ minimum density and multiple allowed housing types	This zone would authorize a variety of housing types and sub-types including single-family detached and "middle housing" attached and multi-family housing types. In contrast to traditional zoning, this strategy would be used to implement Great Neighborhood Principles (GNP), including the framework and area planning for growth areas, to specify a housing mix and associated average density that would need to be achieved in an area.	**Scale of impact – Medium to high:** This strategy allows a broader range of housing types; the impact will depend on market response.
A3. Develop a high density residential zone	This strategy would be used in conjunction with and to complement the Great Neighborhood Principles and diverse housing zone (A2) to provide for higher density housing types in specific areas, such as more dense core areas, centers, nodes, etc.	**Scale of Impact – Medium to high**: The key impacts of this strategy will be (1) ensuring land is available for higher density housing types, and (2) achieving

Strategy Name	Description	Scale of Impact
(cont.)	which would be higher density than the densities for "middle housing" types which would be incorporated on smaller lots within the diverse housing zone.	greater land use efficiencies that the city currently achieves in the R-4 zone.
A4. Allow Small Residential Lots	Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances. This policy is intended to increase density and lower housing costs. Small lots limit sprawl, contribute to the more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.	**Scale of Impact – Low to medium**. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.
A5. Mandate Maximum Lot Sizes	This policy places an upper bound on lot size and a lower bound on density in single family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre. This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.	**Scale of Impact – Low to medium**. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.
A6. Mandate Minimum Residential Densities	This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multiple-family zones they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones. This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.	**Scale of Impact - Low to medium**. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.

Strategy Name	Description	Scale of Impact
A7. Increase Allowable Residential Densities	This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones. Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.	**Scale of Impact – Low to medium**. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.
A8. Allow Clustered Residential Development	Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.	**Scale of Impact – Medium.** Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.
A9. Allow Duplexes, Cottages Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones with appropriate design & development standards	Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.	**Scale of Impact – Low to Medium**. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.
A10. Allow Cohousing and "Group Quarters" (SROs, etc.)	Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house.	**Scale of Impact – Low to Medium**. While cohousing may be able to achieve multifamily housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact.

Strategy Name	Description	Scale of Impact
(cont.)	This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. ***NOTE:*** *"Co-housing" is often a permitted use as one of the permitted housing types (single-family, attached housing, or multi-family) that has private social arrangements which are not publicly regulated through the zoning ordinance).* "Group Quarters" is a useful category used by the Census Bureau to describe living situations that aren't classified as dwellings. This includes la variety of different living situations where occupants have some private living spaces, but each private living space doesn't comprise a full dwelling unit, and there are certain shared common areas. For example, they may have one or more of the following: shared kitchen and dining facilities, living rooms, and/or bathrooms, etc. Examples include SROs (Single Room Occupancy housing, etc.). Similar to differentiation of "middle housing" multi-family housing types, these could be regulated and differentiated by zoning based on size categories.	"Group quarters" uses may reduce construction costs and address a potentially unmet need.
A11. Permit Accessory Dwelling Units (ADUs) in single-family zones	Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences; "granny" flats; and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from "shared" housing in that the unit has separate kitchen and bathroom facilities. ADUs are typically regulated as a conditional uses. Some ordinances only allow ADUs where the primary dwelling is owner-occupied. ***NOTE:*** *McMinnville has already adopted and simplified ADU provisions. HB 2001 may require a modification that would eliminate additional off-street parking requirements for ADUs.*	**Scale of Impact - Low**. Oregon law recently changed to require cities to allow ADUs. McMinnville has received few permit applications for ADUs in recent years.

Strategy Name	Description	Scale of Impact
A12. Allow small or "tiny" homes and identify opportunities for tiny home developments.	"Tiny" homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units. Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units. Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.	**Scale of Impact – Low to medium:** Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.
A13. Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards	This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment. Regulatory approaches to promote infill development include: • Administrative streamlining • Allowing accessory dwelling units (ADUs) • Allowing small lots • Density bonuses	**Scale of Impact – Low to medium**. In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing.
A14. Incentive-Based Zoning and Inclusionary Zoning	Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning-requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning-provides density or other types of incentives. Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents. Some cities have long had quasi-inclusionary housing provisions in their codes that are implemented at the point of annexation. *Legislative Authorizations: SB 1533 (2016), HB 2997 (2019, pending)*	**Scale of Impact – Low to medium**. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.

Strategy Name	Description	Scale of Impact
A15. Provide Density Bonuses to Developers	The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones. Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain amount affordable units.	**Scale of Impact - Low**.
A16. Allow Transfer or Purchase of Development Rights (TDR/PDR)	This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to "receiving zones" and can be traded. This policy can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).	**Scale of Impact – Low to medium**. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.
A17. Transfer of Density	Transfer of density can be similar to TDR/PDR (A16), but could potentially be implemented in a more simplified manner that doesn't require the same administrative tracking of sending and receiving zones. For example, a Planned Development may allow a mix of housing types and densities which have the same overall density as allowed in the underlying zone that would achieved through development with uniform minimum lot sizes.	**Scale of Impact – Low to medium**. Actual impact will depend on the extent to which the policy is used. Density transfers may have little impact on overall densities since overall density is not changed; rather it is moved around.
A18. Evaluate transfer of density for protection of natural features	This policy could be implemented in a number of different ways, but with the specific intent of encouraging preservation of natural features by transferring allowed density elsewhere. This could be outside of the development or elsewhere within a development if applicable, similar to A16 or A17. The policy could also be achieved by permitting smaller lot sizes for lots abutting natural features so the natural feature can be better preserved in a distinct tract of land without reducing the development capacity of the site.	**Scale of Impact – Low to medium**. Actual impact will depend on the extent to which the policy is used. Density transfers for natural resource protection may have some impact on overall densities since it is allowing density to be captured on lands that would otherwise be unbuildable.

Strategy Name	Description	Scale of Impact
A19. Reduced Parking Requirements for Different Housing Types	Allows development of housing units to with discretionary reduction of parking requirements if an applicant can demonstrate that no more parking is needed. Reduced parking requirements are generally used in conjunction of development of subsidized affordable housing but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.	**Scale of Impact - Low**. The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.
A20. Reduce Street Width Standards	This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs. ***NOTE:*** *McMinnville has already adopted "skinny street" provisions, so any additional revisions would likely be minimal.*	**Scale of Impact - Low**. This policy is most effective in cities that require relatively wide streets.
A21. Regulations to Preserve Existing Housing Supply	Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include: • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions	**Scale of Impact - Low**. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing.
A22. Fair Housing Act Best Practices	**Amendments to Definitions and Regulations, Using Best Practices to Further the Fair Housing Act.** Historically, many communities have regulated residential use through definitions of "dwelling," "family," and "household" that described the maximum number of related and/or unrelated people living as a household within a dwelling unit. These regulations typically predated the Fair Housing Act, and new best practices which further the Fair Housing Act take a different approach to defining these terms and regulating residential use. Resulting regulations are more inclusive in permitting residential use.	**Scale of Impact – Low to medium.** This strategy would potentially help low income households obtain affordable housing by allowing more unrelated people to reside in a single dwelling.

Strategy Name	Description	Scale of Impact
B. Special Area Planning which Includes Housing Opportunities		
B23. City Center Housing Strategy	The strategy will evaluate a defined area within the City Center for opportunities to increase context-sensitive housing within that area. This work has the potential to implement other strategies. The study area is partially within the designated Urban Renewal District area where eligible for TIF (K62), and could include strategies such as such as infill (A13), redevelopment, rezoning for residential use (A1), upzoning (A3), identification of possible opportunity sites (H48), and determination of associated infrastructure needs (D28).	**Scale of Impact – Low to medium.** This work is ongoing; it provides an opportunity to identify potential extent of residential component. Impact will also depend on market conditions.
B24. Evaluate Three Mile Land for Residential Development	The Three Mile Lane Area Plan includes evaluation of land use alternatives that could include opportunities to increase housing within the defined study area. This work has the potential to implement other strategies, which could include rezoning to residential use (A1), upzoning (A3), and determination of associated infrastructure needs (D28, D30)	**Scale of Impact – Low to medium.** This work is ongoing; it provides an opportunity to identify potential extent of residential component. Impact will also depend on market conditions.
B25. Hwy 99W Corridor Study – Opportunity for Higher-Density Mixed use Development	This work could include opportunities for higher density mixed-use development in anticipation of changing commercial patterns.	**Scale of Impact – Low to medium.** Impact will depend on market conditions.
C. Ensure Comprehensive Plan Policies Support Strategic Priorities		
C26. Great Neighborhood Principles	In April 2019, the City adopted Great Neighborhood Principles (GNP) and associated policies as part of the Comprehensive Plan. Some of these policies address mixed income and mixed housing neighborhoods. These policies will need to be implemented with code amendments, which can include other strategies, such as Strategy A2 to achieve a Diverse Housing Zone.	**Scale of Impact – Low.** The GNPs are primarily focused on urban form.
C27. Repeal outdated policies related to old sewer treatment capacity limits	Previously, the City's sewer treatment plant (water reclamation facility) had limitations on treatment capacity, and the City established policies that limited density in certain areas commensurate with the treatment capacity limitations. The treatment capacity of the plant has increased, and those limitations are no longer necessary, and should be repealed. (Comprehensive Plan Housing Policies – 71.10)	**Scale of Impact – Low to medium.**

Strategy Name	Description	Scale of Impact
D. Develop Infrastructure Plans to Support Strategic Priorities		
D28. Update infrastructure plans for vacant/infill development	In some developed areas, infrastructure plans including waste water collection and transportation may have assumed no additional development and were not planned for infill and redevelopment to higher intensity. Further, in undeveloped areas, these plans may have assumed growth would occur at historic densities, which may be less than the maximum density permitted by zoning, limiting density of new development where there may be a desire to encourage infill and redevelopment.	**Scale of Impact – Low to medium.** It is difficult to determine impact until the assessment is completed; impact will depend on market response.
D29. Update infrastructure plans for growth lands	Infrastructure plans are generally sized with capacity for build-out of the Urban Growth Boundary. Expansion of the UGB will necessitate updates to the public facility plans to provide capacity to serve new areas. Infrastructure planning can also be sized to accommodate future growth within designated Urban Reserve Areas, providing for more cost-efficient provision of services.	**Scale of Impact – Medium to high.** The HNA concludes a significant deficit of residential lands; ensuring services is essential to transitioning land to a developable state.
D30. Develop infrastructure allocation policies	If there are current infrastructure capacity limits, developing policies to allocate the capacity can provide greater certainty about capacity and allowable density of development phasing in the short term, in support of development, redevelopment, and infill priorities.	**Scale of Impact – Low**. This strategy is primarily about efficient use of infrastructure and timing and will have little impact on land capacity.
D31. Develop alternative mobility network	Planning and developing an alternative mobility network can shift some trips to alternative transportation modes, providing transportation choice and reducing congestion. This can support infill and redevelopment that supports alternative modes in congested areas.	**Scale of Impact – Low**. This will have little impact on housing cost or type, but will ensure livable neighborhoods.
D32. Develop plans that allow for emerging technology	As new technologies emerge, there may be opportunities to reduce demand on certain infrastructure and transportation systems, potentially increasing capacity by reducing travel demand for some trips. Plans should be designed to allow for this technology and be flexible in adapting plans to reduced demand and congestion on systems that may enable additional infill and redevelopment	**Scale of Impact – Unknown**. Not enough is known about the impact of emerging technologies such as autonomous vehicles to predict their impact.
D33. Encourage “to and through” infrastructure policies	These policies ensure infrastructure extensions are sized to serve development as well as to extend beyond the development in the future to serve outlying properties.	**Scale of Impact – Medium to high.** This strategy will have little impact on housing type or affordability, but will ensure adequate capacity to serve lands in a timely and economical manner.

Strategy Name	Description	Scale of Impact
D34. Identify issues and plan for Water Zone 2 infrastructure improvements	The western portion of the UGB is at a higher elevation which requires separate infrastructure for water service within Water Service Pressure Zone 2, which will require a new water storage tank. Buildable lands within the UGB which area in Zone 2 will be unavailable for development until they can be served with water. The investment in the Zone 2 water infrastructure won't occur without sufficient area and timely development to help fund the necessary water infrastructure.	**Scale of Impact – Low**. This strategy will allow development of land included in the BLI.
D35. Identify areas with underutilized infrastructure capacity	Areas with underutilized infrastructure capacity may be evaluated as candidates for additional development intensity of vacant lands or infill and redevelopment opportunities in developed areas.	**Scale of Impact – Low to medium**. This strategy would potentially allow higher density development; impact will depend on market response.
E. Increase Buildable Land Inventory – Developing a 5, 10, 20, and 50 Year Inventory & Phase-In		
E36. Establish an Urban Reserve Area (URA)	Cities may establish Urban Reserve Areas (URAs) for a period of up to 30 years beyond the Urban Growth Boundary (UGB) planning period of 20 years, for a combined period of up to 50 years . These become the highest priority lands for future UGB expansions. Urban Reserve Areas provide an opportunity for efficient infrastructure planning and future urbanization.	**Scale of Impact – Low to high.** URAs are a long-term land supply strategy. The short term impact will be none; the impact 10-20+ years out could be significant in allowing better infrastructure and land supply.
E37. Establish a framework plan for the URA	A framework plan identifies the major land uses, transportation backbone, infrastructure needs, and sequencing for the long-term growth within the URA. As these lands come into the UGB, area plans will be developed to ensure land uses and housing are provided consistent with the long-term framework plan.	**Scale of Impact – Low to high.** URAs are a long-term land supply strategy. The short term impact will be none; the impact 10-20+ years out could be significant in allowing better infrastructure and land supply.
E38. Identify an expanded UGB per the URA	Urban Reserve Planning helps guide where to establish an Urban Growth Boundary to meet needs for the 20-year planning period.	**Scale of Impact – High.** Land supply is one of McMinnville's biggest short-term constraining factors.

Strategy Name	Description	Scale of Impact
E39. Develop area plans for UGB lands identifying housing opportunities	Area plans for the UGB refine the framework plan into a more detailed land use plan for areas within the UGB. Development proposals would require master plans consistent with the area plans.	**Scale of Impact – High.** Land supply is one of McMinnville's biggest short-term constraining factors. This strategy will ensure efficient development of expansion areas.
E40. Develop annexation process to mandate housing types upon annexation per area plans.	Lands brought into the UGB are placed in an urban holding zone, allowing for annexation phasing plans. Annexation would require master plan approval addressing required housing mix and average density, site design, and development standards.	**Scale of Impact – High.** Land supply is one of McMinnville's biggest short-term constraining factors. This strategy will ensure efficient development of expansion areas.
F. Complete "Functional" Planning that Further Affects or Informs the Buildable Land Inventory		
F41. Goal 5 Natural Resource Planning & Policies, incl. wetlands and riparian areas	The City has not adopted certain local "Goal 5" resource policies, which will be required, including a Local Wetland Inventory (LWI) and standards for riparian corridors. These will further affect or inform the capacity of lands within the UGB and future growth areas.	**Scale of Impact – Low.** This strategy may take certain lands off the buildable inventory.
F42. Goal 7 Hazards Planning & Policies, incl. landslide susceptibility	The City has not adopted certain local "Goal 7" policies for hazards, including areas mapped by DOGAMI (The Oregon Department of Geology and Mineral Industries) as high landslide susceptibility. DOGAMI is in the process of refining their mapping which will further inform this work, which could affect or inform the capacity of lands within the UGB and future growth areas.	**Scale of Impact – Low.** This strategy may take certain lands off the buildable inventory.

Strategy Name	Description	Scale of Impact
G. Evaluate Administrative and Procedural Reforms		
G43. Administrative and Procedural Reforms	Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications; however, complicated projects frequently require additional analysis such as traffic impact studies, etc. A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.	**Scale of Impact - Low**. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures.
G44. Streamline Zoning Code and other Ordinances	Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development. As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,	**Scale of Impact - Low to medium**. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.

Strategy Name	Description	Scale of Impact
II. OTHER STRATEGIES – NON LAND USE (City)		
H. Land Interventions to Reduce Costs and Facilitate Housing Development		
H45. Parcel assembly	Parcel assembly involves the city's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.	**Scale of Impact - Low to medium:** Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time**.**
H46. Land Banking	Land banks are public or community-owned entities created to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties for conversion into productive use. Land banks can play a variety of roles. They can play a very limited role, such as simply acquiring property on behalf of a local municipality, to a broader role of property developer. It is important to note that land banks are not financial institutions: financing comes from developers, banks, and local governments. Land banks may be granted special powers via state enabling legislation. These powers can include the ability to remove legal and financial barriers, such as delinquent property taxes, that often render vacant and abandoned properties inaccessible or unattractive to the private market. Land banks acquire properties through different means, but the most common pipeline is the property tax foreclosure system.	**Scale of Impact - Low to medium: L**and banking would have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it can be to build this type of affordable housing, and the level of need for affordable housing, land banking could encourage development of more affordable housing types.

Strategy Name	Description	Scale of Impact
H47. Community Land Trust (CLT)	A Community Land Trust (CLT) creates permanent affordability by severing the value of the land and the improvements (i.e., the house). The land is held in trust by a nonprofit or other entity then leased to the homeowner. The homeowner enjoys most of the rights of homeownership, but restrictions are placed on use (e.g., owner occupancy requirement) and price restrictions on resale ensure that the home remains affordable. CLTs may be used in conjunction with land banking programs, where the city or a nonprofit housing corporation purchases a future site for affordable housing or other housing that meets community goals. A variation to the community land trust is to have the City own the property rather than the land trust, and lease property to income-qualifying households (such as low-income or moderate-income households) to build housing. The City would continue to own the land over the long-term but the homeowner would be able to sell the house. Restrictions on resale ensure that the home remains affordable.	**Scale of Impact - Low to medium:** A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.
H48. Public Land Disposition	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, EB-5.	**Scale of Impact - Low to medium:** Using public land would have the biggest impact on production of low- and moderate-income affordable housing. Impact varies considering how difficult it is to build this type of affordable housing and the level of need for affordable housing.
I. Financial Incentives and Affordable Housing Subsidy & Assistance Programs to Retain Housing Stock, Add Supply, and Help People Afford Housing (Tax abatement programs that decrease operational costs by decreasing property taxes, Programs to lower the cost of development)		
I49. Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland's program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction.	**Scale of Impact – Low to medium**. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.

Strategy Name	Description	Scale of Impact
I50. Affordable Housing Property Tax Abatement	There are several statutory authorizations for different types of affordable housing property tax abatements which could apply to affordable housing developments that aren't already tax exempt. Some of these can be designated for a limited duration. Some of these are authorized by statute and require local enabling legislation or approvals.	**Scale of Impact – Low to medium**. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.
I51. Vertical Housing Tax Abatement (Locally Enabled and Managed)	Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria: • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential.	**Scale of Impact – Low to medium**. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.
I52. Financial incentives supporting inclusionary zoning	In addition to regulatory mandates and incentives for inclusionary zoning, there can be financial incentives to help achieve inclusionary zoning, or to help increase the level of affordability or percentage of affordable units. If a City adopts both inclusionary zoning and a Construction Excise Tax, a city must offer certain incentives for developments subject to inclusionary zoning.	**Scale of Impact – Low to medium**. The design of the program will impact whether and how many developers use the incentives which will affect the scale of the impact.

Strategy Name	Description	Scale of Impact
I53. SDC Financing and Credits	Enables developers to spread their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. Can come in the form of student, low-income, or workforce housing. An additional variation is deferral of SDC payment from time of building permit issuance to when the building is occupied, which can reduce up-front costs, but can potentially present create administrative issues.	**Scale of Impact – Low.** The City may consider changes in SDCs to allow financing, but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity.
I54. Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. The housing can come in the form of student, low income, or workforce housing. However, in some cases, this could limit the ability to aggregate SDC resources regardless of geographic area for larger infrastructure projects.	**Scale of Impact – Low to medium**. Depends on extent to which SDCs can be aggregated to complete larger projects.
I55. Reduced or waived planning fees, permit fees, SDCs for affordable housing	Planning fees, permit fees, and SDCs cam be reduced or waived for qualifying affordable housing developments. McMinnville has already enacted planning, permit, and certain SDC waivers for qualifying affordable housing developments.	**Scale of Impact – Low**. McMinnville has already enacted planning, permit, and certain SDC waivers for qualifying affordable housing developments.
I56. General Fund Grants or Loans	Through the annual budget process, the City can allocate funds to assist affordable housing developments. Assistance can also be provided through no- or low-interest loans. That typically occurs in conjunction with a revolving loan fund that allows the fund to grow over time as loans are repaid.	**Scale of Impact – Unknown**. Impact is dependent on obtaining grants.

Strategy Name	Description	Scale of Impact
I57. Home ownership programs	Cities (and other partners) use a variety of programs to assist with homeownership • **Homebuyer Assistance Programs.** These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers. • **Inclusionary Housing Program.** Some cities have an Inclusionary Housing Ordinance (IH) requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can be allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term. • **Partnerships**. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance.	**Scale of Impact - Low**. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.
I58. Rental assistance programs	Cities (and other partners) use a variety of programs to provide rental assistances • **Section 8 Voucher**: This assistance subsidizes the difference between 30 to 40 percent of a household's income and the area's Fair Market Rent (FMR). • **Rental assistance programs**. These programs offer a range of services, such as assistance with security deposits. • **Rent Control**. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates. • **Partnerships**. Cities often work with partnerships with nonprofit agencies that provide rental assistance.	**Scale of Impact - Low**. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small.
I59. Housing Rehabilitation Programs	Cities (and other partners) often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.	**Scale of Impact - Low**. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.
I60. Non-regulatory programs and incentives to	While rehabilitation programs can help preserve housing supply there are other strategies that can help preserve housing supply, or affordable housing supply. For example, if a long-term deed restriction requiring affordable rents for a specified period is	**Scale of Impact - Low**. Impact would be limited by the availability of funding.

Strategy Name	Description	Scale of Impact
preserve existing housing supply	set to expire, an affordable housing agency may acquire a property to retain the housing as affordable units.	
J. Tools to Help Fund Infrastructure or Facilitate Equitable & Timely Extension of Infrastructure		
J61. Local Improvement District (LID)	This tool is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners and setting up fair LID payments for various property owners, who are located different distances from the improvement can be challenging. However, if successful it succeeds in organizing property owners around a common goal. It also allows property owners to make payments over time to bring about improvements quickly that benefit them individually. LIDs can also be bundled with other resources, such as TIFs.	**Scale of Impact – Low to medium**. This tool can only be used when certain majority requirements are met for properties to be assessed.
J62. Reimbursement District	A reimbursement district is a tool that provides equity if the City or a developer must extend public facilities along other properties in order to enable development of a property. If intervening properties connect to the infrastructure extended at the expense of the developer or City, a reimbursement district allows the City or developer who paid for the extension to recoup costs that would have been incurred by the intervening properties if they had to extend it on their own at the time of their development. Unless or until the intervening property develops in a manner that would have required the infrastructure extension, there is no assessment. Therefore, there is no assurance that the City or developer that installed the infrastructure will recoup the costs. This tool can overcome a situation where a developer may be hesitant to extend services if the intervening property can connect for free at developer's expense.	**Scale of Impact – Low to medium**. This tool doesn't provide a new funding source, but may sometimes impact decisions to extend infrastructure to serve new development.

<table>
<tr><th>Strategy Name</th><th>Description</th><th>Scale of Impact</th></tr>
<tr><td colspan="3">K. Programs and Revenue Sources to Generate Revenue to Fund Subsidy Programs and Incentives (Sources of funding to pay for infrastructure to support development)</td></tr>
<tr><td>K63. Urban Renewal / Tax Increment Finance (TIF)</td><td>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:
Redevelopment projects, such as mixed-use or infill housing developments
Economic development strategies, such as capital improvement loans for small or start up businesses which can be linked to family-wage jobs
Streetscape improvements, including new lighting, trees, and sidewalks
Land assembly for public as well as private re-use
Transportation enhancements, including intersection improvements
Historic preservation projects
Parks and open spaces</td><td>Scale of Impact – Medium. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</td></tr>
<tr><td>K64. Affordable Housing Construction Excise Tax (CET)</td><td>An affordable housing construction excise tax (CET) is a tax on the value of new construction that is used to fund affordable housing. CETs are governed by state law but provide local control over some aspects of the tax structure, rates, etc.

A CET can be established using a flat rate or a tiered/marginal rate, which can help further affordable housing objectives.

(Legislative Authorization: SB 1533, 2016)</td><td>Scale of Impact – Low to medium. Impacts would depend on (1) the amount of the tax, (2) the amount of revenue generated, and (3) how the funds are invested.</td></tr>
</table>

Strategy Name	Description	Scale of Impact
K65. Linkage Fees for Non-Residential Development	Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New nonresidential development generates jobs, which triggers housing needs for their workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which then are used to build new housing units. A communitywide analysis is usually performed to estimate the type and amount of jobs and wages that are expected to be generated by new development.	**Scale of Impact – Low to medium**. Impact is dependent on the design of the program which will determine how many projects are required to pay fees.
K66 & 67. General Fund and General Obligation (GO) Bonds	The city can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements. GO Bonds require a public vote which can be time-consuming and costly. GO Bonds also raise property owner taxes.	**Scale of Impact – Medium to high.** GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).
K68. Transient Lodging Tax (TLT) – Up to 30% for Affordable Housing (SB595)	This legislation would enable cities with a local transient lodging tax to use a portion for affordable housing. Currently 70% of local funds must go to tourism, and 30% can be allocated to general fund. SB595 would authorize a maximum of 30% be dedicated for affordable housing, authorized to be deducted from the 70% for tourism. *(Legislative Authorization: SB595, 2019, pending)*	**Scale of Impact – Low to moderate** Would require Council action to appropriate funds for housing and the amount of funding. Would provide a stable annual funding source dedicated to affordable housing.

Strategy Name	Description	Scale of Impact
K69. Community Development Block Grants (CDBG) (Federal Program, Locally Administered)	Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Funds can be applied relatively flexibly. This program has been run since 1974, and is seen as being fairly reliable, but securing loans/grants for individual projects can be competitive. Some drawbacks to CDBG funds include: • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is not in the control of the City.	**Scale of Impact – Unknown**. Impact is dependent on qualifying as an entitlement community with an annual appropopriation or obtaining grants competitively through the state/small cities program
p/o K69. CDBG – Section 108 (Federal Program, Locally Administered)	HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. These funds can be fairly flexible in their application. The program has been in operation since 1974 and has gained reliability. It enables a larger amount of very low interest-rate-subordinate funding for eligible projects. As with CDBGs, the process of securing the loan can be competitive.	**Scale of Impact - Low**. Section 108 funds could be used to help finance development of some affordable housing but would only cover a portion of the affordable housing development.
K70. Housing Trust Funds	Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a community. Housing trust funds support virtually any housing activity that serves the targeted beneficiaries and would typically fund new construction and rehabilitation, as well as community land trusts and first time homeowners. This tool is often used in cities with inclusionary zoning ordinances, which generates fees to fund development of the housing trust fund. Successfully implementing this tool requires a dedicated funding source.	**Scale of Impact – Unknown**. Impact is dependent on program design.

Strategy Name	Description	Scale of Impact
K71. Fees or Other Dedicated Revenue	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/ sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or "parking credits" that developers would purchase from the City for access "entitlement" into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also these fees or revenues allow for new revenue streams into the City.	**Scale of Impact – Unknown**. Impact is dependent on program design.
L. Education and Outreach		
L72. Education and Outreach	Ensure housing developers are aware of regulatory changes that authorize additional housing options or flexibility. Provide information that explains housing options that are already available under existing zoning and building codes, but may use different terminology than is commonly recognized.	**Scale of Impact – Low**.
M. Advocacy for State/Federal Legislative Actions that Increase State Agency Program Funding Available to Fund Affordable Housing		
M73. State Affordable Housing Funding	This legislation would change the tax income code to eliminate certain deductions, and the resulting revenues would fund state affordable housing programs. *(Legislation: HB 3349, 2019, pending)*	**Scale of Impact – Unknown**.
N. Apply for and Utilize State, Federal, and Foundation Resources		
N74. Use grants, programs, and technical resources when available and cost-effective	Continue to utilize grant funds and other resources when available to fund housing related planning and housing-related programs.	**Scale of Impact – Unknown**. Impact is dependent on obtaining grants.

Strategy Name	Description	Scale of Impact
O. Partnerships		
O75. Misc. Partnerships	Placeholder Only – To Capture Ideas / Discussion	
P. Strategies and Tools Employed by Organizations Other Than the City		
P76. Misc. Strategies	Placeholder Only – To Capture Ideas / Discussion	
P77. Oregon Affordable Housing Tax Credit (OAHTC)	The City is directly not involved in this program. The 1989 Oregon Legislature created the **Oregon Affordable Housing Tax Credit Program (OAHTC)**. Under the OAHTC Program, the Department has the authority to certify tax credits for projects. Through the use of tax credits, lending institutions are able to lower the cost of financing by as much as four percent for housing projects or community rehabilitation programs serving low-income households. The savings generated by the reduced interest rate must be passed directly to the tenant in the form of reduced rents.	**Scale of Impact – Low to medium**. The city is not directly involved in this program.
P78. Low Income Housing Tax Credits (LIHTC)	The Low Income Housing Tax Credit Program (LIHTC) is an incentive to encourage the construction and rehabilitation of rental housing for lower-income households. The program offers credits on federal tax liabilities for 10 years. Individuals, corporations, partnerships and other legal entities may benefit from tax credits, subject to applicable restrictions. Annually, the U.S. Department of Treasury allocates tax credits to each state. Oregon Housing and Community Services (OHCS) administers' the tax credit program for the state of Oregon. Tax credits offer direct federal income tax savings to owners of rental housing developments who with a developer are willing to set-aside a minimum portion of the development's units for households earning 60 percent or less of gross area median income. Developers of tax credit developments typically sell the credits to investors who are willing to provide capital in return for the economic benefits (including tax credits) generated by the development.	**Scale f Impact – Moderate to high.** The city is not directly involved in this program.

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City of McMinnville Economic Opportunities Analysis

June 2020

Prepared for:

City of McMinnville

***FINAL* REPORT**

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary to meet those needs for a 20-year planning period beginning in 2021, the earliest date by which the City would have a program in place to meet the identified needs.

This evaluation process requires several technical studies. These include:

- a housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses are combined into a report called an "Urbanization Study" which allows the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021 and 2041.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
Change 2021-2041		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
Change 2021-2067		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 7,535 acres within the Urban Growth Boundary (UGB). Of this, about 6,485 acres are in tax lots; the remaining lands are in public right-of-ways, primarily streets, and the Yamhill River. About 1,678 acres are in tax lots with a public or institutional use. The 4,807 remaining acres are on commercial, industrial, or residential land.

There are approximately 1,388 acres of employment land in tax lots, with 857 committed acres, 111 constrained acres, and 421 buildable acres of employment land. This includes 97 buildable acres of commercial land and 324 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

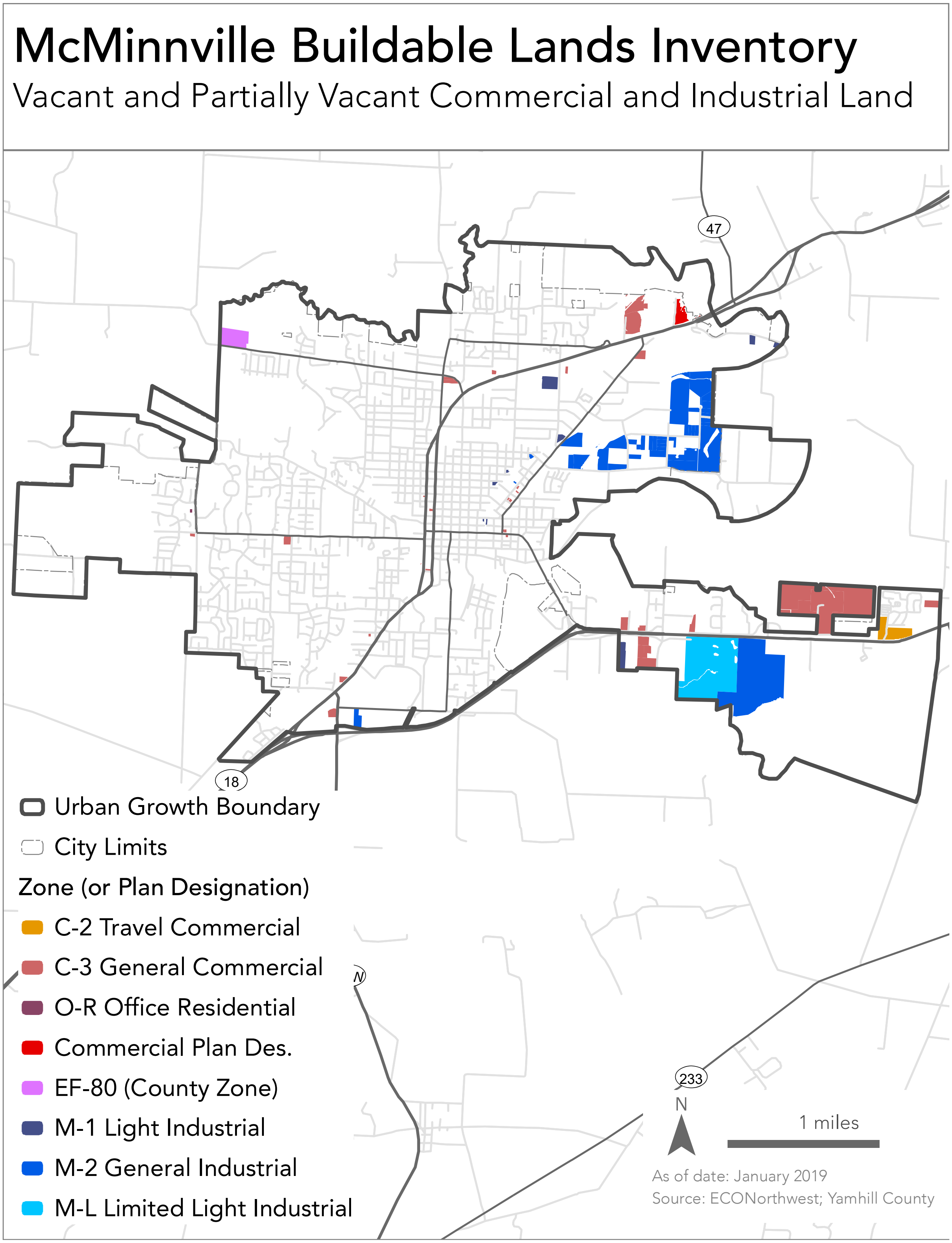
Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to “Planned Development” overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2019

Zone/Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant
Commercial	**97**	**63**	**33**
C-1 Neighborhood Business	-	-	-
C-2 Travel Commercial	12	12	-
C-3 General Commercial	66	38	28
O-R Office Residential	-	-	-
Commercial Plan Des.	5	-	5
EF-80 (County Zone)	13	13	-
Industrial	**324**	**307**	**17**
M-1 Light Industrial	15	13	2
M-2 General Industrial	221	207	15
M-L Limited Light Industrial	88	88	-
Industrial Plan Des.	-	-	-
Total	**421**	**370**	**50**

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2019



How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 741 gross acres (384 industrial and 357 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town

2032 Economic Development Strategic Plan. ***McMinnville will need 104 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.*** A net increase of 93 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2019, within the UGB, McMinnville has 421 buildable acres of employment land, with 370 buildable acres in vacant lots and 50 buildable acres in partially-vacant lots. This includes 97 buildable acres of commercial land and 324 buildable acres of industrial land. By 2021, the forecast assumes there will have been demand for 31 gross acres of employment land: 11 gross acres of industrial land and 20 gross acres of commercial land. That leaves a 2021 supply of 390 buildable acres of employment land: 313 buildable acres of industrial land and 77 buildable acres of commercial land

- **Commercial.** Of the 97 buildable acres of commercial land, about 63 acres are in vacant lots, and 33 acres are in partially-vacant lots. About 27 acres (approximately 30% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. There are about a half dozen sites or contiguous properties that have buildable acreage over five acres, accounting for about 72% of the buildable acres.
- **Industrial.** Of the 324 buildable acres of industrial land, about 307 acres are in vacant lots, and 17 acres are in partially-vacant lots. About 55% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. One site is just under 50 buildable acres (15% of the supply), and the remaining sites are below 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods, as well as the pre-2021 period.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2019–2021, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	2019-2021			5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
Land Use Type	*Land Supply*	*Land Demand*	*Land Suffici-ency (Deficit)*	*Land Supply*	*Land Demand*	*Land Suffici-ency (Deficit)*	*Land Supply*	*Land Demand*	*Land Suffici-ency (Deficit)*	*Land Supply*	*Land Demand*	*Land Suffici-ency (Deficit)*	*Land Supply*	*Land Demand*	*Land Suffici-ency (Deficit)*
Industrial	324	11	313	313	38	275	313	77	237	313	384	(70)	313	384	(70)
Commercial	97	20	77	77	63	14	77	126	(49)	77	357	(280)	77	570	(494)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents, but will be included in the Urbanization Study report. (Appendix E. Public and Institutional Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 473 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization	Additional Land Need	
	20-year (2021-2041)	46-year (2021-2067)
City of McMinnville		
Non-Parks	7	11
Parks	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School Dist.	10	40
Yamhill County (non-Fairgrounds)	8	19
State of Oregon	1	2
Federal Government	2	4
Churches	32	77
Other Institutional	0	0
Total	**473**	**780**

Source: ECONorthwest

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2020 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville's Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to "inventory all non-residential lands and conduct an analysis of its future commercial and industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules." The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, "a previously determined 106-acre deficiency of commercial land for McMinnville's' 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy…"

The 2013 EOA stated, "As noted, while always an option for potential consideration, this EOA update assumes that McMinnville's UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion." The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville's UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville's current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn't met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
  - Accelerate growth in living wage jobs across a balanced array of industry sectors

- Improve systems for economic mobility and inclusion
- Foster opportunity in technology and entrepreneurship
- Be a leader in hospitality and place-based tourism
- Locate higher job density activities in McMinnville
- Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City's mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The "foundational goals and strategies" defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The "target sector goals and strategies" defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville's Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.[1]

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times[2] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

[1] In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

[2] Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

Organization of this Report

This report is organized as follows:[3]

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.
- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City's economic development strategy.

This report also includes two appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

[3] The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

2. The McMinnville Economy

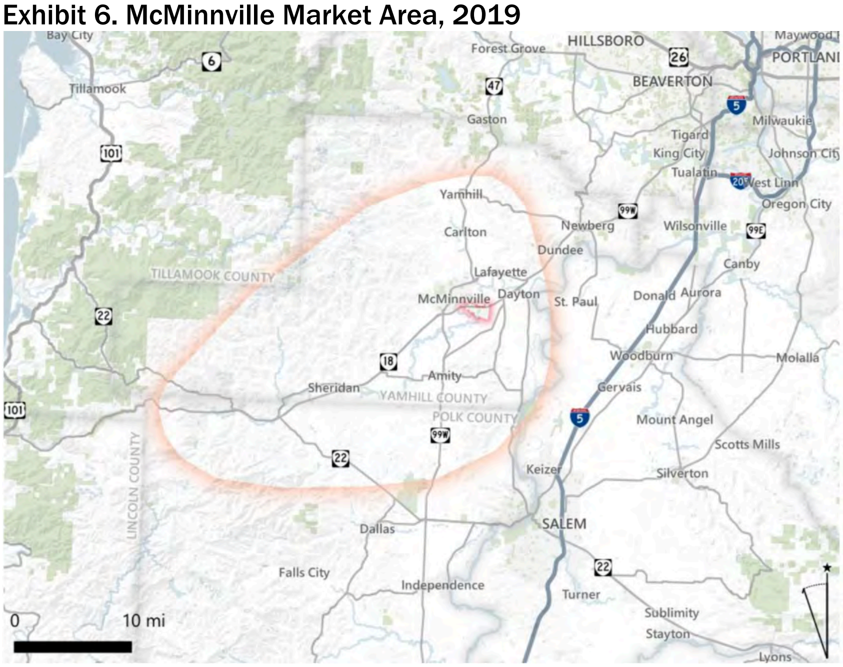
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used "Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 6). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 6. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including McMinnville's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 7 shows covered employment[4] in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about $42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 7. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing, and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 8 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

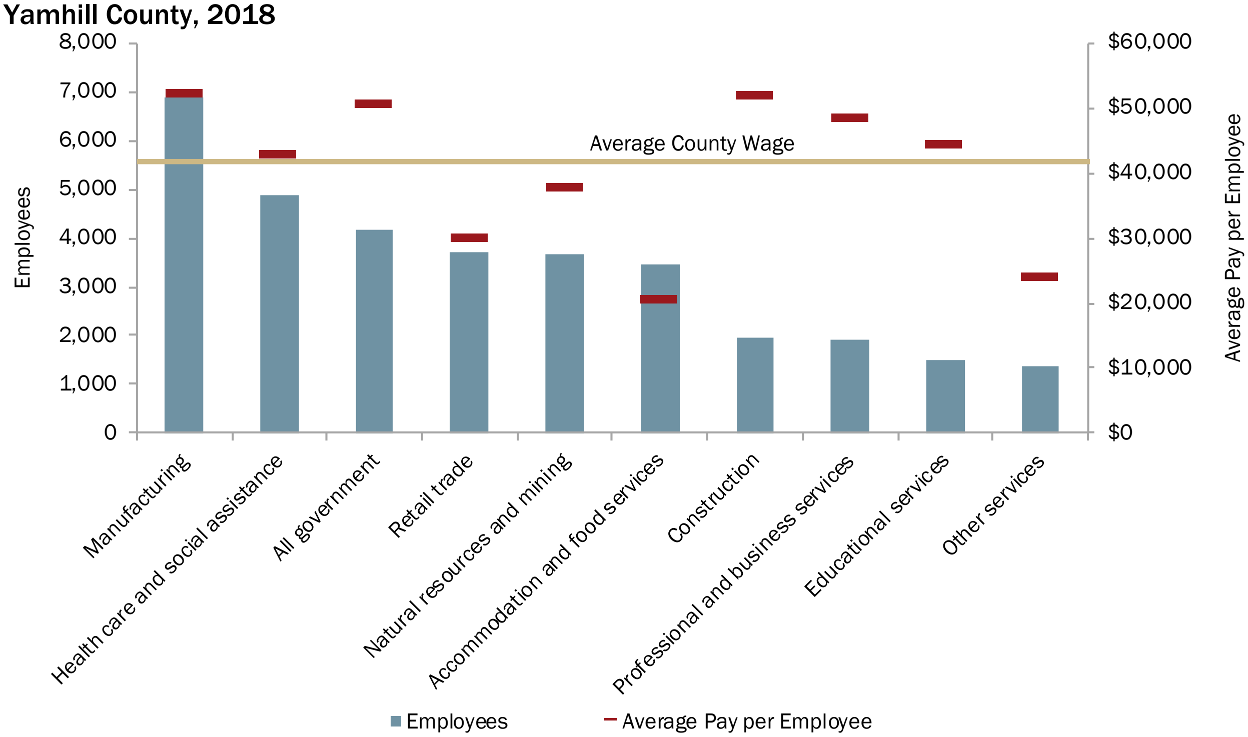
[4] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage ($52,303 compared to $42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of $42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average ($50,765 compared to $42,321).

Though not shown in Exhibit 8 due to relatively low employment levels, wholesale trade, on average, pays employees $62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction ($51,947), professional and business services ($48,497), and educational services ($44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

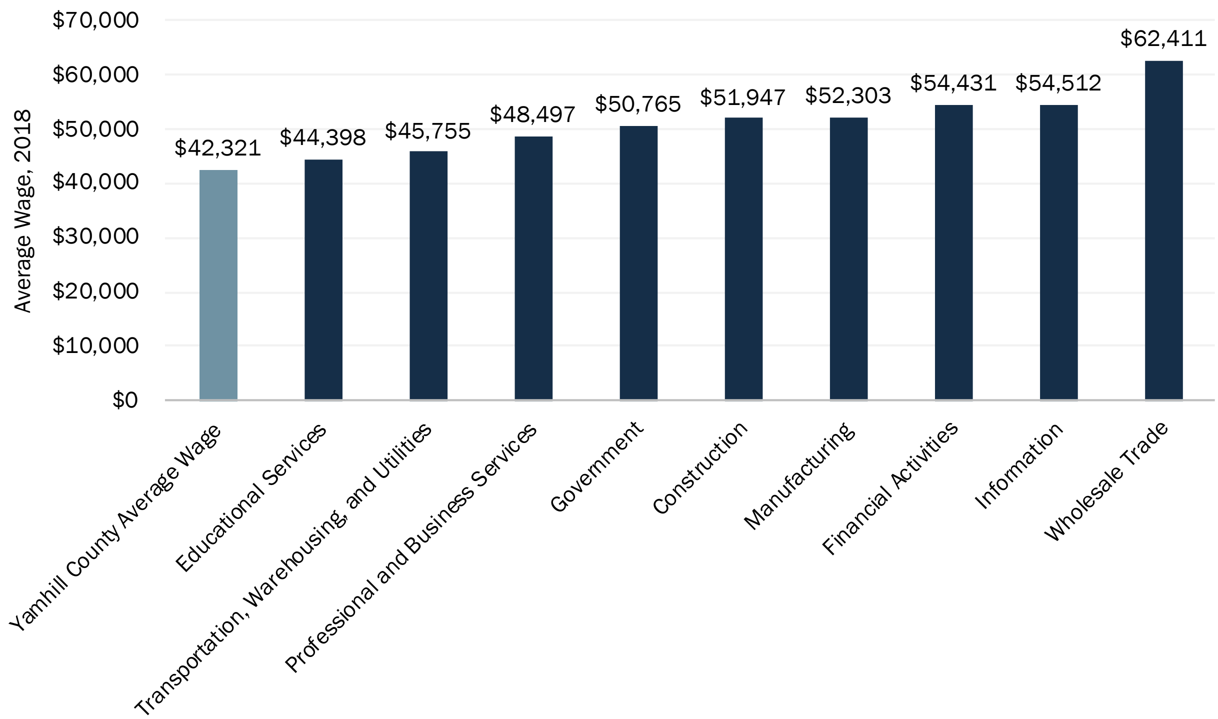
Exhibit 8. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 9 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 8; however, other higher paying sectors include information ($54,512), financial activities ($54,431), and manufacturing ($52,303).

Exhibit 9. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 10).

Exhibit 10. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment 2007	Employment 2017	Change in Employment	Percent	AAGR
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	**13,841**	**14,964**	**1,123**	**8%**	**0.8%**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 11 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 12 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville's manufacturing employment overall.

Exhibit 11. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	$ 11,188,173	$ 31,427
Construction	104	585	$ 27,931,863	$ 47,747
Manufacturing	71	2,277	$ 113,267,986	$ 49,744
Wholesale Trade	41	127	$ 7,778,100	$ 61,245
Retail Trade	141	2,170	$ 62,991,136	$ 29,028
Transportation and Warehousing and Utilities	20	140	$ 4,582,386	$ 32,731
Information	19	127	$ 5,010,927	$ 39,456
Finance and Insurance	51	459	$ 29,183,634	$ 63,581
Real Estate and Rental and Leasing	38	113	$ 3,815,372	$ 33,764
Professional and Technical Services	100	367	$ 21,852,471	$ 59,544
Management of Companies	9	117	$ 7,033,600	$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	$ 14,681,454	$ 25,139
Health Care and Social Assistance; Private Education	173	3,159	$ 144,631,456	$ 45,784
Arts, Entertainment, and Recreation	9	168	$ 3,128,546	$ 18,622
Accommodation and Food Services	99	1,503	$ 27,941,666	$ 18,591
Other Services	218	630	$ 13,857,430	$ 21,996
Government	42	2,082	$ 101,259,952	$ 48,636
Total	**1,208**	**14,964**	**$ 600,136,152**	**$ 40,105**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 12. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	**71**	**2,277**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 13 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

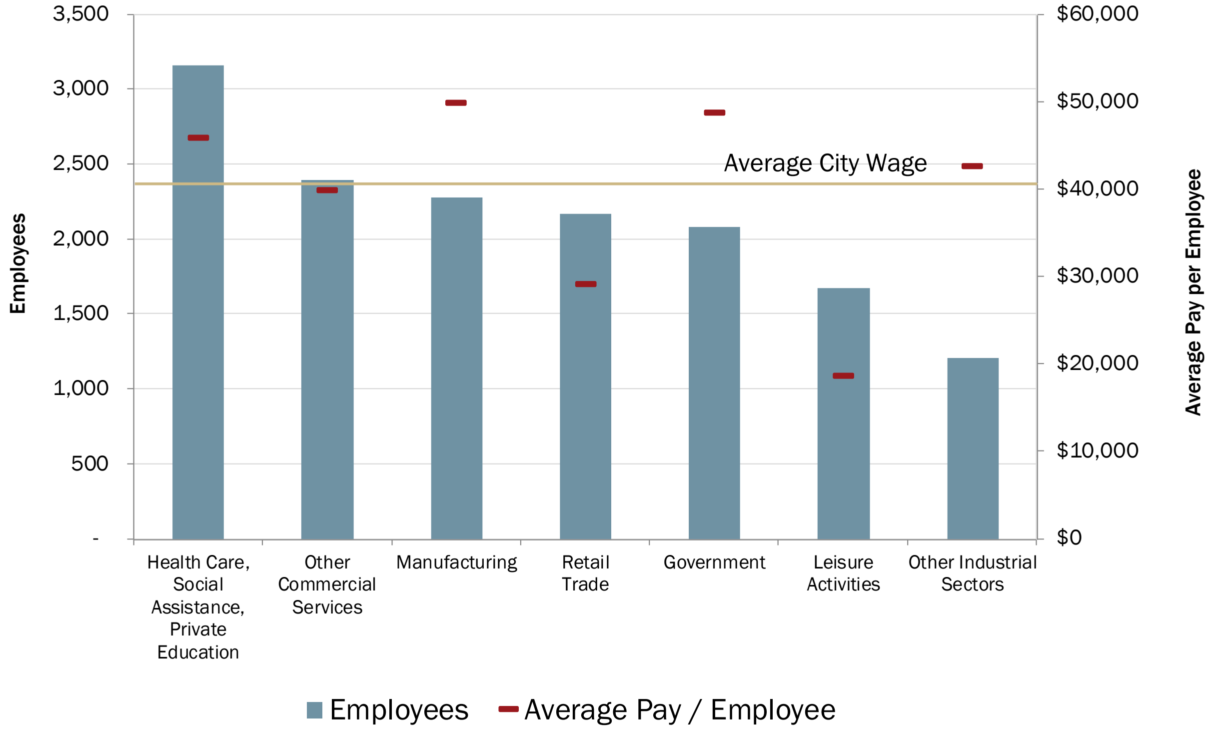
Exhibit 13. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	**1,166**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 14 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees ($40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

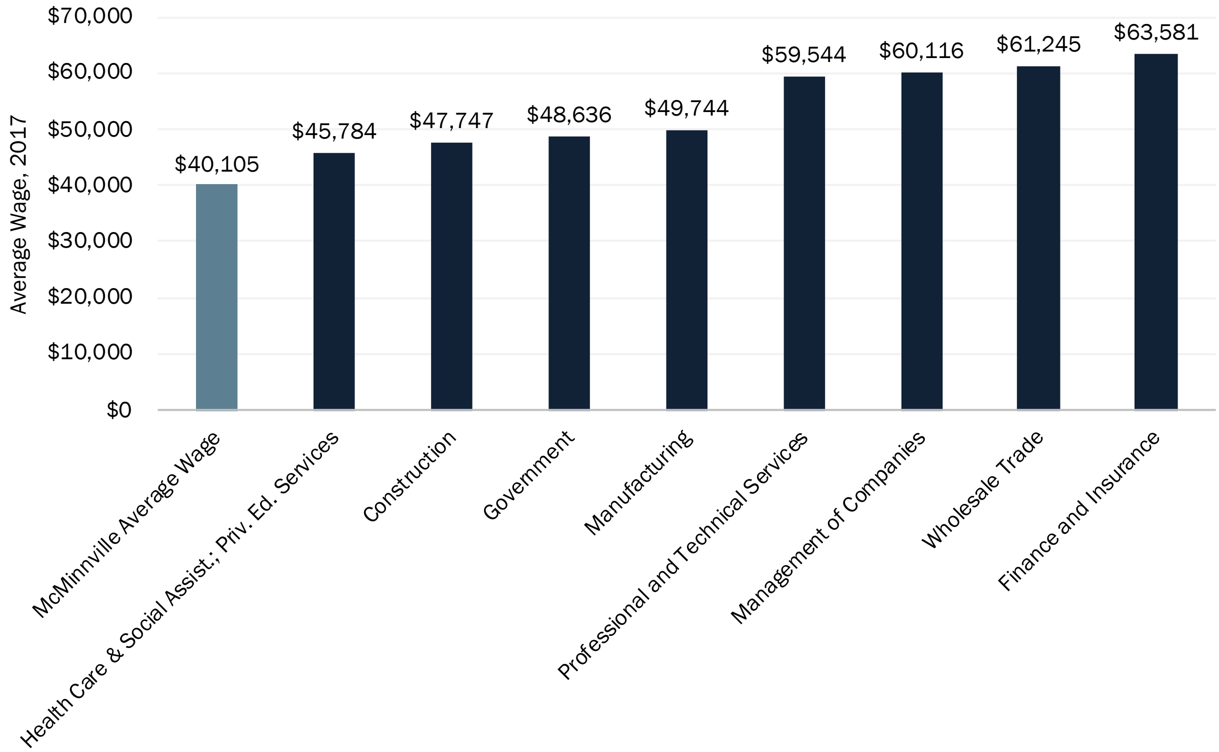
Exhibit 14. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over $60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 15. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 16 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 16. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace**. Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.[5]

  The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.[6]

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.[7]

  Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

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[5] Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019*. Retrieved from: https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf.

[6] *Ibid*.

[7] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: https://www.ssa.gov/OACT/TR/2019/tr2019.pdf.

about 30% in 1992.[8] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.[9]

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.[10]

- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.[11]

  The national median income for people over the age of 25 in 2018 was about $48,464. Workers without a high school diploma earned $19,708 less than the median income, and workers with a high school diploma earned $10,504 less than the median income. Workers with some college earned $6,760 less than median income, and workers with a bachelor's degree earned $13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[12]

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

[8] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

[9] Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

[10] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[11] "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

[12] Bureau of Labor Statistics, Employment Projections, March 2019. http://www.bls.gov/emp/epchart001.htm.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.[13]

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.[14]

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

  The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.[15] The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.[16]

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

[13] Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

[14] Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm.

[15] U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html

[16] National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). https://www.nlc.org/supporting-entrepreneurs-and-small-business.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than $20 per hour over the next 20 years. About 30% of jobs paying $20 to $40 per hour and 4% of jobs paying $40 or more are at risk of being automated over the next 20 years.[17]

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).[18] This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.[19,20,21] This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.[22]

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, 'mom and pop shops' toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.[23] The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.[24] Since 2000, e-commerce sales

[17] Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

[18] Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. Journal of Economic Perspectives, Volume 29, Number 3, Summer 2015, Pages 3–30.

[19] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[20] Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. International Journal of Entrepreneurial Knowledge. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

[21] PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

[22] Frey, Carl Benedikt and Osborne, Michael A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

[23] Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. Journal of Economic Perspectives, Volume 29, Number 4, Fall 2015, Pages 89-112.

[24] Pew Research Center (2010b). Generations 2010. Retrieved Online at: http://www.pewinternet.org/Reports/2010/Generations-2010.aspx

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.[25] It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.[26]

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had $38 billion in sales between 2000 and 2013, Costco had about $50 billion and Sam's Club had about $32 billion.[27] The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."[28] It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.[29] These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

[25] U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: https://www.census.gov/retail/index.html#ecommerce

[26] Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/

[27] Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." The New York Times. February 14, 2020 https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html

[28] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[29] Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[30]

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

  Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.[31]

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.[32] Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

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[30] For a more thorough discussion of relevant research, *see,* for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[31] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0.

[32] Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.[33] Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.[34]

  In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and 5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.[35]

  These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:[36]

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[33] Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States.* U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.*

[34] Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon.* Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf

[35] Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest.* Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States.* Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

[36] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.[37] Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.[38]
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[39] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "is on firmer ground today following a rocky start to the year…." They emphasize, however, that the economy continues to strike the "sweet spot" despite a rocky start to 2019.[40] The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its "growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians."[41]

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[37] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[38] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[39] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[40] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf.

[41] *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.[42] By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.[43] The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.[44] Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."[45] Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.[46]

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.[47]

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was $22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.[48] The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

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[42] *Ibid*, page 6.

[43] *Ibid*, page 36.

[44] *Ibid*, page 13.

[45] *Ibid*, page 12.

[46] *Ibid*, page 12.

[47] *Ibid*, page 9.

[48] U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: https://apps.bea.gov/iTable/indexregional.cfm

Vietnam (5.0%).[49] With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.[50] The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.[51]
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.[52]
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000, and reached $22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.[53]

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[49] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

[50] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

[51] Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: https://www.pdx.edu/prc/population-reports-estimates.

[52] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[53] United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: https://www.census.gov/foreign-trade/statistics/state/data/or.html.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[54]

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.[55]
- **Income.** Oregon's income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980's recession. In 2018, the average annual wage in Oregon was $53,058, and in 2017, the median household income in Oregon was $60,212 (compared to national average wages of $57,265 in 2018, and national household income of $60,336 in 2017).[56] Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from $219.5 billion in 2019 to $267.6 billion in 2023.[57] Per capita income is expected to increase by 16% over the same time period, from $51,700 (thousands of dollars) in 2019 to $60,200 in 2023 (in nominal dollars).[58]
- **Small businesses continue to account for a large share of employment in Oregon**. While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

  In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon's employees work for medium-to-large businesses (those with 100 or more employees).[59]

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[54] Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

[55] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

[56] Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: https://www.qualityinfo.org; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

[57] Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

[58] *Ibid*, page 36.

[59] U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was $37,958 in 2016, which is considerably less than that for large businesses ($57,488) and the statewide average for all businesses ($47,746).[60] Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.[61] According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).[62] However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as "fewer than half of all startups in America are still in business after five years."[63]

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

  According to Kauffman's indicators, Oregon's opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon's post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon's 2017 rate aligns closely with the national average of 0.33%. For Oregon's startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

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[60] *Ibid*.

[61] Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf.

[62] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: https://indicators.kauffman.org/data-table

[63] Nish Acharya. "Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations." Forbes, May 5, 2019. https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d

relative to two years ago. Oregon's startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.[64]ß

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses "are a smaller share of all firms than in the past."[65] Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville's population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State's rate of 1.4%. Similar to McMinnville, Yamhill County's population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

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[64] Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: https://indicators.kauffman.org/state/oregon

[65] Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/.

Exhibit 17. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 – 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[66]

Exhibit 18 through Exhibit 21 show the following trends:

- McMinnville's population is aging slightly faster than Yamhill County's population. Populations of both McMinnville and Yamhill County are aging faster than Oregon's population with respect to each region's growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County's population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

[66] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

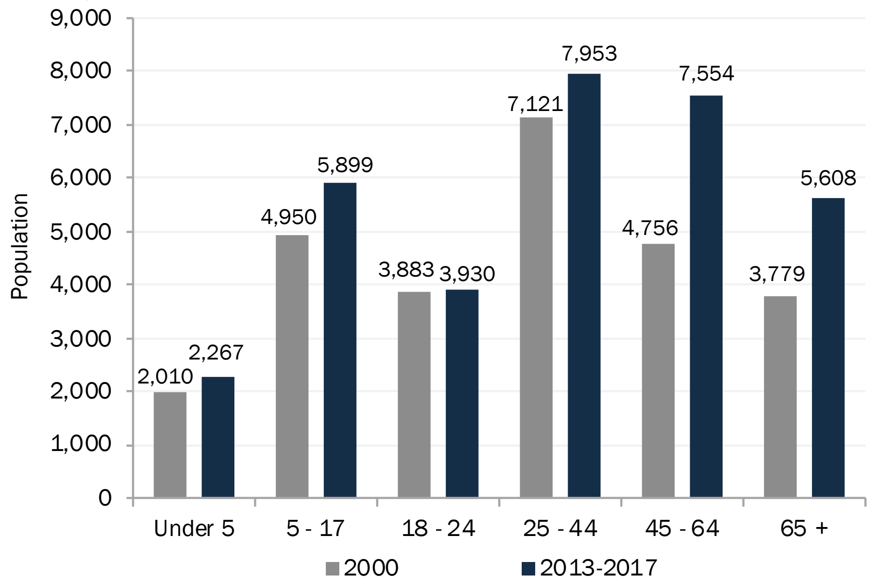
McMinnville's median age increased by about 4.6 years between 2000 and 2013-2017.
This change is slightly larger than Yamhill County's increase of 4.1 years. Median age increases for both regions exceeded Oregon's change of 2.8.

Exhibit 18. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

	McMinnville	Yamhill County	Oregon
2000	31.5	34.1	36.3
2013-17	36.1	38.2	39.2

Over the 2000 to 2013-2017 period, McMinnville's largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).
This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 19. McMinnville Population Change by Age Group, 2000 to 2013-2017
Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.

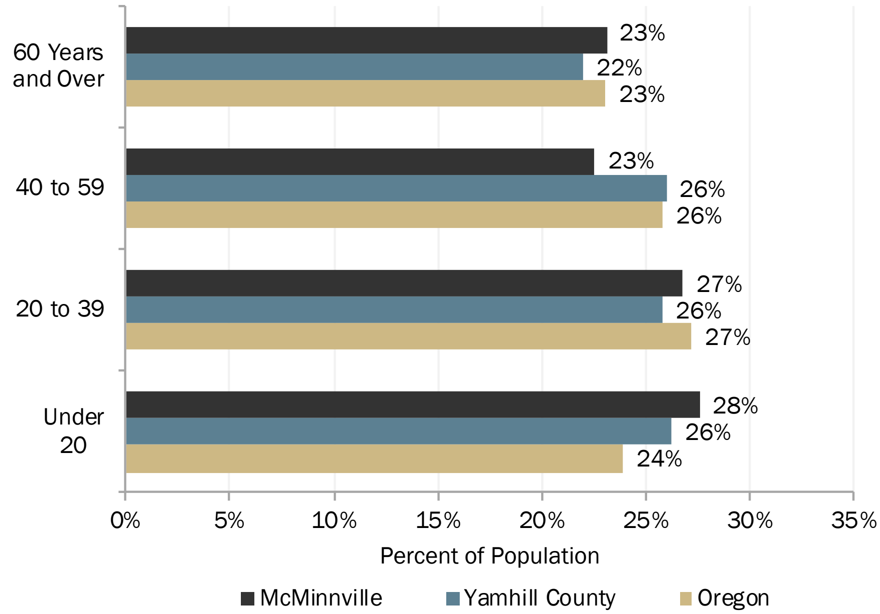


During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

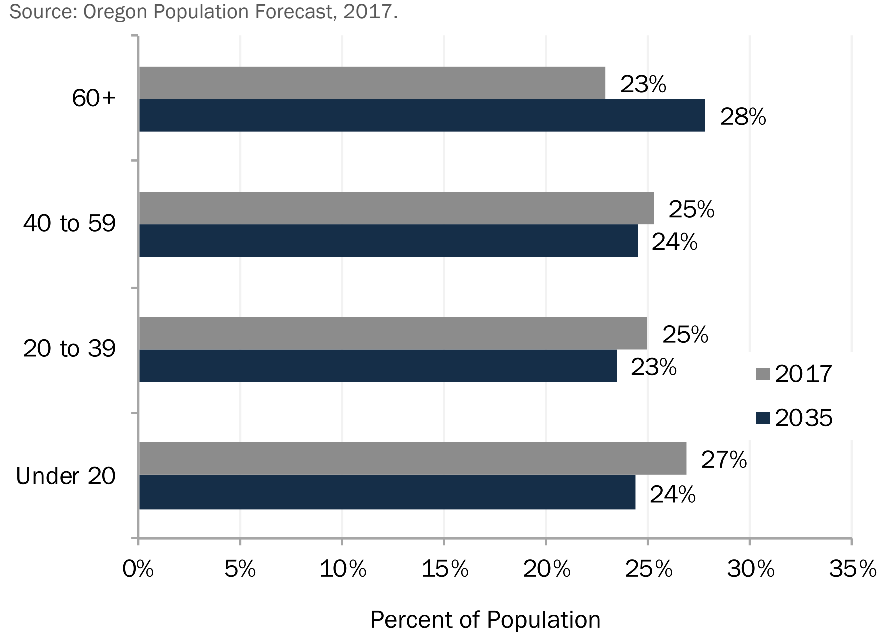
Exhibit 20. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.



By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 21. Population Growth by Age Group, Yamhill County, 2017 - 2035
Source: Oregon Population Forecast, 2017.



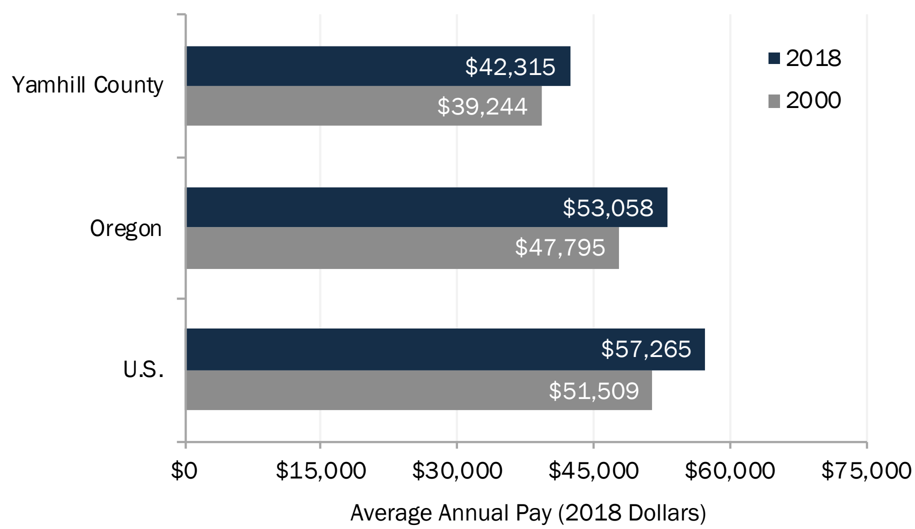
Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville's median household income ($50,299) was below the County median ($58,392) during the 2013-2017 period. Average wages at businesses in McMinnville ($40,105) were lower than the County average ($42,315).[67]

Between 2000 and 2018, Yamhill County's average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.
In 2018, average annual wages were $42,321 in Yamhill County, $53,058 in Oregon, and $57,265 across the nation.

Exhibit 22. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 23. Median Household Income (MHI),[68] 2013-2017, Inflation-adjusted 2017 Dollars
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.

$50,299	$58,392	$56,119
McMinnville	Yamhill County	Oregon

[67] According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

[68] The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 24. Median Family Income,[69] 2013-2017

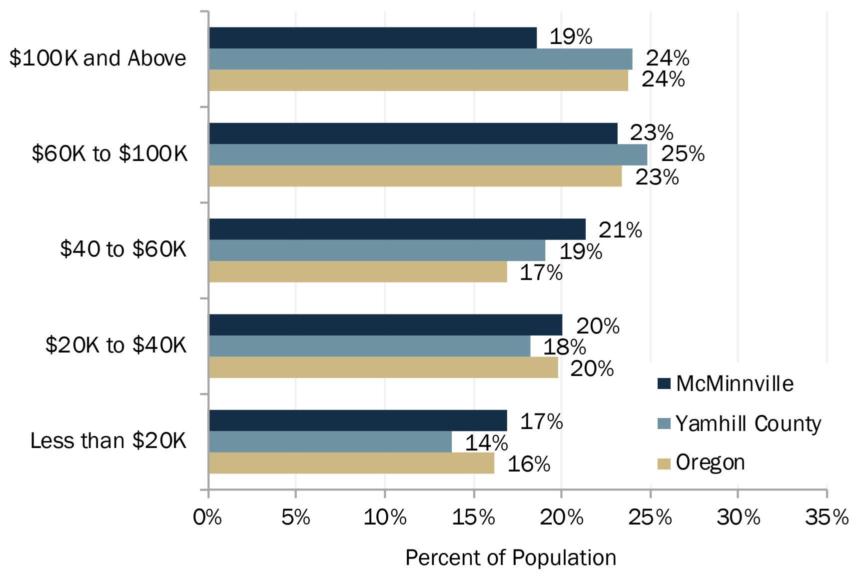
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

$58,620	$66,732	$69,031
McMinnville	Yamhill County	Oregon

During the 2013-2017 period, 37% of McMinnville households earned less than $40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households. Over the same period, McMinnville households had a lower proportion of higher income earnings ($100,000 and above) relative to Yamhill County and Oregon.

Exhibit 25. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



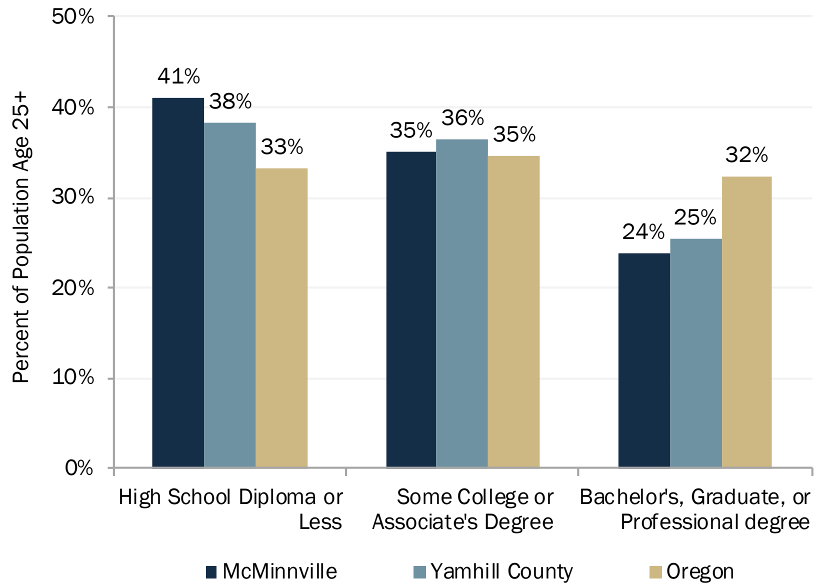
[69] The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 26. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

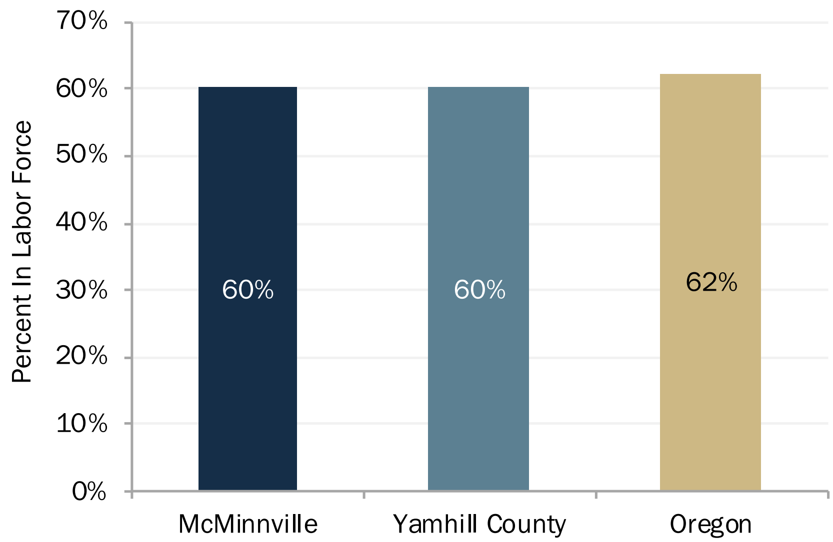
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).[70] These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 27. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



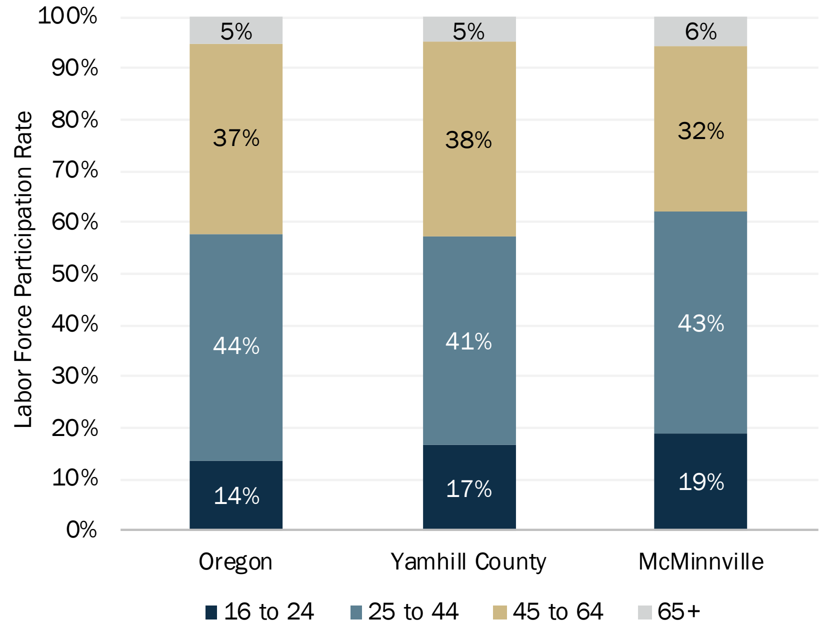
[70] *Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey*, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

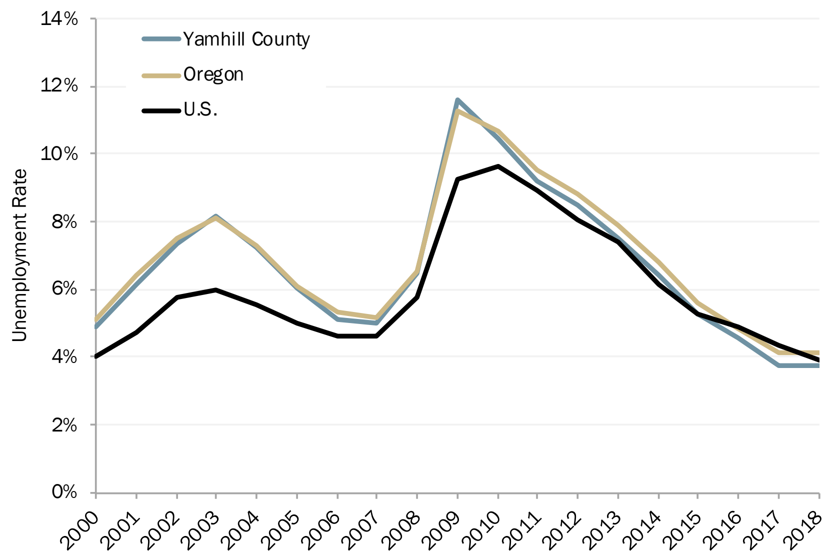


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 29. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in the McMinnville's economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

Exhibit 31 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.
Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 30. Commuting Flows, McMinnville, 2017
Source: U.S. Census Bureau, Census On the Map.

As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 31. Places Where McMinnville Workers Lived,[71] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	4%	3%	3%	3%
McMinnville	Salem	Portland	Newberg	Sheridan

[71] In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.
Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

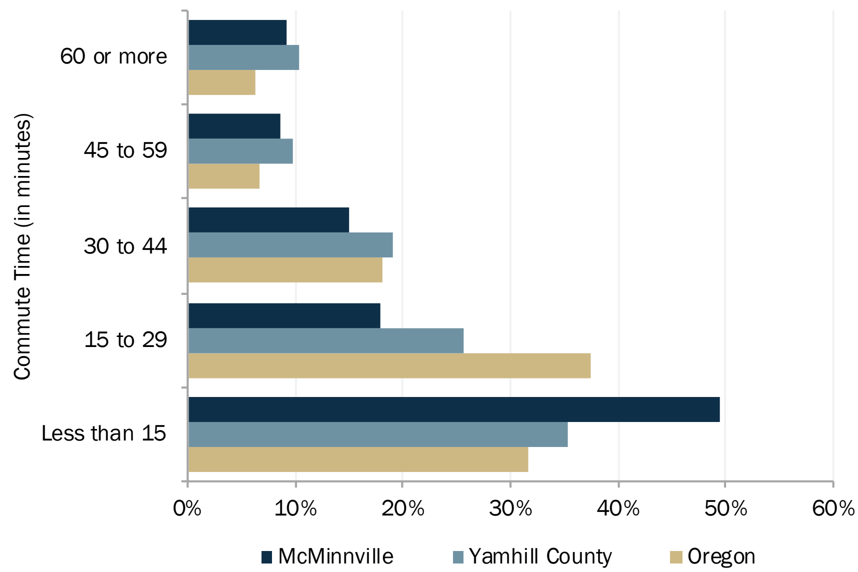
Exhibit 32. Places Where McMinnville Residents were Employed,[72] 2017
Source: U.S. Census Bureau, Census On the Map.

38%	6%	6%	4%	3%
McMinnville	Portland	Salem	Newberg	Hillsboro

During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.
Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 33. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017
Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



[72] In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.[73] Broadly, travelers to the Willamette Valley Region accounted for:[74]

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington:[75] 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from $9 on recreation, sightseeing, and entertainment to $35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than $50,000 in household income, 37% earned between $50,000 and $99,999, and 19% earned more than $100,000. The average household income for Willamette Valley visitors was about $64,560.

[73] Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/.

[74] Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

[75] The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018.
The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 34. Direct Travel Spending ($ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Willamette Valley Region	Yamhill County
2000	$1,000	$56.7
2018	$2,000	$135.7

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 35. Lodging Tax Receipts ($ millions), 2006 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

	Yamhill County
2006	$111.0
2018	$835.8

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 36. Largest Visitor Spending Categories ($ millions), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail
$27.9	$6.3	$3.9

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 37. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts.

Accommodations & Food Services	Arts, Entertainment. and Recreation	Retail
1.1 jobs	0.5 jobs	0.1 jobs

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

> "Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."[76]

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.[77] This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

[76] *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

[77] According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville's competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA "may include but are not limited to" factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs." This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville's location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.[78]

Advantages:

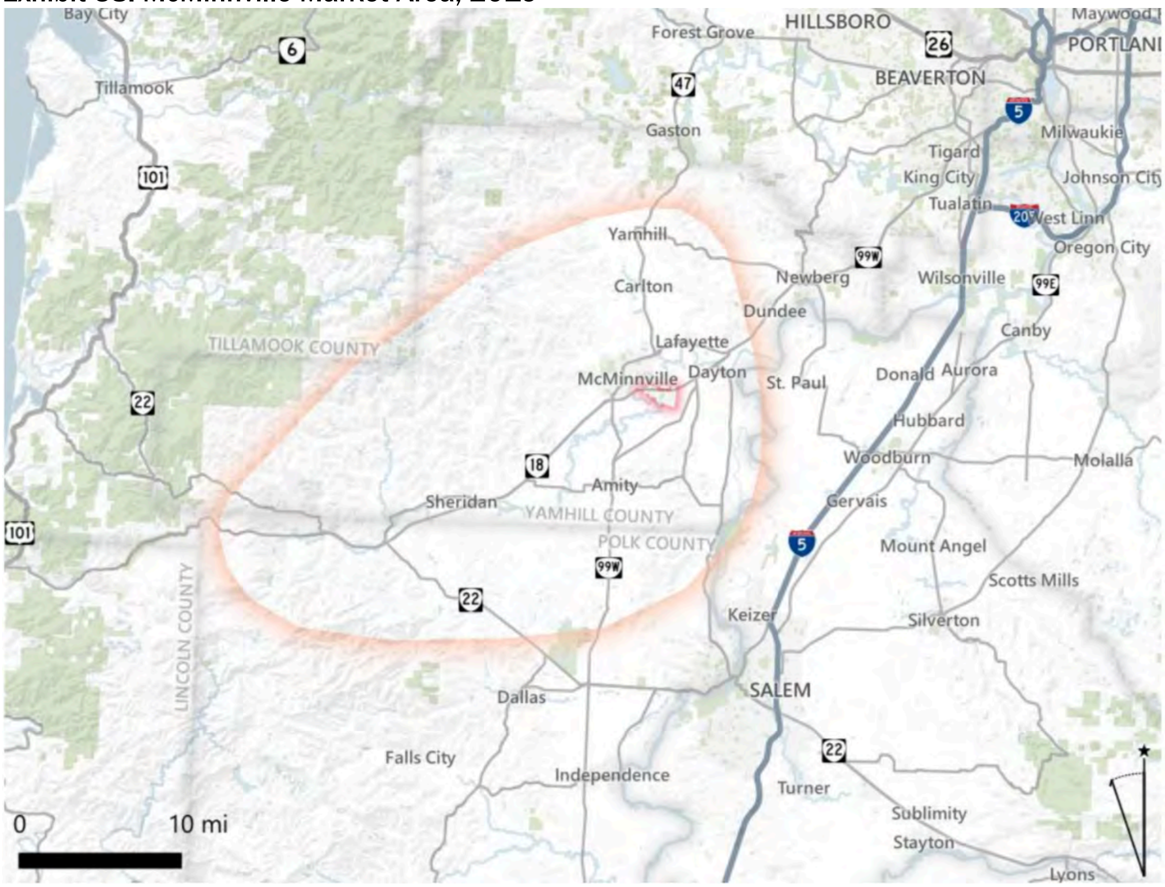
- *Ease of access – with proximity to Portland, Salem & the Oregon coast*. McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.[79]
- *Central location to serve local community and regional employment and commercial service needs*. McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City's market area encompasses

[78] The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

[79] Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville's market area is provided in Exhibit 38.[80]

Exhibit 38. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.[81] This is due in part to McMinnville's ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.[82] The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations*. The

[80] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

[81] Based on analysis of 2017 covered employment data from OED and population data from PSU.

[82] Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook,* 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region–comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon's wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.[83]

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.[84]

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as "Oregon's favorite main street," the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

> "Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers' market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings."[85]

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail*. As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated $208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.[86]

  Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

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[83] U.S. Census of Agriculture. Yamhill County Profile. 2017.

[84] As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

[85] As cited by www.downtownmcminnville.com, as of September 2012.

[86] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

  Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about $151.63 per person per day, while the typical non-Oregon resident spends about $416.43 per person per day.

  Note: The 2013 EOA noted the following disadvantage at that time:

  > "*Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state's top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area."

  This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville's economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads*. McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns*. While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.[87]

  On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).[88]

- *Air and rail accessibility*. As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

  The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access*. Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely "improve access to McMinnville."
- *Challenging Air & Rail Servic*e. While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

  As described by the 2001 EOA, "lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

[87] Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

[88] Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. https://gis.odot.state.or.us/transgis/

or locating in McMinnville." Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.[89] The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

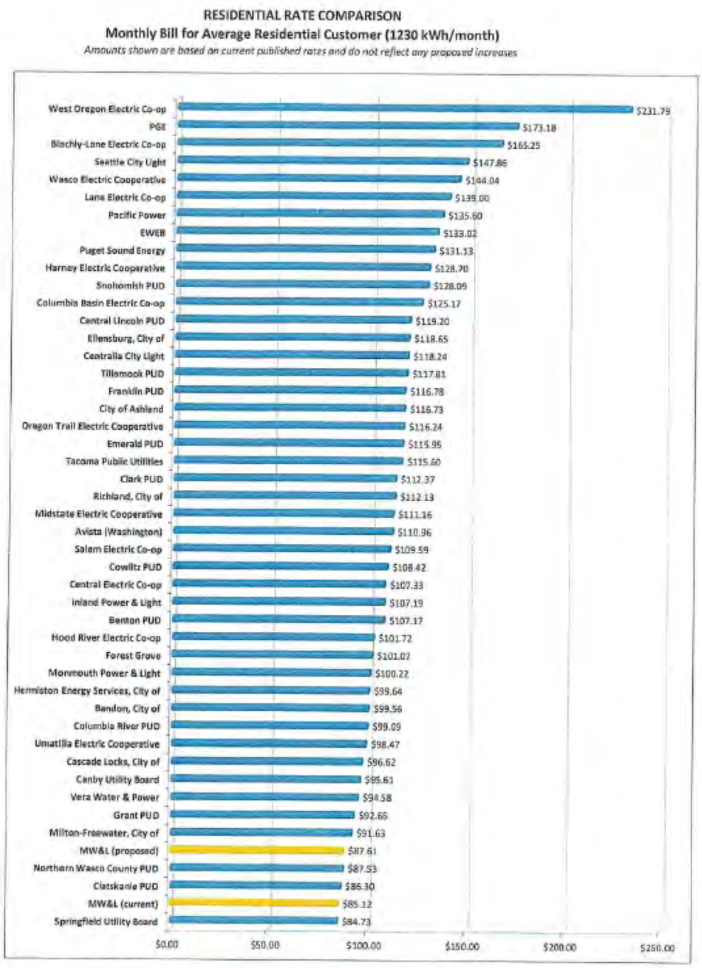
The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates*. McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide (Exhibit 39). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

[89] Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf

Exhibit 39. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- *Water & sewer capacity for growth.*
  - *Water supply and water rights*. Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.
  - *Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

  In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services*. In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.

- *Local business entrepreneurship – with a record of technological innovation*. Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.[90]

[90] City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates*. While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance*. A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a "positive business climate perceptions and a sense of civic leadership" as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply*. The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics*. As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.

- *Moderate local & countywide unemployment*. The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.

- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.[91] A question for the future may be how best to leverage this reputation for greater community and economic benefit.

  The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources*. Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon's public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

[91] U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: https://www.usnews.com/best-colleges/linfield-college-3198

connecting them with businesses in the broader Yamhill County region.[92] Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.[93]

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

  However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

[92] McMinnville Economic Development Partnership (MDEP), Find Your Workforce. https://www.mcminnvillebusiness.com/workforce

[93] MDEP, The McMinnville WORKS Summer Internship Program. https://www.mcminnvillebusiness.com/mcminnville-works-internship-program

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown*. While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

  The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life… As we evolve, we prize our small-town roots and we maintain McMinnville's character."[94] As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

  The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."[95]

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply is restricting growth and the cost of services is increasing faster than increases in assessed values.
- *Vulnerability to eroding incomes & standard of living*. As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

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[94] *MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.*

[95] Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership*. As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to "improve systems for economic mobility and inclusion," with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land*. The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville's Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville's Strengths, Weaknesses, Opportunities, and Threats.

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Strengths

- High quality of life to boast about and attract investment
- Strong, widely-recognized downtown
- Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors
- Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets
- Balanced employment across industry sectors
- Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College)
- Location advantages:
- Good location in proximity to major metro area
- High quality soils in surrounding areas, climate suited for agriculture
- Natural environment assets nearby, including Yamhill River, access to the ocean and mountains
- Inexpensive power and water, with sustainable sources
- Major infrastructure assets: major highways, freight rail, airport
- Various parks and recreational assets
- Positive business climate perceptions and a sense of civic leadership

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Weaknesses

- Relatively low educational attainment
- A limited labor pool for local companies and those looking to relocate
- Difficult access to and from I-5 and no near near-term possibility of a more direct connection
- End-of -the-line location for wine country visitors coming from the Portland area
- Lack of housing options
- Low levels of professional and office office-using employment
- Comparatively high poverty rates and low median household income

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Opportunities

- Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities
- Local airport has comparative advantages over other regional airports
- Highway 99 bypass : future completion will improve access to McMinnville
- A stronger framework for regional collaboration , improved opportunity in surrounding communities
- Opportunity sites for new downtown development
- New housing development – higher density , diversity of types, live live-work units
- Improved connections to the University of Oregon and Oregon State University
- Stronger branding and improved gateways into McMinnville
- Innovation in agriculture and food systems
- Wine -oriented makerspace
- Food hub
- $6M gift to Linfield College's wine program
- Expanded culinary and craft beverage retail offerings

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Threats

- Limited land availability for residential, commercial and industrial development
- Regulatory challenges associated with UGB expansion
- Worsening housing affordability
- Brain drain due to local graduates leaving for other job markets
- Absorption of projected growth without detrimental impacts to character, congestion, affordability
- Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs
- Need to find a sustainable solution to homelessness
- Future impacts of climate change on agriculture and related industries, including tourism

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Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing**. Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
    - 4.1 Ensure workforce availability in trades and other mid-skill positions.
        - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
        - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
  - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
  - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
  - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
  - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
  - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
  - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.

- **5. Foster Opportunity in Technology and Entrepreneurship**
  - 5.1 Become a place where small and medium technology firms can relocate and grow.
    - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
    - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon's post-secondary institutions.
    - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
    - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
    - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
    - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
    - Create an "Invest in the Future" grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
  - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
  - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
  - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
  - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
  - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
  - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.

- **6. Be a Leader in Hospitality and Place-Based Tourism**
  - 6.1 Make downtown the best it can be.
    - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
    - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
    - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
    - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
  - 6.2 Become the preferred destination for wine-related tourism.

- Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
- Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville's current hospitality offerings.
- Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
- Leverage Linfield's wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville

- 6.3 Diversify tourism destinations beyond wine.
  - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
  - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
  - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
  - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
  - Become a national destination for bicycle tourism and other recreational and leisure activities.
- 6.4 Market and promote McMinnville.
  - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
  - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
  - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences.

- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
  - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

  - Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
  - Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
  - Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
  - Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.
- 7.2 Locate higher job-density food and beverage activities within McMinnville.
  - Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
  - Encourage further clustering of wine-oriented business in the Granary/ Alpine District.
  - Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
  - Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
  - Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
  - Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
  - Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
  - Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer's market.
  - In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

    - Liaise with researchers at OSU's Small Farms Program and other similar agricultural programs throughout the state and the region.
    - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
    - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
- 7.4 Open new markets for local agricultural products.
    - Establish a branding and marketing program for local agricultural products, such as "Yamhill County Grown" or similar.
    - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
    - Explore the potential for a cooperative distribution model to move McMinnville's agricultural products to restaurants in the Portland metro.
- 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
    - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
    - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
    - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
    - Partner on development of a "Farm-for-a-Day" agri-tourism program connecting local farming operations to paying guests.
    - Evaluate alignment of current food cart regulations with community goals.
- 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
    - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
    - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

        - Establish local resiliency infrastructure and training through programs like FEMA's Community Emergency Response Teams (CERT) or other community-based models

- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
    - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
        - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
        - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
        - Engage McMinnville's large institutions in a dialogue about proactive planning for large and underutilized land assets.
        - Assess the desirability and potential feasibility of the creation of a "university district" or similar near one or more of McMinnville's college campuses.
    - 8.2 Assist in recruitment and training to fill specific workforce needs.
        - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in "Eds and Meds" occupations.
        - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
        - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
    - 8.3 Support the expansion of programmatic offerings at local institutions.
        - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
        - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
        - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon's four-year public universities.

        - Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
        - Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
        - Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
        - Foster R&D opportunities for existing and emerging industries.
    - 8.4 Improve and expand connections between key institutions and the City of McMinnville.
        - Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
        - Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of January 2019:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.[96]
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land*. OAR 660-009-0005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land*. Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

[96] This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 40 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,388 acres in 958 tax lots in total.[97]

Exhibit 40. Tax lots and total acres in employment land, McMinnville UGB, 2019
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total
Commercial	**708**	**74%**	**580**	**42%**
C-1 Neighborhood Business	1	0%	1	0%
C-2 Travel Commercial	3	0%	13	1%
C-3 General Commercial	641	67%	487	35%
O-R Office Residential	58	6%	12	1%
Commercial Plan Des.	4	0%	54	4%
EF-80 (County Zone)	1	0%	13	1%
Industrial	**250**	**26%**	**809**	**58%**
M-1 Light Industrial	43	4%	74	5%
M-2 General Industrial	199	21%	594	43%
M-L Limited Light Industrial	2	0%	115	8%
Industrial Plan Des.	6	1%	25	2%
Total	**958**	**100%**	**1,388**	**100%**

Development Status

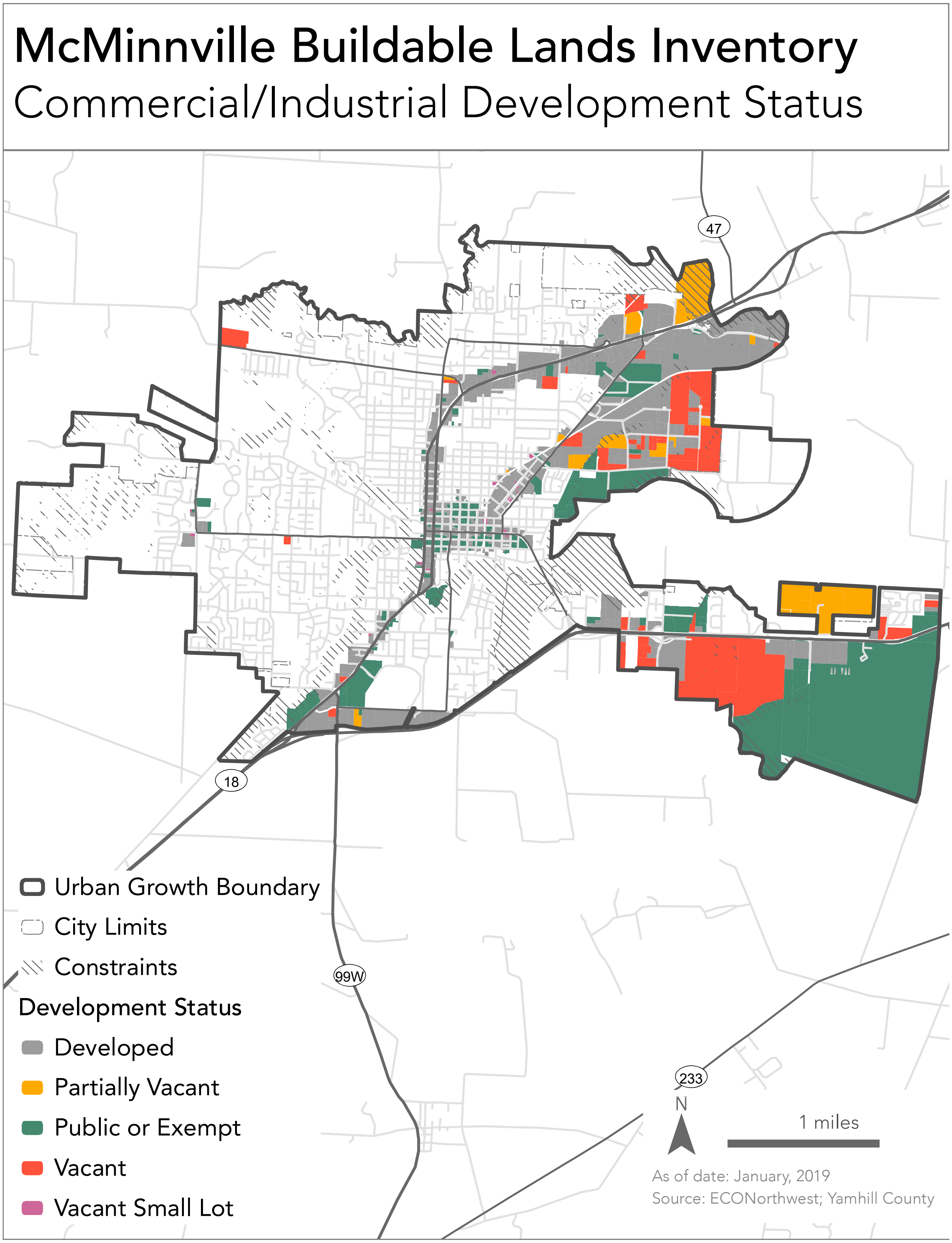
Exhibit 41 shows commercial and industrial land in McMinnville by development status. Of the 1,388 total acres, about 857 acres (62%) are in classifications with no development capacity (or, "committed acres"). Of the remaining 532 acres, 111 acres (8%) are constrained and 421 acres (30%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

[97] Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

Exhibit 41. Employment acres by classification and plan designation, McMinnville UGB, 2019
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total acres	Committed acres	Constrained acres	Buildable acres
Commercial	**580**	**429**	**54**	**97**
C-1 Neighborhood Business	1	1	0	-
C-2 Travel Commercial	13	0	-	12
C-3 General Commercial	487	415	6	66
O-R Office Residential	12	11	0	0
Commercial Plan Des.	54	1	48	5
EF-80 (County Zone)	13	-	-	13
Industrial	**809**	**428**	**57**	**324**
M-1 Light Industrial	74	54	5	15
M-2 General Industrial	594	347	26	221
M-L Limited Light Industrial	115	25	3	88
Industrial Plan Des.	25	2	22	-
Total	**1,388**	**857**	**111**	**421**

Exhibit 42. Employment land by classification with development constraints, McMinnville UGB, 2019



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 43 shows unconstrained buildable acres for vacant and partially vacant land by zone (or plan designation). The results show that McMinnville has about 421 unconstrained buildable acres in commercial and industrial designations. Of this, 23% (97 acres) is in commercial designations, and 77% (324 acres) is in industrial designations.

Also, in McMinnville, it is common that development applications include approvals for "Planned Developments" which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 43. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2019
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant
Commercial	**97**	**63**	**33**
C-1 Neighborhood Business	-	-	-
C-2 Travel Commercial	12	12	-
C-3 General Commercial	66	38	28
O-R Office Residential	-	-	-
Commercial Plan Des.	5	-	5
EF-80 (County Zone)	13	13	-
Industrial	**324**	**307**	**17**
M-1 Light Industrial	15	13	2
M-2 General Industrial	221	207	15
M-L Limited Light Industrial	88	88	-
Industrial Plan Des.	-	-	-
Total	**421**	**370**	**50**

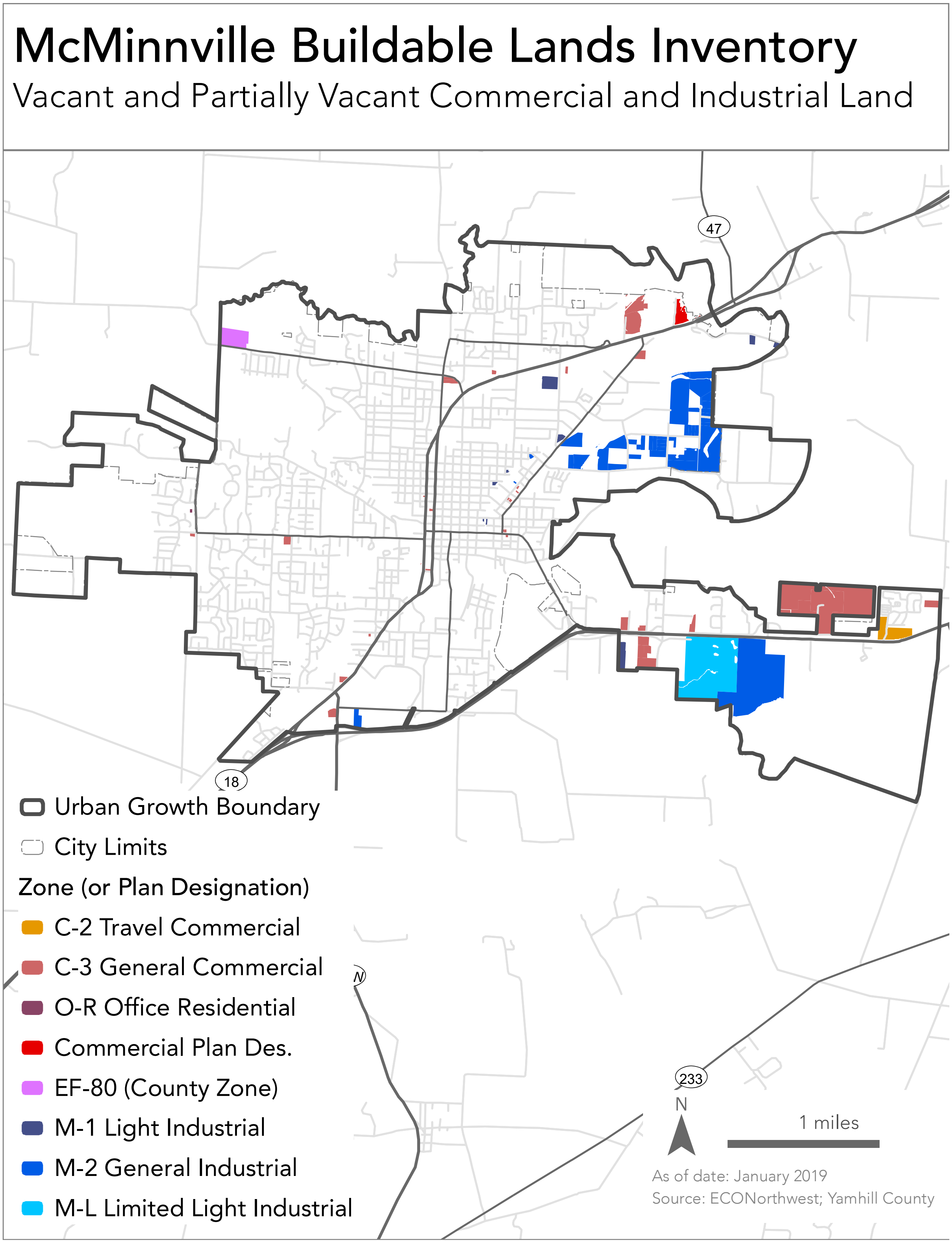
Exhibit 44 shows the size of lots by plan designations for buildable employment land. McMinnville has 22 lots less than 0.5 acre (5.5 acres of land); 15 lots between 0.5 and 1 acres (11.8 acres of land); 34 lots between 1 and 5 acres in size (72.4 acres of land); 10 lots between 5 and 10 acres in size (64.6 acres of land); 3 lots between 10 and 20 acres in size (39.9 acres); and 4 lots over 20 acres in size (226.6 acres of land).

Exhibit 44. Lot size by plan designation, buildable acres, McMinnville UGB, 2019

	Buildable acres in taxlots									
	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
Buildable acres on partially vacant tax lots										
Commercial	**0.4**	**0.8**	**1.5**	**4.5**	**13.8**	**12.1**	**-**	**-**	**-**	**33**
C-3 General Commercial	0.4	0.8	1.5	4.5	8.8	12.1				28
Commercial Plan Des.					5.0		-		-	5
Industrial	**0.5**	**3.5**	**5.0**	**8.1**	**-**	**-**	**-**	**-**	**-**	**17**
M-1 Light Industrial	0.1		2.3	-	-	-	-		-	2
M-2 General Industrial	0.4	3.5	2.7	8.1	-	-	-		-	15
Buildable acres on vacant tax lots										
Commercial	**3.2**	**2.0**	**7.5**	**24.6**	**12.9**	**13.5**	**-**	**-**	**-**	**64**
C-2 Travel Commercial	-			5.0	7.2					12
C-3 General Commercial	3.0	2.0	7.5	19.7	5.6					38
O-R Office Residential	0.2									
Commercial Plan Des.	0.0									
EF-80 (County Zone)	-					13.5				13
Industrial	**1.4**	**5.4**	**15.8**	**5.3**	**37.9**	**14.4**	**24.3**	**25.2**	**177.1**	**307**
M-1 Light Industrial	0.8	1.0			10.9					13
M-2 General Industrial	0.6	4.4	15.8	5.3	27.0	14.4	24.3	25.2	89.6	207
M-L Limited Light Industrial									87.5	88
Acreage subtotal	**5.5**	**11.8**	**29.8**	**42.6**	**64.6**	**39.9**	**24.3**	**25.2**	**177.1**	**421**
Number of partially vacant taxlots with buildable acreage										
Commercial	**1**	**1**	**1**	**1**	**2**	**1**	**-**	**-**	**-**	**7**
C-3 General Commercial	1	1	1	1	1	1				6
Commercial Plan Des.					1					1
Industrial	**2**	**5**	**4**	**2**	**-**	**-**	**-**	**-**	**-**	**13**
M-1 Light Industrial	1		2							3
M-2 General Industrial	1	5	2	2						10
Number of vacant taxlots with buildable acreage										
Commercial	**15**	**3**	**5**	**8**	**2**	**1**	**-**	**-**	**-**	**34**
C-2 Travel Commercial	-			1	1					2
C-3 General Commercial	13	3	5	7	1					29
O-R Office Residential	1									1
Commercial Plan Des.	1									1
EF-80 (County Zone)	-					1				1
Industrial	**4**	**6**	**11**	**2**	**6**	**1**	**1**	**1**	**2**	**34**
M-1 Light Industrial	2	1			2					5
M-2 General Industrial	2	5	11	2	4	1	1	1	1	28
M-L Limited Light Industrial	-								1	1
Lot subtotal	**22**	**15**	**21**	**13**	**10**	**3**	**1**	**1**	**2**	**88**

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 45. Buildable employment land by zone with development constraints, McMinnville UGB, 2019



Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 46. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre – EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options – this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options – this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives – those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 47 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.[98] We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 47 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 47.

[98] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on date from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 47. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		**14,964**	**20,990**	**76%**

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional "safe harbors"[99] that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).[100] The regional employment projection for the

[99] A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[100] OAR 660-024-0040(9) states: "The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.[100] The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as "baseline") forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the "low-growth" scenario at 1.5%, and the "high-growth" scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 48 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 47 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 48. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High–growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	23,228	23,708	24,429
2031	24,573	25,367	26,577
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.[101] This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City's economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

[101] The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 47.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial.   Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 49 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 50 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and Three Mile Lane Area Plan.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.[102] These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 49 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 "% of Total" column are assumptions recommended by the PAC.**

Exhibit 49. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

	2021		2041		Change
Land Use Type	Employment	% of Total	Employment	% of Total	2021 to 2041
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	**22,157**	**100%**	**29,042**	**100%**	**6,885**

Source: ECONorthwest

[102] Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 50. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	New Employment Growth			
Land Use Type	**5-year (2021-2026)**	**10-year (2021-2031)**	**20-year (2021-2041)**	**46-year (2021-2067)**
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	**1,721**	**3,443**	**6,885**	**16,001**

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.[103]

[103] Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.[104] **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 51 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 51. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	**6,665**	**332**	**6,333**

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 52. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	Employment on Vacant Land			
	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	**1,582**	**3,165**	**6,333**	**14,159**

Source: ECONorthwest

[104] The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way.[105] Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.[106] A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

[105] The 2013 EOA does not describe a method for converting net to gross acres.

[106] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 53). Exhibit 54 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 53. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	**6,333**		**351**	**405**

Source: ECONorthwest

Exhibit 54. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	Land Demand (Gross Acres)			
Land Use Type	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	**101**	**202**	**405**	**899**

Source: ECONorthwest

Estimated Land Need 2019-2021

The buildable lands inventory (BLI) shows employment land status as of January 2019, while the forecast of need for employment land begins in 2021. We estimated land needed for employment between 2019 and 2021 using the same assumptions as the other planning periods. McMinnville employment in 2019[107] was about 21,566 employees, resulting in an increase of 591 employees between 2019 and 2021. About 496 of these 591 employees will require vacant commercial or industrial land. Using data on vacant unconstrained land from Exhibit 43, Exhibit 55 shows that McMinnville has supply of 324 gross acres of industrial land and 97 gross acres of commercial land. Between 2019 and 2021, the McMinnville UGB has a demand for 11 gross acres of industrial land and 20 gross acres of commercial land. This results in a surplus of 313 gross acres of industrial and 77 gross acres of commercial land as of 2021. These values are used as the land supply in the land sufficiency calculations starting in 2021.

[107] 2019 total employment was extrapolated from the 2017 Quarterly Census of Employment and Wages, using the methods described in the "Employment Base for Projection" section. We assumed the 20-year growth rate of 1.36%.

Exhibit 55. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2019-2021

Land Use Type	Land Supply (Suitable Gross Acres)	Land Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	324	11	313
Commercial	97	20	77

Source: ECONorthwest

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 6 and Exhibit 38) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.[108]

Leland characterizes retail leakage as follows:

> "Retail sectors in which household spending is not fully captured are called "leakage" categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called "surplus" categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage."[109]

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage

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[108] Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

[109] McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 56 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro's Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

Exhibit 56. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	**131,808**		**280**		**12.2**

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."[110] McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City's Economic Development Strategic Plan provides the City's economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but

[110] https://www.oregon.gov/lcd/OP/Documents/goal9.pdf

can rather seek to achieve the community's economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: "Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville's UGB was established in the early 1980s, it wasn't anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don't fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated $11.5 million estimated economic impact, surpassing $100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.[111]
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard's Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.[112]
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the

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[111] *U.S. Cellular Community Park Annual Report.* Medford Parks, Recreation & Facilities. 2018. https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf

[112] "Fairground expansion, armory and more coming to SE Redmond." Stephen Hamway. The Bulletin. Feb 3, 2019. https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond

prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.

- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven't been realized.[113]

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 57 summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

[113] *Yamhill County Agri-Business Economic and Community Development Plan Summary Report.* Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

Exhibit 57. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. See Ya Later Foundation – Champions Center	The Champions Center is planned as a youth and family recreational and educational complex.	28 acres (4 acres for buildings, 6 acres for parking, 12 acres for 6 athletic fields, 6 acres for associated facilities)	20 employees (Source: See Ya Later Foundation Proposal)	See Ya Later Foundation UGB Application
4. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
5. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
6. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	*Included in Evergreen Master Plan, see above*	6.3.
7. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
8. Equestrian center with supporting commercial activity inside UGB	Would include facilities that cannot be developed on EFU land	20 acres in UGB, larger footprint outside	80 employees (Source: Comparable feasibility studies)	(6.3)
9. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
10. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		**104 acres**	**253 employees** 253 employees @ 23 emp/acre = 11 acres 104 acres – 11acres = **<u>net increase of 93 acres</u>**	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville's recreation amenities. A specific action in that section is to add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d'Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 58 provides a summary of the facilities.

Exhibit 58. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft^2 of Event Space
Coeur d'Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to "add an outdoor stage or amphitheater to one of McMinnville's existing parks." The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. SEE YA LATER FOUNDATION-CHAMPIONS CENTER

In 2015, the See Ya Later Foundation (SYLF) proposed a UGB amendment for a sports complex which was not further pursued at that location given access constraints. The Foundation is still moving forward with the concept and envisions a 165,000 sf indoor recreational and educational building with the following amenities:

- Six athletic fields
- Sport fields, court gyms, fitness equipment
- Art, music, technology, and mentoring
- Outdoor amphitheater and regulation sports courts (for large-scale events, drawing visitors and dollars to McMinnville year-round)
- Meeting rooms and facilities for use by non-profits and social service organizations
- Non-denominational prayer room
- Great hall for events, commercial kitchen, coffee shop, variety of meeting facilities
- Parking (shared for uses)

To accommodate these facilities, SYLF requires a 28-acre site that meets specific suitability requirements and is accessible to the school-aged children it is intended to serve. A year-round site on the west side of McMinnville is preferred - recognizing that Joe Dancer Park is closed from November to March, and the west side is rapidly growing with two additional planned schools.

Based on the 2015 application, we a assume a land need of 28 useable acres (4 acres for buildings, 6 acres for parking, 12 acres for 6 athletic fields, 6 acres for associated facilities (walkways, landscaping, bleachers, campus open space, and driveways).

Note: The ESDP identifies needs for regional athletic events and an indoor sports complex. These uses are assumed as part of a single site complex as represented in the Se Ya Later Foundation Champions Center described above. Therefore, these are not calculated separately. Other examples of these types of facilities of various scale and scope include the following:

- Facility for regional athletic events: 132 acres (US Cellular Park, Medford), 15 sports fields: 3 full-size baseball, 7 softball/baseball, 5 soccer/football

- Separate indoor sports complex: 5-8 acres

4. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states "Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville." The strategy also includes the need for a community art space "Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery." Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

5. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

6. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville's overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

7. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to "Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville's offerings for small and large conferences." Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

8. EQUESTRIAN CENTER

In 2012, developer JW Millegan proposed a major equestrian center in Yamhill County. The concept was not further pursued, due in part to restrictions on EFU lands. As proposed, the facility would require approximately 325 acre and would include a gallop track, polo fields, steeplechase facilities, plus resort, RV park, distillery, brewpub, and cobblestone plazas. In effect, this would be a rural/urban interface tourism use with supporting commercial activity inside UGB.

Due to land use restrictions, elements such as resort, RV park, distillery, brewpub, would need to be sited within the UGB at a location interfacing with rural lands.

Other equestrian facilities in the region include:

- Hunter Creek Equestrian Park, 14441 SW Wilsonville Rd, Wilsonville, (120 ac site)
- Wilsonville Equestrian Center, 24040 SW 8nd Avenue, Tualatin
- Swan Training/Whip 'n Spur, 16091 SW Wilsonville Rd

- Arbor Grove Equestrian Center, 7359 Hwy 219 NE, Woodburn

An example of an RV Park near McMinnville includes:

- Willamette Wine Country RV Park and the Vintages are 191 sites on 14.5 acres

Based on the facility concept, and review of comparable facilities, the portion of the land need within the UGB for this use is assumed to be 20 acres.

9. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

10. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to "identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses." The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that "[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories." The rule suggests, but does not require, that the City "examine existing firms in the planning area to identify the types of sites that may be needed." For example, site types can be described by: (1) plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)[114]; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 59 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

[114] At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 59. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

Land Use Type	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00-19.99 acres	20.00-25.00 acres	25.01-49.99 acres	50.00+ acres	Total
	Developed acres size									
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	**27%**	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	**76%**	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	**21%**	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	**47%**	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that hand land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city's growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City's economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 60 and Exhibit 61 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both "necessary" and "typical" for the target industries identified in the City's MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don't fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren't sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 60. Shopping Center Taxonomy, ICSC

ICSC

U.S. Shopping-Center Classification and Typical Characteristics*

Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment.	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience-store anchor.	N/A	N/A	Convenience store, such as a mini-mart.	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores.	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting.	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport.	75,000-300,000	N/A	N/A	N/A	N/A	No anchors; retail includes specialty retail and restaurants.	N/A

***Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.**

Exhibit 61. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

#	CRITERIA	PROFILE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	**GENERAL REQUIREMENTS**		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
##	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A
	UTILITIES													
##	WATER:	Min. Line Size (Inches/Dmtr)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Dmtr)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1600 (GPD / Acre)	5200 (GPD / Acre)	3150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
##	SEWER:	Min. Service Line Size (Inches/Dmtr)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2000 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1300 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)
##	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Dmtr)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
##	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
##	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
##	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located witihn or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical ↑ Less Critical	**'Required'** factors are seen as mandatory in a vast majority of cases and have become industry standards
	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon* . May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.

* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.

**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space

† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).

‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.

MACKENZIE.

Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 59) and applied it to overall land need for the 2021-2041 period. Exhibit 62 summarizes needed sites by size class. Exhibit 63 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.[115] This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled "Need 2" in that memo, which was supported by the PAC. Exhibit 62 and Exhibit 63 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 62. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			Revised Size Classes and Assignments		
Original Size Classes	**Needed Sites**	**Ac Range**	**Revised Size Classes**	**Needed Sites**	**Ac Range**
NA *(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)*	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	**47 sites**	**300-684 ac**	**Total**	**70 sites**	**305-521 ac**

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall: …"Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies."

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 63, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

[115] https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 63. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac	2.5
			5@ 1ac	5.0
1.00-1.99	12	12-24	6@1 ac	6.0
			6@2 ac	12.0
2.00-4.99	4	8-20	2@2 ac	4.0
			2@4 ac	8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac	50.0
			5@15 ac	75.0
20.00-25.00	7	140-175	4@20 ac	80.0
			3@25 ac	75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	**70 sites**	**305-521 ac**	**70 sites**	**384 ac**

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 64 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 63. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 61) and the target sectors identified in McMinnville's 2019 Economic Development Strategic Plan. The results of Exhibit 63 and Exhibit 64 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 64. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			**<u>4:</u>**							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			**<u>4:</u>**							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Light/Flex Industrial</u>			<u>6:</u>							
E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	1	25-50 ac	(1) 40ac (Innovation Campus)					1
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required	2	5-15 ac	(1) 5ac, (1) 10ac	1	1			
<u>Warehousing & Distribution</u>			<u>5:</u>							
H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac				2	
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred	3	10-25 ac	(1) 10ac, (1) 15ac, (1) 20ac		1	1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinn-ville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>**Specialized**</u>			<u>**2:**</u>							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			**21 sites of 5-40 acres**		**SUM: 21 sites 5ac-40ac (335 ac.)** **(Rail Preferred for 14 sites)**	**3**	**5**	**5**	**7**	**1**

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 65 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from Exhibit 55 within the UGB. Exhibit 65 shows that McMinnville will have 313 gross acres of industrial land, and 77 gross acres of commercial land in 2021.
- **Demand for commercial and industrial land** from Exhibit 53, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (104-acre demand over the 20-year period), a net difference of 93 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 63 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 65 shows that McMinnville has:

- A 70-acre deficit of industrial land in 2041
- A 280-acre deficit of commercial land in 2041.

Exhibit 65. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	**313**	**384**	**(70)**
Commercial	**77**	**357**	**(280)**
Forecast		*252*	
Retail leakage		*12*	
Other needed sites		*93*	

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update bring the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 741 gross acres (384 industrial and 357 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 66**).**

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. ***For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 54).***
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. ***These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.***
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. ***McMinnville will need about 12.2 acres to address existing retail leakage.***
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. ***McMinnville will need 104 acres for other***

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 93 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in ***overall demand for 384 acres of industrial land***.

Supply

In 2019, within the UGB, McMinnville has 421 buildable acres of employment land, with 370 buildable acres in vacant lots and 50 buildable acres in partially-vacant lots. This includes 97 buildable acres of commercial land and 324 buildable acres of industrial land. By 2021, the forecast assumes there will have been demand for 31 gross acres of employment land: 11 gross acres of industrial land and 20 gross acres of commercial land. That leaves a 2021 supply of 390 buildable acres of employment land: 313 buildable acres of industrial land and 77 buildable acres of commercial land

- **Commercial.** Of the 97 buildable acres of commercial land, about 63 acres are in vacant lots, and 33 acres are in partially-vacant lots. About 27 acres (approximately 30% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. There are about a half dozen sites or contiguous properties that have buildable acreage over five acres, accounting for about 72% of the buildable acres.
- **Industrial.** Of the 324 buildable acres of industrial land, about 307 acres are in vacant lots, and 17 acres are in partially-vacant lots. About 55% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. One site is just under 50 buildable acres (15% of the supply), and the remaining sites are below 15 buildable acres.

Sufficiency

Exhibit 66 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods, as well as the pre-2021 period.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2019–2021, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

	2019-2021			5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
Land Use Type	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*	*Land Supply*	*Land Demand*	*Land Sufficiency (Deficit)*
Industrial	324	11	313	313	38	275	313	77	237	313	384	(70)	313	384	(70)
Commercial	97	20	77	77	63	14	77	126	(49)	77	357	(280)	77	570	(494)

Source: ECONorthwest.

The next chapter provides a discussion of McMinville's existing Comprhensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

> "McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to ~~remove~~ or items to consider adding.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
  - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
  - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
  - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
  - 2. Provides expansion room for commercial establishments and allows dense residential development;
  - 3. Provides efficient use of land for adequate parking areas;
  - 4. Encourages vertical mixed commercial and residential uses; and,
  - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern. (Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the "Downtown Improvement Plan" that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted "Downtown Improvement Plan." (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted "McMinnville Downtown Improvement Plan."
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city's urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area's population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
  - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
  - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
  - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
  - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
  - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
  - 1. Landscaping and screening
  - 2. Noise suppression
  - 3. Light and heat suppression
  - 4. Pollution control for air, water, and land

  - 5. Energy impacts
  - 6. Traffic impacts

- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used a July 2018 tax lot shapefile (the same data used for the residential BLI) from Yamhill County for the analysis, as well as previous information used for the 2013 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

> *(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*
>
> *(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.*
>
> *(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight*

facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB "land base"

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot's status as of January 2019) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of $0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition

Development Status	Definition	Statutory Authority
Developed Land	OAR 660-009-005(1) defines developed land as "Non-vacant land that is likely to be redeveloped during the planning period." Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name
Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and "refill" and redevelopment assumptions for the 2020 update of the City of McMinnville's EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in ***Exhibit 1.***

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and "refill" and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD's Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city's EOA for employment that doesn't require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
    - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
    - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.[116]

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

[116] https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCD Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	**6,665**	**1,133**	**5,532**

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	**6,665**	**667**	**5,998**

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	**6,665**	**332**	**6,333**

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.[117] The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial**: 11 employees per acre
- **Commercial**: 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as "developed" in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

[117] The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	**5,866**		**338**	**389**

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	**5,998**		**346**	**398**

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**365**	**420**

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial**: 11 employees per acre
- **Office commercial**: 29 employees per acre
- **Retail commercial**: 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook,* which states:

> "Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs."

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	**5,532**		**294**	**339**

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	**5,998**		**319**	**367**

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	**6,333**		**336**	**388**

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	*Note: Bend did not use an EPA approach for the 2016 EOA.*	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	**6,333**		**351**	**405**

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	**22 Employees** net increase for additional programs (In addition to assuming no net change with transfer of existing FTE from old to new location). *Source: Parks Director*	The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility. The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility. For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location. Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'

2. Outdoor Stage/ Amphitheater	**Examples:** Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). **30 Employees.** Tot Adj for Annual Average. *Source: Britt Festival (2,200 seating capacity)*	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. See Ya Later Foundation – Champions Center (or equivalent facility)	The Champions Center is planned as a youth and family recreational and educational complex.	28 acres (4 acres for buildings, 6 acres for parking, 12 acres for 6 athletic fields, 6 acres for associated facilities)	See Ya Later Foundation Proposal, (6.3)	14 Full Time, 12 Seasonal Part Time (6 Total After Adjusting for Annual Average), **20 Employees** plus Volunteer Base *Source: See Ya Later Foundation Proposal*	The See Ya Later Foundation estimates a need for 28 acres for recreational facilities. Co-locating facilities as part of a complex would provide opportunities for shared parking. (The specific organization is referenced here, since this is not hypothetical).
4. Arts and culture focused event center	**Example:** Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = **15 Employees** *Source: Chehalem Cultural Center*	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
5. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	**Master Plan Facilities:** Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, Support Building, Student Housing): 6 **Sum: 57 Employees**	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.

6. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site. *See above.*	6.3	*See above.*	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for "Evergreen" above are inclusive of the property for Wings & Waves.
7. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	**13 Employees** *Source: Feasibility Analysis*	
8. Equestrian center with supporting commercial activity inside UGB	Would include rural/urban interface facilities, with those uses inside the UGB that cannot be developed on EFU land outside the UGB	20 acres in UGB, larger footprint outside UGB	(6.3)	**Rural/Urban interface portion on 20 ac within UGB:** Resort: 24 RV Park: 4 Distillery: 12 Brewpub: 40 Open Plaza Areas: 0 **Sum: 80 Employees**	Employment from feasibility studies centers range from 32 to 70 employees, average of about 0.1 employees per acre. Sources: "Towards the Creation of a Horse Park in the Commonwealth of Massachusetts: A Feasibility Study" and "Maryland Horse Park and Agricultural Education Center Feasibility Study"
9. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	**13 Employees** *Source: USDA "Regional Food Hub Resource Guide"*	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
10.Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	**3 Employees** + Contracted Services *Source: Talent Maker City*	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.

TOTAL	**104 acres (total)**	**<u>Average Annual Employment:</u>** Community Center: 22 (net) Amphitheater: 30 See Ya Later Foundation or Equivalent: 20 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Equestrian Center (portion inside UGB): 80 Food Hub: 13 <u>Makerspace: 3</u> **Sum: 253 Employees** 253 Employees @ 23 emp/acre= 11 acres 104 acres - 11 acres = **<u>net increase of 93 acres</u>** for other needed sites, over acres calculated from average employees/acre

Appendix D. Site Need Letters

McMinnville | ECONOMIC DEVELOPMENT PARTNERSHIP

Please accept these comments regarding the City of McMinnville's Economic Opportunity Analysis and the estimated future industrial land needs. MEDP has had the good fortune to work with many economic development partners over the years as we work to further our mission of advancing strategies that respond to the needs of McMinnville's traded-sector businesses. We do this through four economic development strategies guided by the City's MAC Town 2032 Economic Development Strategic Plan: 1) Business Retention & Expansion, 2) Business Attraction, 3) Workforce Development, and 4) Innovation Development.

Without available, buildable industrial lands the strategic plan cannot be fully realized. The historical job growth and the projected job growth of 27% over the next 20 years will struggle to take place without planning for necessary industrial land.

The current estimates state McMinnville will need 153 acres of buildable industrial lands by 2041 and 329 buildable acres by 2067. Currently, we have 323 acres of identified industrial land. The reality of those numbers is that 177 of those acres are on two sites. The highest and best use and market realities for these sites with Highway 18 frontage may make these sites impractical to retain as large industrial sites that would be available for industrial use. The potential unavailability of these sites for industrial use would place us well behind the projected need.

While acres available and acres needed may be close to matching up, the fact is there are few perfect sites. An available site may meet a company's minimum requirements, but it's location, shape, slope, or infrastructure may not work. So, they will look for another similar sized site in a different location (hopefully) within the community. McMinnville has lost out on potential opportunities due to lack of rail-served sites, proximity to a major metro area, access to a major airport, or location close enough to an Interstate. It is critical we don't lose out on projects due to a lack of available sites for our targeted industries.

In order to address our targeted industry's needs of high-tech/clean-tech manufacturing, value-added manufacturing, UAV manufacturing, business park, innovation campus, and local and regional headquarters, we will need varying sizes of sites with various requirements. The minimum lot size for these sectors should be 5 acres with a span of up to 25 acres.

Rail served sites continue to be a requirement for some companies interested in a McMinnville location. An additional 5 sites of 5-25 acres would be a good use of rail-served industrial property.

Also, with over 80 manufacturers in McMinnville, we will need sites for existing companies that are growing out of 0.5 – 5-acre sites into larger sites of 10 -20 acres. An additional 5 sites would accommodate additional existing business expansions.

Potential developments associated with targeted sectors include the creation of a mixed-used Innovation Center that would require 20-40 acres, depending on density, and an Airpark allowing for local, regional headquarter space. This could require 3-5 sites of 5-25 acres, and an additional 10 sites between 2-25 acres for companies wanting access to the airport, or access to an Innovation Center.

The types of companies in the targeted sectors are meant to continually diversify the local economy and never rely heavily on a single business, or industry. The ability to have various site sizes and locations to choose from can assist with potential job growth. Available sites are like options that attract opportunity. Without multiple options of readily buildable industrial lands, you risk the loss of new business growth.

Sincerely,

Scott G. Cooper, CEcD
Executive Director
McMinnville Economic Development Partnership

231 NE 5th Street | McMinnville, Oregon 97128 | 503.474.6814 | www.McMinnvilleBusiness.com

DRAFT

McMinnville Industrial Promotions, Inc.

P.O. Box 328
McMinnville, Oregon 97128

To Whom It May Concern:

McMinnville Industrial Promotions, Inc. ("MIP") appreciates the opportunity to present its written comments related to the City of McMinnville's Economic Opportunities Analysis and Urbanization Report (Phase 2) as coordinated with the City's MAC-Town 2032 Economic Development Strategic Plan. MIP specifically addresses its remarks regarding future industrial land needs and sufficiency of the City's Urban Growth Boundary to ensure a reasonable estimate of industrial land inventory necessary to support good jobs and amenities in the future that create a high quality of life for McMinnville residents.

MIP advocates for a robust industrial lands inventory that accomplishes the City's Strategic Plan priorities by providing enough flexibility to foster an attractive business climate, positioning McMinnville's businesses for modern development and investment, and utilizing the City's strengths to encourage a sustainable economy for future generations.

MIP was incorporated in 1953 in response to the closure of two large manufacturers in the area, a devastating loss at the time of approximately 350 jobs. Also facing a slowdown in the timber industry, a local group of business and professional leaders pledged their own money to attract new businesses to McMinnville and diversify its economic base. In 1955, the corporation was expanded to a community corporation, and ultimately it progressed to a for-profit corporation a year later. Regardless of its structure, MIP has never lost sight of its initial mission and special corporate purpose- to foster, encourage, promote, and improve the industrial, commercial, and physical development of the City of McMinnville. MIP seeks to support the continuation of present businesses, but also attract new industries that strengthen the community as a whole, provide long term economic stability to the area, and which provide living wage opportunities to residents. Over the last 67 years, MIP has invested and assisted in growing industrial businesses. Notable accomplishments of MIP include being the first industrial development company in the Pacific Northwest to qualify for Small Business Administration funds, which was recognized when nine different industrial projects broke ground in McMinnville in 1969. In addition, MIP formed a unique partnership with the City of McMinnville to acquire and develop the major industrial park infrastructure in 1983. MIP has and continues to play a unique role in business and industrial real estate development in the City.

There is no denying that McMinnville is uniquely situated. While the City is disadvantaged due to its relatively far location from a major metropolitan area and its airport (PDX) (approximately 60 miles away), it has developed into an economic hub nonetheless. The availability of ample water and electricity at a low price continues to make the City attractive for businesses to locate to a more rural area and provides occupational opportunities to McMinnville and the surrounding communities. Encouraging vibrant and diverse businesses has created economic collaboration and resiliency, which should be prioritized and maintained if McMinnville is to continue to be an economic engine in Yamhill County. As such, MIP is a proponent of protecting currently industrially zoned properties and supports the future planning for expansion of the industrial zone.

The availability of shovel-ready industrial employment lands is critical to expanding and attracting businesses that provide high-wage jobs. The City has forecasted that employment in the industrial area will grow by approximately 27% over the next 20 years. In that analysis, it is determined that approximately 153 buildable acres are needed to account for and service this growth by 2041, and upwards of 329 buildable acres are needed by year 2067. Currently, 323 acres are part of the overall identified inventory.

The foregoing indicates that McMinnville has just barely enough gross industrial lands inventory for its needs over the next 40 years. However, simply looking at the gross numbers provides an inaccurate and incomplete picture of the location and suitability of the currently zoned industrial sites and does not account for the various development costs associated with many of those acres. 177 of those buildable acres are concentrated in two large tax lots located on the Three Mile Lane corridor, 89.6 and 87.5 acres respectively. There are significant and very costly barriers to the development of this land. First and foremost, ODOT has been fiercely protective of preserving the Hwy 18 McMinnville bypass, and costs of developing the public improvements to accommodate ODOT's requirements would be substantial (and not possible for most buyers). Other hurdles to overcome include actual acquisition of the property, time for site readiness, site planning, and additional infrastructure and improvement changes. The costs associated with the 177 acres has impeded industrial development of this property and will likely continue for the foreseeable future.

Also, due to the fact that the majority of growth and development in the industrial sector has occurred, and continues to occur, on parcels between 0.5 and 10 acres in McMinnville (and on 25 acres or less statewide), having more than half of the industrially zoned lands tied up on two parcels has made it impractical for business placement or relocation to the Three Mile Lane area. As such, growth is constrained with available parcels located in the industrial park unless a second industrial area is constructed with the needed infrastructure, which is unlikely at this time.

Finally, it is also very possible that owners or developers of either or both of these large parcels will ultimately seek rezoning to respond to the current severe deficit of lands available for residential development or commercial requirements located within the Urban Growth Boundary.

As such, only 146 acres are reasonably and realistically available for development in the core industrial area. If the type and character of available sites are taken into consideration, McMinnville actually has a large deficit of available and buildable industrial lands that will not meet its needs even in the next 20 years. With this, McMinnville risks local businesses leaving, or the encroachment of industry into other neighborhoods, resulting in safety and other nuisance concerns.

It has been the collective experience of MIP's leadership that the majority of companies looking to locate here in McMinnville need small parcels (0.5-5 acres in size) for development. In fact, MIP has partitioned many of its larger holdings for sale to businesses looking to build on smaller parcels. MIP has seen this type of development crucial to its mission. Industries in close proximity cultivate a vibrant manufacturing sector by offering differentiated as well as supportive services and products. Additionally, a mixture of locally owned businesses allow for the community to weather ups and downs throughout the business cycle, and not be dependent on a few large employers. If readily and economically developable industrial lands hit a ceiling, McMinnville is in danger of losing businesses that would otherwise integrate into and diversify the economic base. Not only would business opportunities be stifled, but would also consequentially result in lost or lower wage jobs.

Recently, MIP has negotiated transactions that proposed developing between 20-30 acres of property. While there is not a tremendous immediate need for sites between 10-30 acres, MIP sees the importance for these options to be included as part of the overall land inventory to accommodate and attract various future developments. After reviewing the State of Oregon Industrial Development Competitive Matrix, it is clear that to be competitive in all fields of manufacturing (including high tech), light industrial uses, warehousing and distribution, and other specialized uses, the most common requested site size is between 5-25 acres. As such, in order to stay competitive with the rest of the state, McMinnville will need to have a variety of industrial sites that are readily and economically developable.

McMinnville needs a sufficient industrial land inventory with a larger variety of different-sized parcels to continue to cultivate business growth and infrastructure development. This can only be done by steadfastly preserving the current zoning of industrial properties, and by the City expanding its Urban Growth Boundary to increase industrial acreage.

Further, if the City considers rezoning the Three Mile Lane parcels for a use that could justify the significant costs of infrastructure, the City must first increase the number of readily buildable industrial lands in its Urban Growth Boundary to accommodate industrial needs over the next 40 years, ensuring there is no net loss of lands available for industrial uses.

Thank you for your consideration.

Respectfully Submitted,

Doug Hurl, President

Appendix E. Public and Institutional Land Need

DRAFT

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Planning Department
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MEMORANDUM

DATE: November 13, 2019
TO: Economic Opportunities Analysis PAC and Public Lands Work Group
FROM: Tom Schauer, Senior Planner
SUBJECT: Public & Institutional Lands - ***Update***

This memo provides updated information about land needs presented in a previous memo dated October 9, 2019. It summarizes the public and institutional land needs that aren't addressed through the employment forecast. Staff is seeking a recommendation from the Workgroup for the remaining identified needs which are presented in this memo as "updated" or "new" and summarized in Figure 1. The Workgroup's recommendation will be provided to the Project Advisory Committee, and would complete the Workgroup's work.

Summary – *New*

Public and institutional land needs calculated separately from the employment forecast are summarized in ***Figure 1*** below, and more detailed information follows.

Figure 1. Estimated Public and Institutional Land Needs

Organization/Sector	Add'l Land Need By 2021	Add'l Land Need 2021-2041 (ac)	Add'l Land Need 2041-2067 (ac)	SUM Through 2067 (ac)	Method/Notes
City of McMinnville (non-parks), 1	0	7	4	11	4.5 ac for fire stations plus 0.26 ac/1,000 pop
City of McMinnville (parks), 2	27	365	214	606	Parks Master Plan LOS
McMinnville Water & Light	0	21	0	21	Interview, See Narrative
Chemeketa Community College	0	0	0	0	Interview, See Narrative
Linfield College	0	0	0	0	Interview, See Narrative
McMinnville School District	0	10	30	40	Interview/Memo, See Narrative
Yamhill County	0	6	8	13	Interview, 0.5 ac/1,000 pop
State of Oregon	0	1	1	2	0.08 ac/1,000 pop
Federal Government	0	2	2	4	0.14 ac/1,000 pop
Churches	6	32	44	83	2.88 ac/1,000 pop
Other	0	0	0	0	
SUM	**33**	**444**	**303**	**780**	

Note 1: Site needs for fire stations are inlcuded in 2021-2041 calculation

Note 2: Needs for 2021-2041 include current deficit

General: Figures above don't reflect additional needs if direction of growth absorbs additional sites outside UGB needed/required for services

Background

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. At a previous meeting, information was presented about public and institutional organizations and lands. Preliminary data was presented about calculations using a ratio of acreage per 1,000 population that can be used to forecast site needs. However, this method isn't always applicable to each of these entities. Following the September 5, 2019 PAC Meeting #2, staff held meetings with representatives of public and institutional organizations to discuss land needs and methods. This memo summarizes the results of the meetings and summarizes some information discussed at the last PAC meeting.

City of McMinnville – *Updated*

- **General, Misc. City Departments: (Administration, Office, Police, Public Works, Fleet, Library, Recreation Buildings, etc.).**
    - Planning staff met from representatives from respective City departments to discuss land needed by the City of McMinnville. Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.
    - The City Manager indicated that a ratio of current acreage per 1,000 population would likely over-estimate the City's future land needs. Given existing facilities and site arrangements, there are opportunities to consolidate facilities, redevelop/expand onto existing city sites, use land more efficiently, grow into more recent expansions that retain capacity, etc.
    - With a forecast population of about 48,000 in 2014 and 63,000 in 2067, it is not expected that the City would grow to a size that would necessitate substantial branch facilities or satellite locations during the planning period (such as a library branch etc.).
    - The City Manager and Engineering Staff suggested that base year acres/1,000 population data from cities of approximately 48,000 population and 63,000 population corresponding to the future panning horizon year population for McMinnville might help inform ratios associated with McMinnville's future land needs.
    - ***Update.*** Data for cities of approximately 48,000 and 63,000 population was analyzed for comparison. ***Figure 2*** shows a summary of data for comparison cities – including cities for which data was not available. As noted above, the City Manager and Engineering Staff suggested that a straight-line ratio of acres per 1,000 population might overestimate needs. Therefore, staff used only the portion of City lands with facilities exclusive of the airport, floodplain, and utility sites for estimating additional City land needs. (Parks were calculated separately). Approximately 18 acres of the 83.1 City acres is non-utility facilities. Only that portion was used for calculating future needs. That portion had a 0.51 ac/1000 population ratio. Since it was assumed a straight-line extension would overestimate needs, staff used half of that ratio (0.25 ac/1000 population), and the specific information for fire station sites noted below was added to that estimate.

Figure 2. Ratio Information Available from Other Cities

City	Ratio (acres per 1,000 pop)
Redmond 2005 (total)	110 ac/1000 (calculated) 10 ac/1000 (assumed need)
McMinnville 2019 (less parks, airport, floodplain)	2.38/1000
McMinnville, 2019 (less parks, airport, floodplain, utility sites)	0.51/1000
Corvallis	No additional land need identified, didn't list ratio
Albany	Not readily available
Springfield	Not readily available
Medford (less parks)	1.5/1000

- **Fire:**
  - The Fire Department anticipates transition from a single downtown station to three satellite stations at approximately 1.5 acres each: (1) Baker Creek/Hill Road area, (2) Airport area, (3) Northeast area. The estimated need would be about **4.5 acres for three substations.** There could be opportunities to co-locate police substations at sites. There is potential that they could be co-located on sites with other uses. The NE station may be within the current UGB or may be further to the northeast. There is potential for the current station to be re-used for other municipal or other uses.

- **Police:**
  - **No specific plans for new facilities.** Their needs can be accounted for as part of the overall City need using the same methods.

- **Airport:**
  - **No additional land needs identified.**

- **Sewer:**
  - **Treatment: No additional land needs anticipated.** The City owns 5 tax lots with approximately 70 acres east of the UGB where the sewer treatment plant is sited. No additional land need is anticipated. There is capacity to expand the treatment plan on the existing site. If there is a UGB expansion to east which includes this area, these properties won't be available for buildable land for other uses.

  - **Collection System: No significant additional land demand is assumed outside of the public right-of-way, so no calculation has been added or assumed for this de minimus need.** Minimal needs for future pump stations may be needed for new development. Site needs for small pump stations are similar to or smaller than a residential lot. The land needs for these facilities are relatively small and no additional acres are proposed. Depending on direction of growth, there could be needs for larger pumping facilities.

- **Parks:**
  - The Comprehensive Plan includes the following policies:
    - **159.00.** The City of McMinnville's Parks, Recreation, and Open Space Master Plan shall serve to identify future needs of the community, available resources, funding alternatives, and priority projects
    - **163.05.** The City of McMinnville shall locate future community and neighborhood parks above the boundary of the 100-year floodplain
    - **170.05**. For purposes of projecting future park and open space needs, the standards as contained in the adopted McMinnville Parks, Recreation, and Open Space Master Plan shall be used
  - The Master Plan level of service (LOS) standard is 14 acres/1,000 persons.
  - The 2017 UGB population was 34,293.
  - The City has approximately 273 acres of developed park land and 76 acres of undeveloped park land, totaling about 349 acres ***(See attached).***

- The 2017 need was approximately 480 acres; there's a deficit of approximately 207 acres of developed park land.
- Need for 665 total acres by 2041 (an additional need of 185 ac, or total of 392 ac with the current deficit
- Need for 879 total acres by 2067 (an additional need of 399 ac, or total of 606 ac with the current deficit. *(**Note:** This was listed as 660 acres in the previous memo, which was a typographical error).*
- Absent joint use agreements with other entities for public use of facilities consistent with the needs identified in the Park Master Plan, park sites and recreational facilities that aren't city-owned aren't assumed to meet the LOS for developed park needs. If there are separate standards for open space, that may be evaluated.

Note: *The committee made a recommendation on park needs at the October meeting. Following the last meeting, Mark Davis submitted a memo and asked that it be distributed to the committee. The memo is attached for the record.* ***Attachment 2***

- **Other (stormwater):** While no specific need was identified, there was a sense that stormwater detention and water quality standards would likely increase the amount of land that will need to be dedicated for on-site stormwater management (detention and treatment) as best practices seek to manage stormwater close to "where the rain hits the ground" to reduce peaking of down stream flows and conveyance of sediment and/or contaminants in runoff. These sites may be privately or publicly owned and maintained, but should be accounted for.

- **Other (transit related):** There was a sense that, as the community grows and the transit system expands and matures, it expected that there will be a more robust transit system with some additional land needs.

Planning Staff met with representatives of the following organizations regarding their future land needs.

<u>McMinnville Water & Light (MWL):</u>
Estimated need of 21-24 acres for the 20- and 46-year periods, plus additional location/development specific needs

- General: It is estimated that in addition to sites already owned by MWL, they will need approximately 21 additional acres for power and water, and may have additional needs that are dependent on specific growth characteristics and developments. Some users require an on-site substation that requires a site and land. If growth occurs to the west further upslope into the west hills, that might include the 3-acre reservoir site needed to serve water pressure Zone 2, and could necessitate an additional reservoir/site if growth continues far enough upslope to result in a Zone 3 service area.

- The additional 21-acre need includes 16 acres for a treatment plant and pumping facilities which could co-locate with a power substation in the easterly portion of the UGB; an additional 2 acres in the easterly UGB area for power, and an additional 3 acres in the westerly UGB for additional storage for fire flow.

Yamhill County - *Updated*

- Currently, there is no formally adopted plan outlining space needs and plans for existing and future building/facility needs for the planning periods.
- The acreage per 1,000 population estimate is a reasonable method, first deducting the fairgrounds property before calculating the ratios. The Fairgrounds is approximately 36 acres of a 44-acre site.
- Current county-owned sites don't allow for much incremental on-site expansion, so additional capacity would likely require redevelopment or expansion onto additional land.
- Transit may have a need for expanded bus parking/storage area that doesn't require new structures
- Locational analysis: The County Parks Master Plan identifies potential lands for parks at key locations in proximity to McMinnville near confluence areas shown on vision map in the Master Plan)
- ***Update.*** The County owns approximately 44 acres in the UGB, including the Fairgrounds. The 36-acre Fairgrounds site includes other uses including County Public Works, which occupies about 7 acres. Therefore, approximately 29 acres of County-owned land was deducted for the Fairgrounds before calculating the ratio of acres per 1,000 population, leaving 16 acres remaining, which is approximately 0.5 acre/1000 population.

Chemeketa Community College

No new land needs. Chemeketa Community College sold the property they previously owned, the former campus site, on Hill Road. Their McMinnville campus on Norton Lane houses their facilities as well as commercial and office tenants. For planning purposes, Chemeketa doesn't anticipate new land needs beyond their current ownership, and doesn't anticipate displacement of tenants.

Linfield College

No new land needs. Linfield College doesn't anticipate new land needs beyond current their ownership during the planning period. They recently sold a portion of the property to MV Advancements. For planning purposes, the City should not assume non-college use or sale of further property during the planning period.

McMinnville School District - *Updated*

In addition to existing schools, the School District owns three reserve sites for future schools. Below is a summary of needs in addition to existing schools and reserve sites. In addition to these sites, the School District estimates it will need 40 additional acres for future school sites, with 10 of those additional acres needed between 2021 and 2041, and 30 of those acres needed between 2041 and 2067. ***See Attachment 1***.

2021-2041

- The need is for one additional 10-acre early learning center site.

2041-2067

- The need includes one additional 12-acre elementary school site.
- The need includes an additional 18 acres for a new high school, in addition to the 42-acre site on Hill Road, whether that site could be added to for a total of 60 acres or whether that site would be sold and a new 60-acre site acquired.

Other Land Needs *- Updated*

Other public and semi-public land needs presented in ***Figure 1*** which aren't part of the employment forecast were calculated using the ratios in ***Figure 3.***

Figure 3. Other Existing Ratios for McMinnville, 2019

Public/Semi-Public Use	Tax Lots	Acres	Acres/1000 persons	Percent of Acres
State	**4**	**2.92**	**0.08**	**0%**
State	4	2.92	0.08	0%
Federal	**5**	**4.96**	**0.14**	**0%**
Federal	5	4.96	0.14	0%
Religous/Cemetary	**76**	**104.23**	**2.98**	**6%**
Church	64	100.53	2.88	6%

MCMINNVILLE PARKS SYSTEM

DRAFT

COMMUNITY PARKS		ACRES
City Park		16.79
	R4420AD 09800	15.51
	R4420AD 05101	0.56
	R4420AD 06900	0.13
	R4420AD 07000	0.13
	R4420AD 07100	0.07
	R4420AD 07200	0.08
	R4420AD 07300	0.11
	R4420AD 07400	0.19
Joe Dancer Park		107.62
	R4422 02300	79.52
	R4421 00400*	23.90
	R4422 WATER*	4.20
Discovery Meadows Park		20.97
	R4429 00300	17.07
	R4429BB 02600	3.90
Kiwanis Marine Park		4.63
	R4421 00800	1.30
	R4421DB 04200	2.79
	E4421DB ROADS*	0.54
Riverside Dog Park	R4421 00100*	3.80
Wortman Park	R4416AD00100	21.66
COMMUNITY PARKS TOTAL		175.47

*Notes partial taxlot

MINI-PARKS/PLAYLOTS		ACRES
Bend-o-River	R4422CD 00128	0.33
Chegwyn Farms Park	R4409CD 00100*	3.94
Greenbriar	R4417BC 00100	0.23
Heather Hollow	R4429BC 00100	3.22
Jay Pearson Park	R4418 00202*	2.94
Kingwood	R4422DD06000	0.58
North Evans	R4416BC03300	0.34
Taylor	R4420DC04900	0.31
Thompson	R4428BA04300	2.28
Village Mill		0.49
	R4428BA00111	0.22
	R4428BA00105	0.27
West Hills Park	R452400803	7.77
MINI-PARKS/PLAYLOTS TOTAL		22.43

*Notes partial taxlot

LINEAR/TRAIL PARKS		ACRES
Airport Park		18.82
	R442600203*	2.74
	R4426 ROADS*	0.62
	R442600500*	1.28
	R442600201*	14.18
Ash Meadows	R4420CC00239	1.29
BPA Pathway		2.84
	R4419AD02100	0.98
	R4419AC00200	0.08
	R4419AC00101	0.30
	R441901200*	0.32
	R4419AA11700	0.35
	R4419AA11800	0.45
	R4418DC04100	0.36
BPA II Pathway		4.23
	R4418DC00100	0.83
	R4418DC04400	0.14
	R4418DC07100	0.32
	R4418DC06600	0.32
	R4418DB12200	0.66
	R4418DB12000	1.04
	R441800202*	0.63
	R4418AD10800	0.29
Goucher St. Pathway		1.95
	R4420CC ROADS*	1.01
	R4420CC NONTL	0.02
	R4420CB ROADS*	0.92
James Addition		1.54
	R4420CC00124	1.27
	R4419DD00390	0.27
Jandina	R4419DD02790	2.25
Jandina III		2.78
	R4419DA13200	1.99
	R4419DA13300	0.79
Roma Sitton	R4418AD10900	1.69
Tice Rotary		33.82
	R441700101	32.82
	R441700100	1.00
Westvale	R4419DB02400	3.70
LINEAR/TRAIL PARKS TOTAL		74.91

TOTAL DEVELOPED PARK LANDS	272.81

OPEN SPACE/UNDEVELOPED		ACRES
Angella	R4428BD02100	2.21
Ashwood/Derby	R4420DB02401	0.29
Barber Property	R442901201	11.76
Bennett	R4416AA05800	0.19
Brookview	R4420BA00500	0.72
Carlson	R4420DB00300	1.53
Creekside Cozine	R4430DD00200	3.69
Creekside #3 Cozine	R4430DC03500	15.31
Crestwood		2.08
	R4420BA00300	1.10
	R4420BA00301	0.60
	R4420BA ROADS*	0.38
Davis St. Fill		1.57
	R4421CC00900	0.91
	R4421CC02601	0.66

*Notes partial taxlot

OPEN SPACE/UNDEVELOPED		ACRES
Elmwood		3.07
	R4420DB00200	1.79
	R4420DA04300	1.28
Fir Ridge	R4420AC02600	0.69
Irvine St.		6.68
	R4421CA03200	4.00
	R4421CA03901	0.66
	R4421CA03401	1.63
	R4421CA ROADS*	0.39
Jay Pearson-East	R4418 00202*	1.16
Meadowridge	R4420BA00409	0.69
Quarry	R4419AD00700	11.54
Tall Oaks		12.58
	R442903200	9.60
	R4429BA14190	1.55
	R442900108	1.43

TOTAL UNDEVELOPED PARK LANDS	75.76
TOTAL PARK LANDS	348.57

McMinnville
School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: (503) 565-4000 Fax: (503) 565-4030

MEMO

DATE: November 14, 2019
TO: City of McMinnville Public Lands Work Group
From: Susan Escure, McMinnville School District Finance Director
Subject: Land Needs Assessment - Public Schools

Introduction

Currently the District does not have an adopted plan for school facility needs for the periods going out the 50 years needed by the urbanization study. The District is in the process of updating our Long-Range Facilities Plan which will not be formally adopted until next year. In 2017, The District contracted with Flo Analytics to prepare a 5 year and 10 year enrollment forecast with a more in depth study of enrollment within our elementary boundaries. This study provided information for our most recent boundary changes adopted for the 2019-20 school year. The following land needs assessment is based upon a combination of the demographer report, our internal enrollment projections and decisions made as part of our 2016 capital bond project.

Flo Analytics Enrollment Forecast

Our demographer's forecast was limited to 10 years. However, it did take into account planned developments within the District. The District is projected to capture 84.4% of the District population of all school-age children. Overall average student yield factors applied to new housing development are 0.45 students/Single Family Unit and 0.20 students per Multi-family Unit. The following is a summary of their 5-year and 10-year forecast:

October 1	2017	2022	2027
Elementary	3,047	2,969	3,103
Middle School	1,541	1,587	1,550
High School	2,176	2,347	2,159
Total	**6,764**	**6,902**	**6,813**
% increase over 2017		2.0%	.7%

Internal Projections

The District uses a 3 year or 8 year average cohort survival rate to forecast increases in enrollment for grades 1-12. The increase in these grades are due to in-migration and enrollment of students from private schools and home school as they age. This cohort survival rate across all grades = 2% increase in enrollment annually. Kindergarten enrollment is based on a historic average capture rate of 40% of the county births five years prior. For 2025 and after, the kindergarten enrollment increase is projected at 1%. Student enrollment counts are attendance-based not residence-based. Enrollment includes intra-district transfers from neighboring districts. Additionally, the enrollment projection includes attendance of all District students, not just those located within the City of McMinnville.

October 1 Enrollment Projection	2017	2019	2021	2041	2067
Elementary	3,047	2,885	2,883	3,281	4,252
Middle School	1,541	1,686	1,596	1,650	2,138
High School	2,176	2,130	2,251	2,263	2,934
Total	**6,764**	**6,701**	**6,730**	**7,194**	**9,324**
(Decrease) Increase over 2017		(63)	(34)	430	2,560
% (decrease) increase over 2017		(0.9%)	(0.5%)	6.4%	37.8%
Average Annual Growth Rate		(0.5%)	(0.1%)	0.3%	0.8%

Capacity

The following capacity estimates are based on current class size and programs. If future funding allows the District to substantially decrease class size or increase programs, these capacities would be less. Additionally, classroom modulars are used at some school sites and they are included in the calculation of our current capacity. The District foresees the need to add on to the current school sites to increase classroom space for additional programs and replacement of classroom modular before adding schools for enrollment growth, especially at the elementary level.

Property held for future school sites:

Hill Road & Cottonwood Drive	11 acres	Future Elementary Site
McDonald Lane, next to Grandhaven	26 acres	Future Middle School Site
Hill Road property	42 acres	Future High School Site

Elementary School Capacity

Elementary schools are configured for grades K through 5 with a capacity of 600 each. Currently there are six elementary schools which totals a maximum capacity of 3,600. For purposes of this land needs assessment, we are assuming a per school capacity ranging from 550 to 600 to account for pre-school and/or additional program needs.

Elementary school sites are on average 10 to 12 acres. The District currently holds property at Cottonwood and Hill Road for a future elementary site. The District would need to purchase one more 8-10 acre site by end of 2067 according to this projection.

Middle School Capacity

We currently have two middles schools with a maximum capacity of 900 each configured for grades 6-8 for a total capacity of 1,800. There is a wave of larger cohort classes in middle school currently, however, future cohorts entering middle school are expected to decrease and remain lower until 2041 – 2067.

The desired middle school is approximately 20 acres. The District currently holds 26 acres on McDonald Lane adjacent to Grandhaven Elementary for a future middle school site. No additional acreage is needed for a middle school site before 2067.

High School Capacity

Our current high school configuration after the 2019 Addition has a maximum capacity of 2,800 students. Approximately 160 students are served off site at the alternative program at Cook School and the online program at Adams Campus Based on this projection, the high school would not reach maximum capacity until 2060-65.

In 2015, the Long Range Facilities Task Force recommended to the School Board to continue the High School Master Plan proposed in 2006 to the voters which included a plan to rebuild the high school at the current site over three phases. The first phase was completed in 2010, the second phase was just completed in 2019 with the addition of a Career Technical Center. Although many constituents desire two small high school versus one large high school, current school funding does not cover the cost of operating two high schools. (Operating costs include costs such as: utilities, maintenance, administration and support staff). The high school enrollment would need to grow to almost 3,000 in order for the District to afford the operation costs of two comprehensive high schools (1,500 each).

During this planning period, the committee also looked at building a new high school at the Hill Road location and repurposing the current high school property. The committee decided against this for several reasons: 1) the District would need to ask voters for a significant increase over the current school capital bond rate, 2) the Hill Road site is only large enough for a high school of 2,300-2,500, which could be outgrown before the District could afford a second high school, and 3) the Committee felt that the District should continue with the plan that the voters had already approved in 2006.

The District currently holds 42 acres on Hill Road as a future high school site. A larger site of closer to 60 acres may be more desirable in order to include additional space for career technical programs. In addition, satellite sites may be needed for increased professional technical classes such as home construction or HVAC certification.

Summary

Based on our enrollment projections as described, the District projects the need for the following additional school buildings during the periods 2021-41 and 2041-2067.

Number of Schools	Current	2021-2041	2041-2067
Elementary & Early Learning Center	6	+1	+ 2
Middle School	2	0	+ 1
High School	1	0	+ 1
Total	**9**	**+1**	**+ 4**

After taking into account current property held for future use, the District projects the following land needs:

- **An additional site of 10 – 12 acres for an Elementary School.**
- **A larger 60 acre high school site for a second high school.**
- **An additional 8-10 acre site for an Early Learning Center.**

ATTACHMENT 2

Memo

Date: October 28, 2019

To: Public/Semi-Public Lands Work Group

From: Mark Davis

Subject: Park Land Needs

McMinnville is in the process of projecting its future land needs. These plans must have an adequate factual basis. The projections must be supported by evidence that establishes some likelihood that the projections will be realized and that the plans will be implemented.

At the last meeting I raised objections to the proposed addition of 392 acres of land for City parks over the next 20 years because there was no plan for funding or implementation. The acreage calculation is based on a recommendation in the outdated Parks Plan that the City should have 14 acres of parks per thousand residents, a number we failed to reach by 1999, so in addition to building parks for new residents we were supposed to have built additional parks over the last 20 years to erase this deficit. Due to the chaotic nature of the discussion that followed my comments and the fact that not all members of the Work Group were present, I would like to clarify the points I was trying to make at that time.

The Parks Plan: The McMinnville Parks, Recreation and Open Space Master Plan (commonly referred to as the Parks Plan) was adopted in 1999. It explicitly covered a 20-year period that ended in 2019 and therefore cannot be relied upon to justify land needs through either 2041 or 2067. At the public gathering that preceded its adoption, where citizens were asked to brainstorm their ideas for the Parks Plan and put dots next to the ones they liked, several persons asked, "How is this going to be paid for?" We were repeatedly told that we did not need to worry about cost because the City Council had the job of figuring out how to pay for it. As a result the so-called "plan" reads more like a "wish list." It carried an estimated price tag in 1999 dollars of over $52 million. The actual park funding over the past 20 years came from a $9 million bond measure and a relatively small amount of SDC dollars.

What Got Built: Since 1999, the city added only about 50 acres of parks.[1] About 10,000 persons were added to the City's population in the last 20 years. Per the Parks Plan 14 acres per

[1] The 1999 Plan showed 273.66 acres of existing parks in Tables A-1 and A-2. The total acreage today as shown on the staff memo dated 10/10/19 is 348.57 acres, suggesting that we added about 75 acres in parks. However, it appears that some corrections were made to the 1999 data, as City Park then was 13 acres but today is shown as 16.79 acres, and Joe Dancer Park was formerly 85.38 acres but now counts as 107.62 acres. Correcting for these changes implies about 50 acres were added, and when we look at what was actually developed (Discovery Meadows, Riverside Dog Park, Chegwyn Farms, Heather Hollow, Jay Pearson, Thompson and West Hills), those new parks total about 45 acres, suggesting 50 acres is about right.

thousand standard, we should have added 140 acres of parks. We achieved only about one-third of the goal, to say nothing of making up the deficit because we were far under the 14 acres/1000 for the existing residents and were proposing to make up that deficit also. So, when we look at the 392 acres proposed this time, only about 180 acres is for the projected population increase. The balance is to make up a purported deficit that grows every year. Based on the evidence of what actually happened in the past 20 years, there is no reasonable basis to expect that the additional 392 acres the city proposes to urbanize will actually develop as parks over the planning period.

How the Schools Fit In: Table A-3 in the Parks Plan is a Facility Inventory: School Facilities. The Plan repeatedly calls for creating joint use agreements with the School District to share lands, thus reducing the need for the City to develop more park land. The School District representative at our meeting acknowledged that they do not lock their facilities and accept public use of the school grounds when school activities are not ongoing. This is not a complete solution to the clear need for more park land, but even without a formal joint use agreement (a high priority 20 years ago that never got done) it is obvious that some portion of school grounds will be used for park-type activities, much like it has for the past 50 years. This needs to be accounted for in the city's projection.

The Comp Plan Policies: All three of the Comprehensive Plan Policies cited in the 10/10/19 staff memo regarding the need for park land were adopted after I made similar objections to the unrealistic park land projections in the last UGB expansion attempt. At this point declaring a Parks Plan that has expired and was not implemented as the basis for an even bigger ask for park land makes no logical sense. Further, policy 163.05 excluding waterways that may flood from any community or neighborhood park would preclude including a creek in the park like we now have at City Park and Wortman Park. Is it really good park planning policy to keep all water features out of our bigger parks? Sure, we don't want our bathrooms and permanent park facilities to get flooded, but having a mixture of natural features surely makes a park more inviting.

Financial Reality: At present the City is considering building a new combined Aquatic/Community Center at a price tag that could exceed $50 million based on a recent consultant's report to the City Council. The reason the Council is considering the new facility is that making repairs to the existing pool and community center buildings cost almost as much as a new facility. So, regardless of how this process works out over the next few years, the Parks and Recreation Department is looking at tens of millions of expenditures on facilities. Looking at the estimates in the Parks Plan and adjusting them for current costs suggests that adding 392 acres of parks is going to cost over $100 million.

McMinnville voters are responsive to reasonable requests for public facilities and voted for a 20-year, $9 million parks bond that has financed most of the improvements in park lands we have seen since 2000. Based on the Council conversation it appears that when the parks bond expires

in 2021 the City will be considering using that bonding capacity for the new Aquatic/Community Center. If so, where is the money going to come from to develop 392 acres of parks, to say nothing of paying for the ongoing maintenance of that much land?

City Responsibility: This park land figure is the one area in the upcoming UGB expansion proposal that the City actually controls. We can make our best estimate of how many housing units, commercial buildings and industrial sites we need over 20 years, but there is no way to know how the private sector will respond. On parks the people finally approving the UGB expansion (i.e. the City Council) are also the body that will authorize the development of all City parks, presumably after getting public approval of a bond measure. Our history with the expired Parks Plan does not suggest that passing the buck to the future will result in the parks getting built. We need a realistic plan for funding also.

Conclusion: I am not opposed to adding lands for parks. I support that goal. However, it takes more than simply increasing the number of acres of land inside the UGB or pointing to an aspirational standard. It takes a real plan that describes the types of parks to be built including their cost and the sources of funding to get that many acres of park land developed. I do oppose an unrealistic increase in overall land need based on a purely aspirational projection of park land that lacks any historical evidence.

I also want to make clear that my statements are not a criticism of Susan Muir, Jay Pearson or any of the hardworking park staff members. I am confident that were the financial resources made available to develop more parks that our Parks and Recreation Department would eagerly expand our inventory of parks.

DRAFT







McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

JUNE 2020

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, the earliest date by which the City would have a program in place to meet the identified needs.

This evaluation process requires several technical studies. These include:

- a housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and
- an assessment of public and institutional land needs (e.g., parks, schools, etc).

These analyses allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021-2041. The purpose of the Urbanization Report is to (1) evaluate growth forecasts; (2) inventory how much buildable land the City has; (3) identify housing needs; (4) identify economic development strategies; and (5) determine how much land the City will need to accommodate growth between 2021-2041.

McMinnville is growing. The official population forecast projects that McMinnville will grow at 1.36% annually adding 11,260 new residents during the 2021-2041 period. This translates into a need for 4,657 new housing units.

New Population
11,260

New Employment
6,885

New Housing Units
4,657

McMinnville's has a serious deficit of housing on both sides of the affordability spectrum — low income and high income, which suggests a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem — possibly growing in the future if incomes continue to grow at a slower rate than housing costs.

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 3,053 dwelling units, which means the City has an approximate deficit of about 576 gross residential acres through 2041. To accommodate employment growth McMinnville will need about 741 gross acres for employment for the 2021 to 2041 period (384 industrial acres and 357 commercial acres). Finally, McMinnville will need an additional 473 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing through 2041. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment through 2041.

	SURPLUS (DEFICIT)	
LAND USE TYPE	IN 2041	IN 2067
Residential	(576)	(1,481)
Public or Institutional	(473)	(780)
Industrial	(70)	(70)
Commercial	(280)	(494)
Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

INTRODUCTION

The City of McMinnville is in the process of analyzing whether it has enough land to accommodate future growth. McMinnville last reviewed its Urban Growth Boundary (UGB) in 2007-08. The UGB is the line that determines the outer extent of urban growth in McMinnville. McMinnville is growing — between 2000 and 2019 the city grew by 28% adding 7,431 new residents. Growth is forecast to continue — McMinnville is projected to grow to 47,498 in 2041— a 29% increase over the 2019 population.

This report is the culmination of several years of work. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

- **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimated of new housing units needed to accommodate forecast population growth.
- **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.
- **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.
- **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs.

This report is organized by the following sections:

- **Buildable Lands Inventory**
- **Housing Needs Analysis**
- **Economic Opportunities Analysis**
- **Public and Institutional Land Needs**

Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land.

Residential Buildable Land

McMinnville has 643 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (344 acres) is county-zoned land, which is not available for urban densities until they annex. In addition, some of McMinnville's buildable land (133 acres) is in Water Zone 2, most of which is not likely to be served with water for 10 years (about 2030).

MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2019

643 total acres 1 square represents 12 acres

344 acres, County Zoning
138 acres, R-1 Zoning
132 acres, R-2 Zoning
6 acres, R-3 Zoning
18 acres, R-4 Zoning
5 acres, C-3 Zoning*
0 acres, O-R Zoning

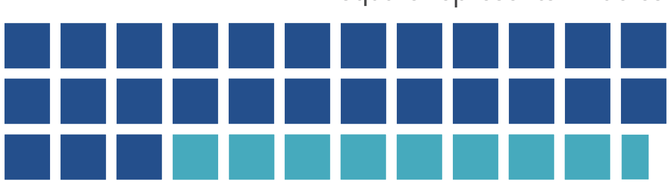
*C-3 buildable acres are assigned to employment uses

Commercial and Industrial Buildable Land

McMinnville has 421 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 324 acres of McMinnville's vacant land is in industrial designations and about 97 vacant acres is in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2019

421 total acres 1 square represents 12 acres



324 acres, Industrial **97 acres,** Commercial

Definitions

Buildable Land:

Unconstrained vacant and partially-vacant land designated for residential, commercial, or industrial development.

Vacant Land:

Unconstrained suitable land designated for residential, commercial, or industrial development.

Partially Vacant Land:

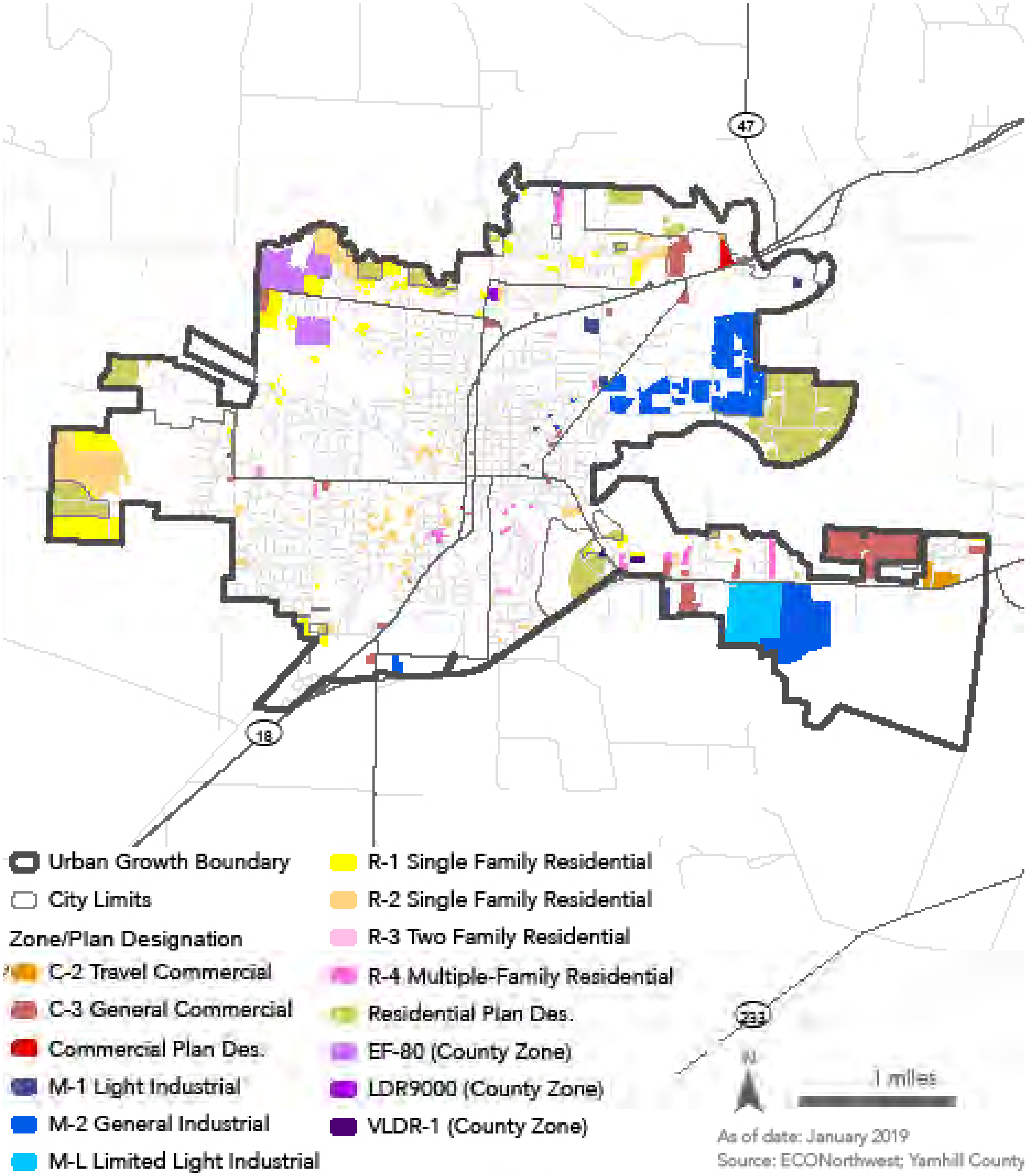
Unconstrained suitable land with enough land to could support additional residential, commercial, or industrial development under the existing zoning standards.

Constrained land:

Land that is not available for development based upon one or more factors such as environmental protections, such as flood plain or wetlands.

McMinnville Buildable Lands Inventory

Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)



Housing Needs Analysis

McMinnville is in the process of updating its Housing Element of its Comprehensive Plan and zoning code. McMinnville has changed substantially over the last three decades. The community welcomed nearly 7,431 new residents from 2000 to 2019 and continues to be a growing city. In 2019, McMinnville had a population of 33,930 people. While the community makes up about one-third of Yamhill County's total population, McMinnville has grown at a much faster rate than the County.

As the region (including McMinnville) continues to grow, housing affordability is becoming a growing concern to residents. Some people in the community are finding it difficult to access housing that is affordable and also meets their family's needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes and reevaluate the City's development policies. The City needs to look at what types of housing (single family homes, townhomes, apartments, etc.) to encourage in different areas of town. The City also needs to evaluate whether its existing development policies, like the zoning code, provide opportunity for development of a range of housing types that are affordable to people who live and want to live in McMinnville.

The Housing Needs Analysis provides information about the factors that may affect residential development in McMinnville over the next 5, 10, 20, and 46 years, including housing market changes, demographics, and other factors. The Housing Needs Analysis (HNA) provides a factual basis for an evaluation and revision to the Housing Element in McMinnville's Comprehensive Plan, to ensure that McMinnville meets the essential requirements of statewide planning Goal 10: to provide opportunities for development of housing that meets the needs of households of all income levels and to ensure the city has a 20-year supply of buildable residential land.

McMinnville is growing

The community welcomed nearly 7,431 new residents between 2000 and 2019.

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.
- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

As McMinnville grows, the City needs to take stock of how much land is available to accommodate new homes.

City and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Strategy. The PAC met seven times between July 2018 and June 2019. Other public outreach included an open house and a stakeholder focus group.

McMinnville's Population and Households

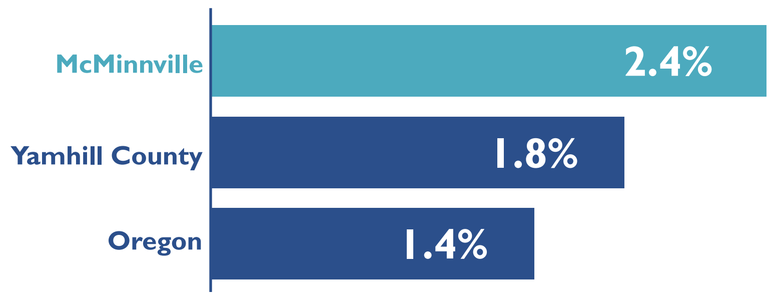
Population and housing characteristics are useful for better understanding McMinnville and McMinnville's residents. Population growth, age of residents, household size and composition, and tenure status (homeowners and renters) provide useful context about how the characteristics of McMinnville's households compare to Yamhill County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.

McMinnville's population has historically grown faster than both the county and state.

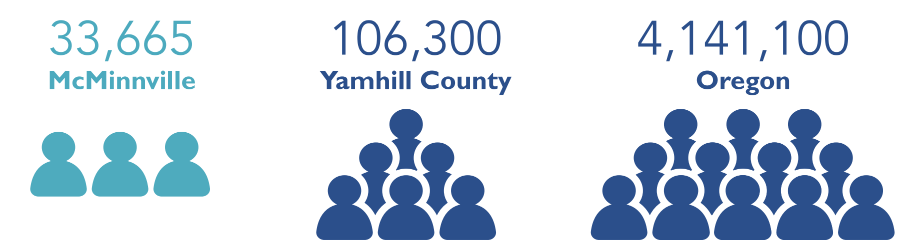
AVERAGE POPULATION GROWTH PER YEAR, 1990-2017

Source: Portland State University, Population Research Center



POPULATION, 2017

Source: Portland State University, Population Research Center

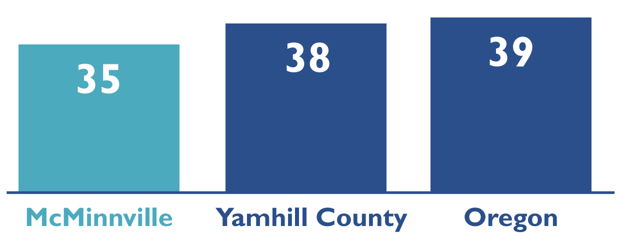


McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.

MEDIAN AGE, 2016

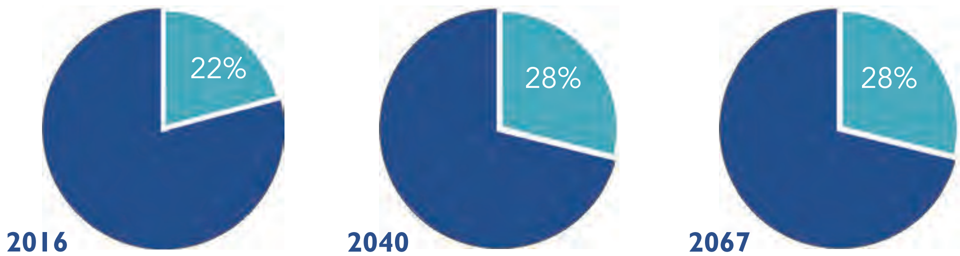
Source: Portland State University, Population Research Center



MCMINNVILLE'S POPULATION AND HOUSEHOLDS

POPULATION AGED 60 AND OLDER, MCMINNVILLE, 2016, 2040, & 2067

Source: Portland State University, Population Research Center

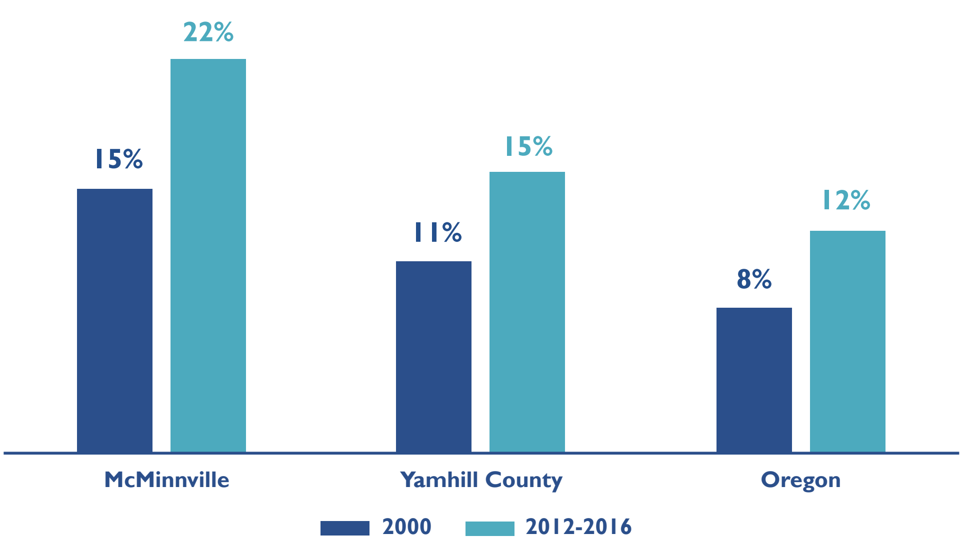


Population over 60 years of age is expected to increase.

McMinnville's share of the population over 60 years of age is expected to increase over the next 20 years.

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

PERCENT OF POPULATION THAT IS HISPANIC OR LATINO, 2000 & 2016



McMinnville is ethnically diverse.

McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

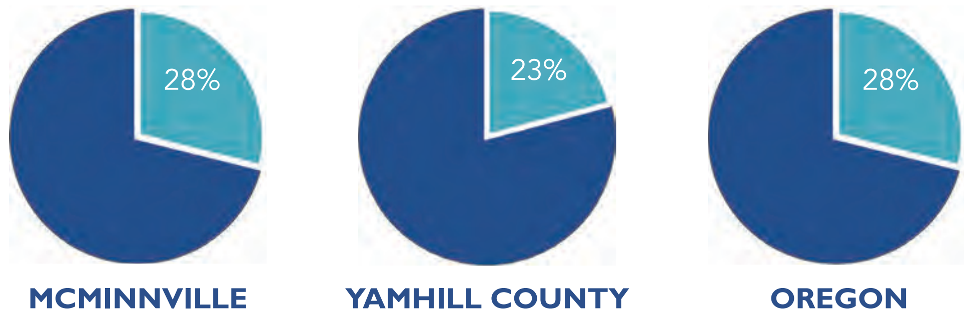
DRAFT

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

From 2000 to 2017, McMinnville's share of one-person households grew from 24% of all households to 28%.

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

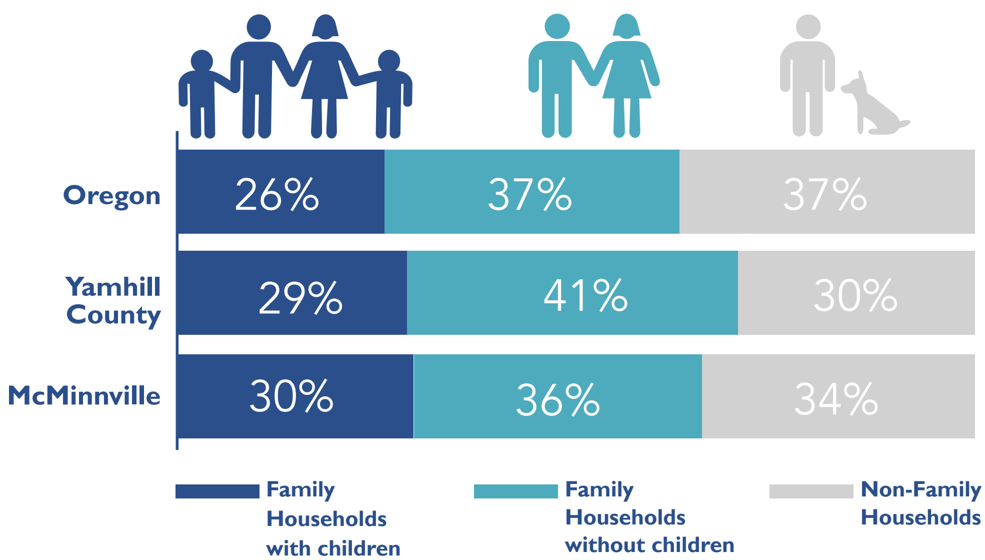


About a third of McMinnville's households were non-family.

McMinnville had a larger share of non-family households than Yamhill County and a smaller share of non-family households than Oregon.

HOUSEHOLD COMPOSITION, 2017

A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



McMinnville's Housing Market

Analysis of historical development trends in McMinnville provides insights into how the local housing market functions in the context of Yamhill County. This report groups housing into the three housing types shown below.

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

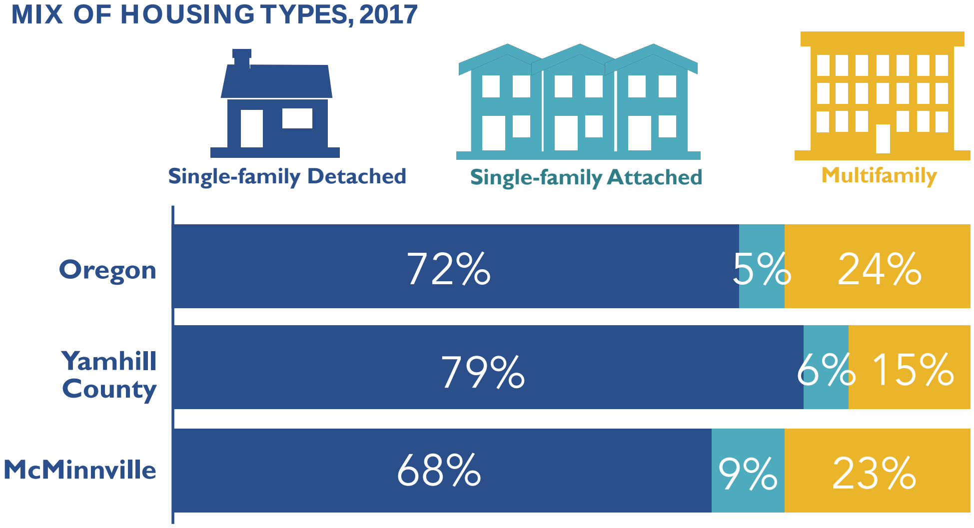
MULTIFAMILY
(duplexes, tri- and quad-plexes, buildings with 5+ units)

Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

Most of McMinnville's housing stock, including housing built since 2000 was single-family detached housing.

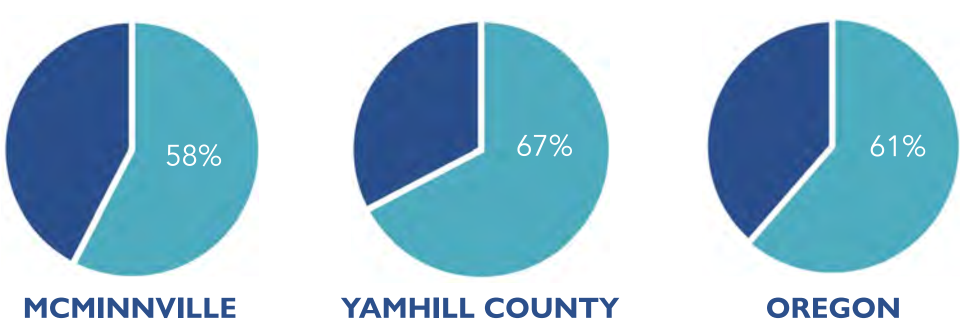
Limited housing diversity limits opportunities for rental housing and limits the variety of housing available for ownership.

MIX OF HOUSING TYPES, 2017



Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016



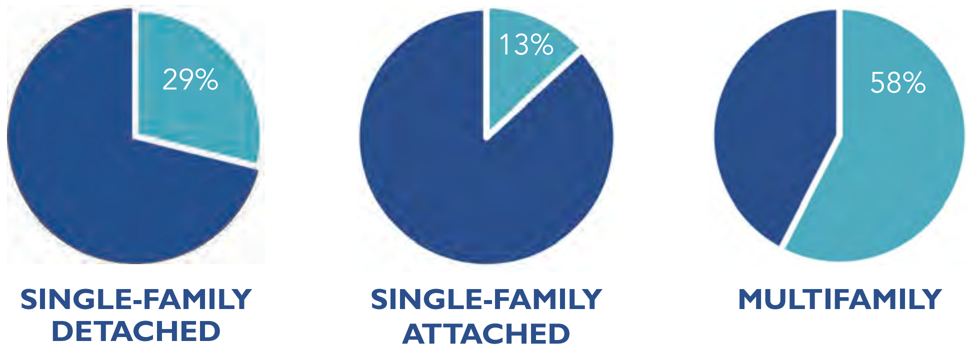
A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

A majority of renters in McMinnville live in multifamily housing.

McMinnville has a larger share of renters than both the county and state.

PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

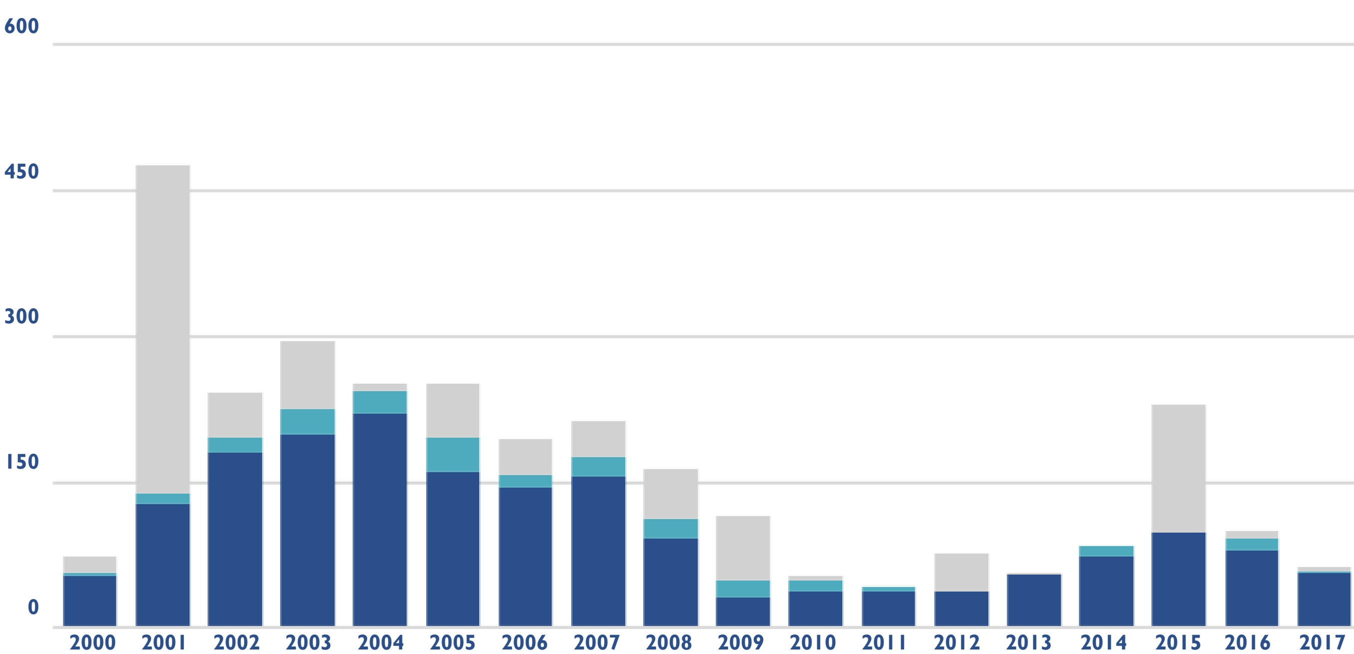


McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database

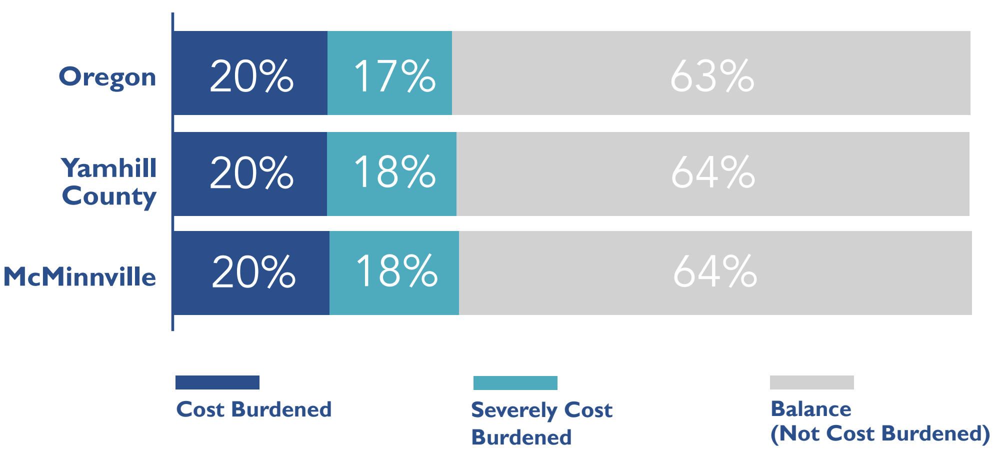


Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in McMinnville include:

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.
- The City is planning for housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, 2016



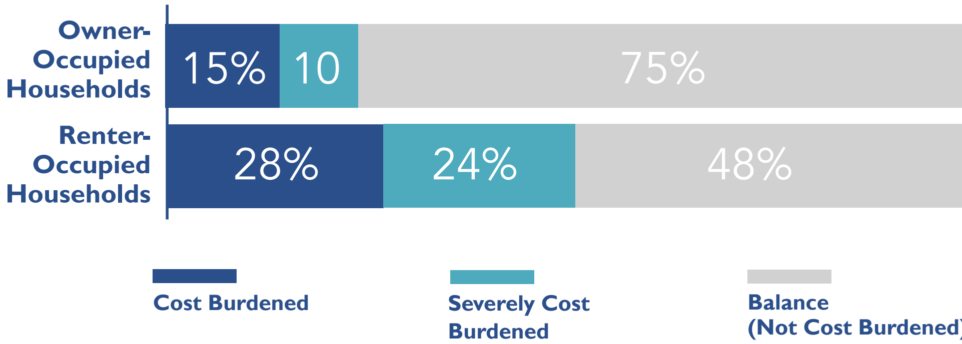
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

Consistent with the region, over a third of McMinnville's households are paying more than they can afford for housing.

Renters are much more likely to be cost burdened than homeowners in McMinnville.

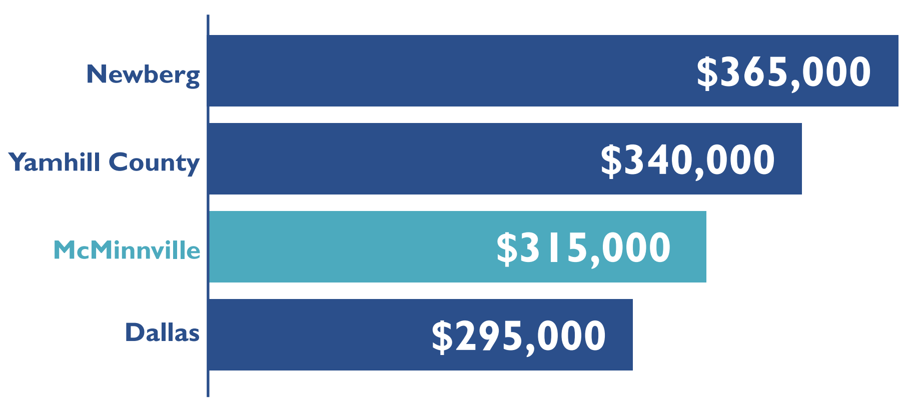
PERCENT OF MCMINNVILLE'S HOUSEHOLDS THAT ARE COST BURDENED OR SEVERELY COST BURDENED, BY OWNERSHIP STATUS, 2016



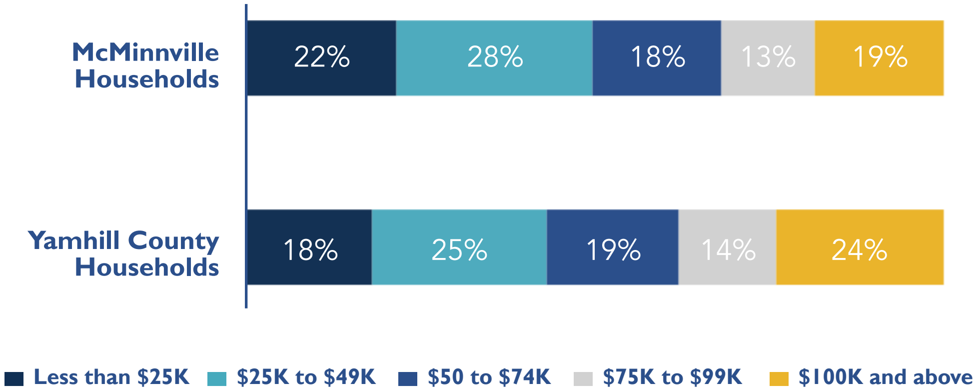
MEDIAN MONTHLY RENTS, 2016

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSEHOLD INCOME DISTRIBUTION, 2016



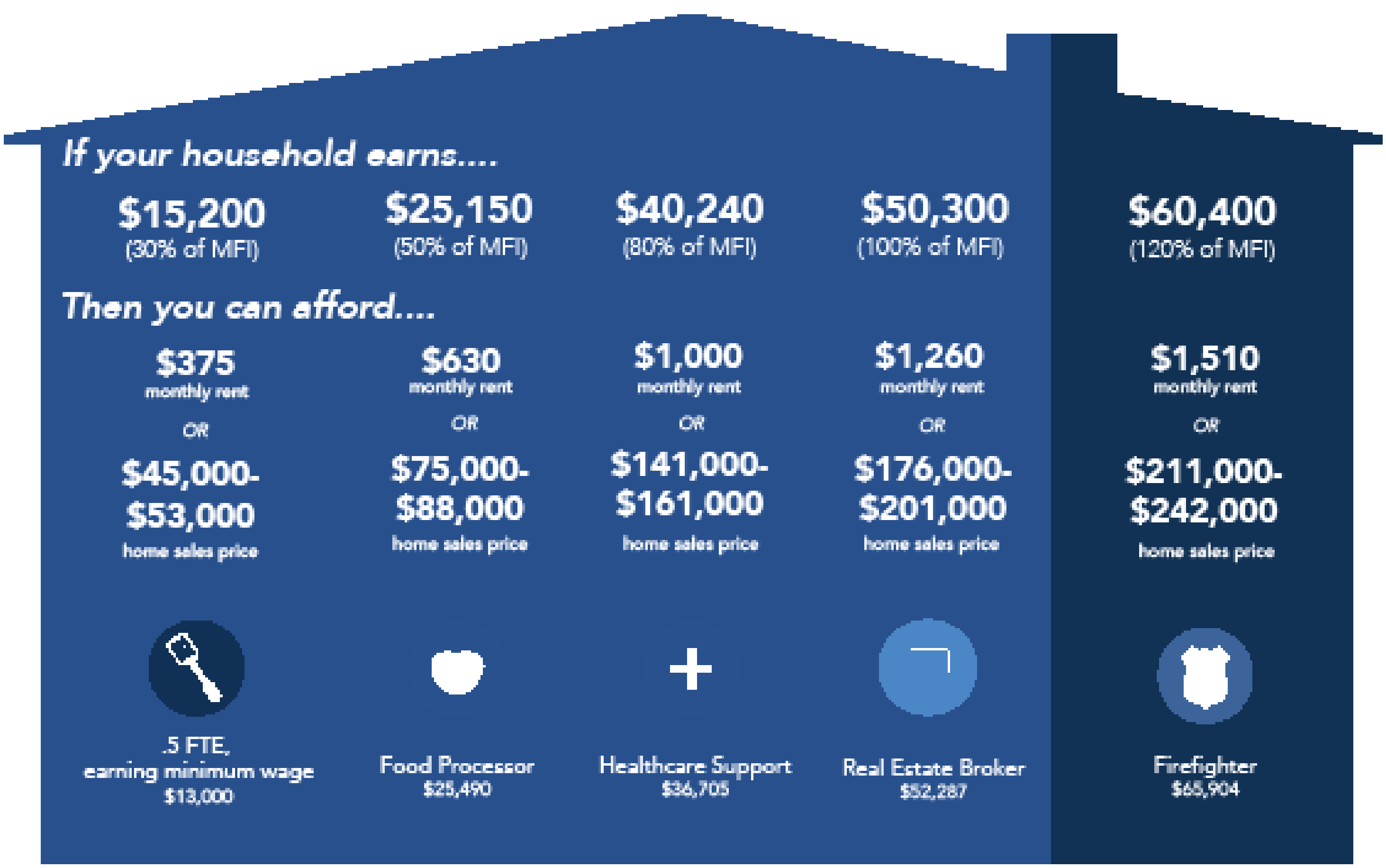
Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

Another way to evaluate housing affordability is to consider housing types affordable at different levels of income. The 2017 median household income in McMinnville was $50,300.

A household in McMinnville would need to earn about $90,000 per year to afford a house at the median home sales price of $315,000 in McMinnville. Fewer than 24% of McMinnville's existing households have the income to afford a house at this price.

FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

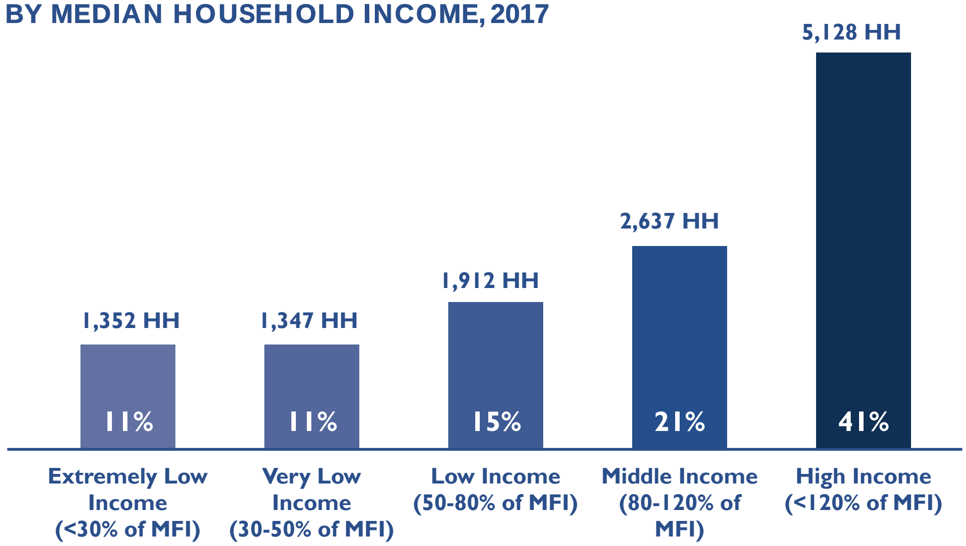
Source: Bureau of Labor Services



HOUSING AFFORDABILITY

About 41% of McMinnville's households are high income, earning $60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about $40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of $1,330.

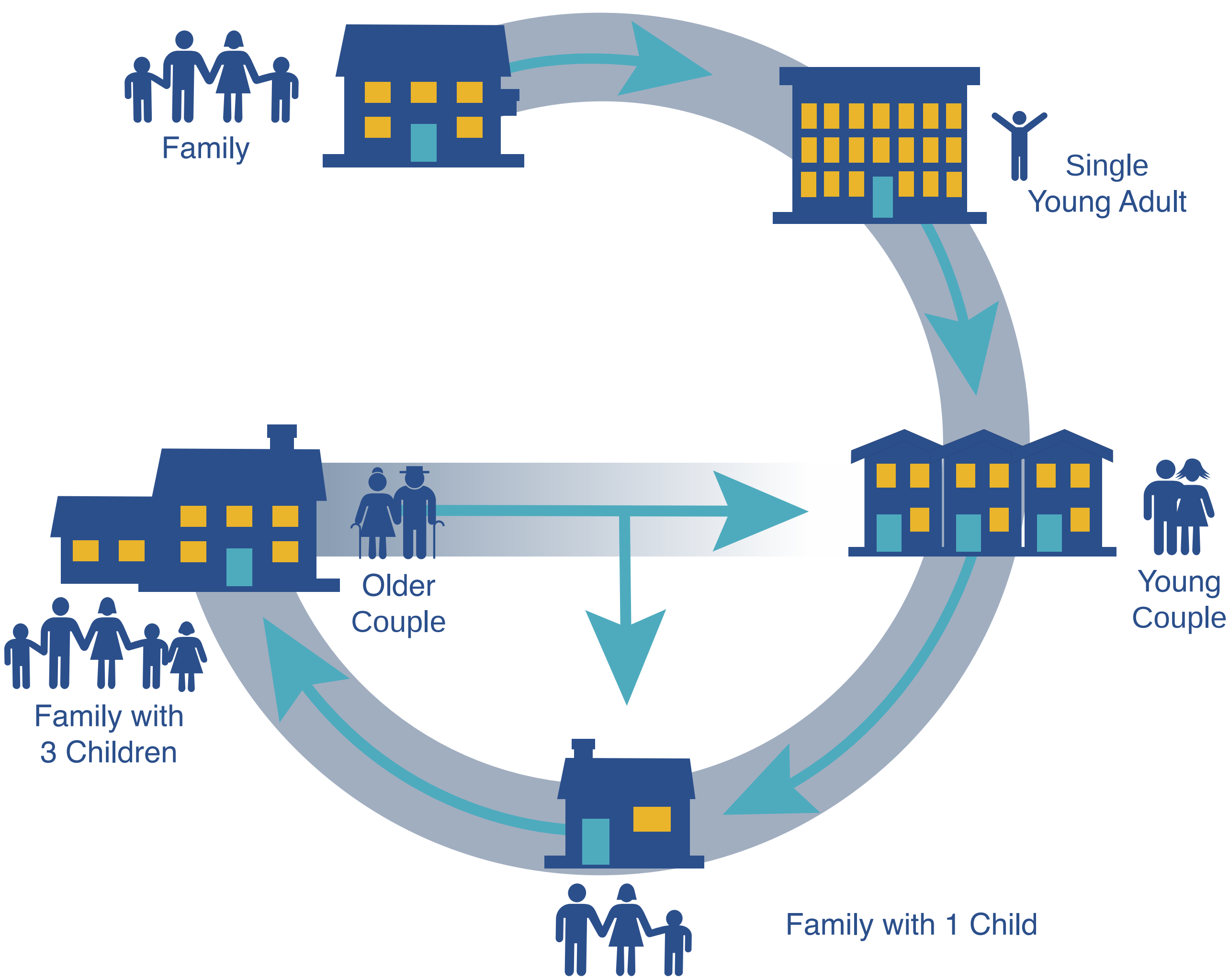
SHARE OF MCMINNVILLE'S HOUSEHOLDS BY MEDIAN HOUSEHOLD INCOME, 2017



Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single- family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.



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FACTORS AFFECTING HOUSING NEED

The linkages between demographics and housing need can be used to predict future housing need in McMinnville. Three demographic trends are particularly important for McMinnville:

- **Aging of Baby Boomer Generation (born 1946 to 1964)**
- **Aging of the Millennial Generation (born early 1980s to early 2000s)**
- **Continued growth of the Latinx population**

Housing Implications for Boomers:

Need for smaller, lower- cost housing near transit and urban amenities such as shopping and health care services.

Aging of the Baby Boomers

Consistent with state and national trends, McMinnville's population is growing older. By 2040, 28% of the population of McMinnville is forecast to be 60 years of age and older, up from 22% in 2016.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes
(more 1 person households)

Homeownership Rates
(especially 75 years old)

Income

Housing Implications for Millennials:

Need for affordable owner and renter housing, especially in walkable neighborhoods. Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

The share of Millennials residing in McMinnville is forecast to stay consistent over the planning period. McMinnville's ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes
(as they form families)

Homeownership Rates

Income

Housing Implications for Latinx Households:

Need for larger, lower-cost renting and ownership opportunities to accommodate larger households with more children and multiple generations.

Continued Growth of the Latinx Population

McMinnville's Latinx population grew by more than 3,400 people (7%) between 2000 and 2016. Nationwide, the Latinx population is predicted to be the fastest growing ethnic group over the next few decades.

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

Homeownership Rates
(Hispanics/Latino households have higher homeownership rates at younger ages)

Continued Lower-Than-Avg. Income

Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way.

Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

2,129 total dwelling units 1 square represents 29 dwelling units

1,038 dwelling units
County Zoning

550 dwelling units
R-2 Zoning

415 dwelling units
R-1 Zoning

104 dwelling units
R-4 Zoning

22 dwelling units
R-3 Zoning

DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE

3.1	4.3	4.8	6.1
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.3	21.9	4.9
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

Number of dwelling units that can be accommodated on buildable land at planned densities.

Housing Density:

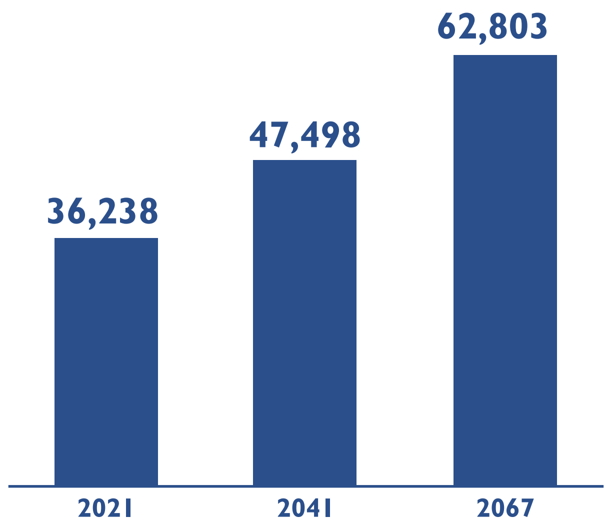
Number of dwelling units in an acre of land, with 43,560 square feet to 1 acre.

McMinnville's population is forecast to grow at 1.4% per year, adding over 11,200 new residents between 2021-2041. McMinnville will add another 15,300 new residents between 2041-2067.

Demand For Residential Land, By Housing Type

McMinnville's population growth will affect the number of new households created and the demand for residential land. McMinnville's forecast for new housing is based on the forecast for population growth within the McMinnville UGB.

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB



Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville's population growth will result in the addition of 4,657 new dwelling units between 2021-2041.

To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

McMinnville will need to accommodate growth for 4,657 new dwelling units over the 20-year period, or 10,986 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

McMinnville needs to plan for a wider variety of housing types than has been produced in the past. These include different types of single-family detached units (e.g. tiny homes, cottages, small-lot single-family, traditional and high amenity), more townhouses, and more types of multifamily housing (e.g. duplexes, triplexes, quadplexes, apartments and condos with 5+ units).

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,561 new dwelling units	559 new dwelling units	1,537 new dwelling units
2021-2067	6,042 new dwelling units	1,318 new dwelling units	3,626 new dwelling units

Comparison of Housing Capacity to Housing Demand

The last step in the Housing Needs Analysis is to compare the capacity of McMinnville's vacant and partially vacant residential land with demand for housing. McMinnville does not have enough land in its residential plan designations to accommodate growth of single-family detached, single-family attached (townhouses), or multifamily housing.

Deficit of Capacity for New Housing

At historic housing densities, McMinnville has capacity for 2,129 dwelling units on existing vacant and partially vacant lands. McMinnville's planning period begins in 2021 and it is forecast that about 563 dwelling units will be developed in McMinnville before the planning period begins. This results in a refined housing capacity estimate of 1,566 dwelling units in McMinnville in 2021.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2041

A deficit of -3,053 dwelling units results in a deficit of:

623 GROSS ACRES
at historic densities
(4.9 units per gross acre)

— OR —

-3,053

576 GROSS ACRES
at needed densities
(5.3 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2067

A deficit of -7,749 dwelling units results in a deficit of:

1,581 GROSS ACRES
at historic densities
(4.9 units per gross acre)

— OR —

-7,749

1,462 GROSS ACRES
at needed densities
(5.3 units per gross acre)

Key Findings and Conclusions

McMinnville's UGB is forecast to grow from 36,238 people in 2021 to 47,498 people in 2041, an increase of 11,260 people. After considering a number of factors, including household size and residential vacancy rates, McMinnville will have demand for about 4,657 new dwelling units over the 20-year planning period (2021 to 2041), and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. From 2018-2041, McMinnville will need to accommodate 5,269 new dwelling units. McMinnville will accommodate 87 needed dwelling units through redevelopment and infill — these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 5,182 needed new dwelling units on vacant or partially vacant buildable residential lands.

In the future, McMinnville will plan for an increased share of single-family attached dwelling units and multifamily units to meet the City's housing needs. Currently, about 68% of McMinnville's housing stock is single-family detached housing, 9% is single-family attached housing, and 23% is multifamily housing. Based on Project Advisory Committee recommendations, McMinnville will plan for a different mix in new housing, which will result in a slight change to McMinnville's aggregate overall mix of existing and new housing. McMinnville will plan for a decrease in share of single-family detached housing (55% of new housing stock) to provide opportunities for more single-family attached housing (12% of new housing) and multifamily housing (33% of new housing).

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.3 dwelling units per gross acre (needed average density) — an 8% increase.

McMinnville's existing deficit of relatively affordable housing on both sides of the affordability spectrum indicates a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem — possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions between 2021 and 2041, about:

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).
- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 3,053 dwelling units, which means the City has an approximate deficit of about 576 gross acres by 2041 based on acheiving the "needed density" of 5.3 du/acre. At the historic density of 4.9 du/acre this deficit would be 623 acres.

The McMinnville Housing Strategy presents a full range of policy and action recommendations from the housing needs analysis. This section summarizes the recommendations from that memorandum.

The overall intention of these policy actions is to ensure that McMinnville is allowing for development of a wide range of housing types that will be affordable to households at all income levels, consistent with the intention of Oregon's Statewide Planning Goal 10. No single policy is sufficient to create an environment where more diverse housing and will be developed in McMinnville.

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area
1.2 Establish a Framework Plan for the URA
1.3 Identify an Expanded UGB per the URA
1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities
1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)
1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas
1.7 Update Goal 7 Hazards Planning & Policies, incl. Landslide Susceptibility
1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.
1.9 Implement Great Neighborhood Principles
1.10 Create a Diverse Housing Zone
1.11 Develop a High-Density Residential Zone
1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone
2.2 Develop a High-Density Residential Zone
2.3 Provide Density Bonuses to Developers
2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards
2.5 Update Infrastructure Plans for Infill Development
2.6 Implement Great Neighborhood Principles
2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill
3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements
3.4 Develop Infrastructure Allocation Policies
3.5 Identify Areas with Underutilized Infrastructure Capacity
3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy
4.2 Evaluate Three Mile Lane for Residential Development
4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards
5.2 Implement Other Code Amendments Prioritized by the PAC.
5.3 Streamline Zoning Code and Other Ordinances
5.4 Implement the Great Neighborhood Principles
5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits
5.6 Evaluate Code for Fair Housing Act Best Practices
5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

Strategy 6. Programs for Affordable Housing (Non-Land Use)

6.1 Pursue Funds for Affordable Housing (City Influence).
6.2 Financial Incentives Supporting Inclusionary Zoning
6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing
6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)
6.5 SDC Financing and Credits
6.6 Parcel assembly
6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)
6.8 Sole Source SDCs
6.9 Grants or Loans
6.10 Vacant Property Tax.
6.11 Fee for Demolition of Affordable Home for Expensive Home.

Strategy 7. Leveraging Partnerships for Housing (Non-Land Use)

7.1 Support Partners Pursuit of Affordable Housing Funds
7.2 Community Land Trust (CLT)
7.3 Affordable Housing Property Tax Abatement
7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

McMinnville's Economic Opportunities Analysis (EOA) provides information to support economic development planning and management of McMinnville's commercial and industrial land. The City last evaluated economic trends in an EOA in 2013. Substantial changes have occurred in the national and regional economy since 2013 that have implications for economic growth in McMinnville, including the recovery from the Great Recession and changes in retail and increased automation. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan which identifies target industries and establishes a detailed action plan to enhance McMinnville's economy.

This report summarizes detailed technical analysis found in the 2020 McMinnville Economic Opportunities Analysis. The purpose of the 2020 EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in the EOA, provides information necessary for updating the City's economic development Comprehensive Plan policies and to evaluate whether McMinnville has an adequate inventory of industrial and other employment sites to accommodate economic and employment growth.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development. These challenges include a lack of appropriate industrial sites to support growth of businesses that require specific characteristics, as well as a significant deficit of land for retail, office, and other commercial uses.

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development.

City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA.

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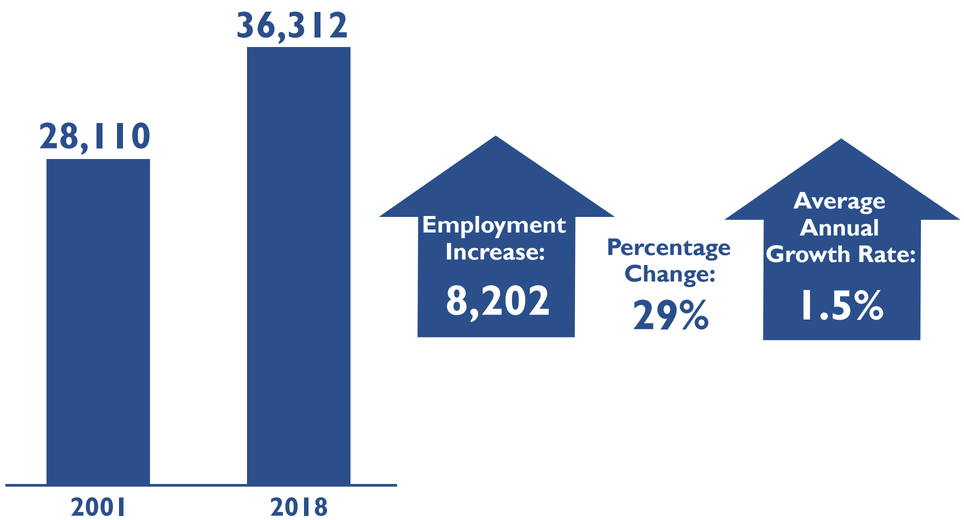
FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

McMinnville's economy and employment will grow as a result of growth in the national and regional economy, as well as factors in Yamhill County and the Willamette Valley. The following are key trends that have implications for economic growth in McMinnville.

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018

Source: U.S. Bureau of Labor Statistics.

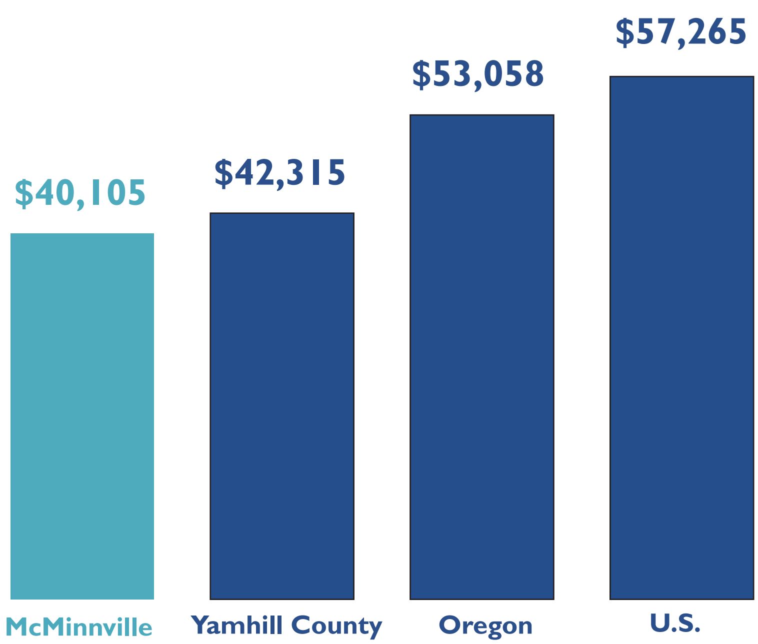


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

Industrial sectors added more than 2,500 jobs, commercial services added almost 5,000 jobs, and retail employment increased by over 570 jobs.

AVERAGE ANNUAL PAY

Oregon Employment Department: Oregon Labor Market Information System, U.S. Bureau of Labor Statistics

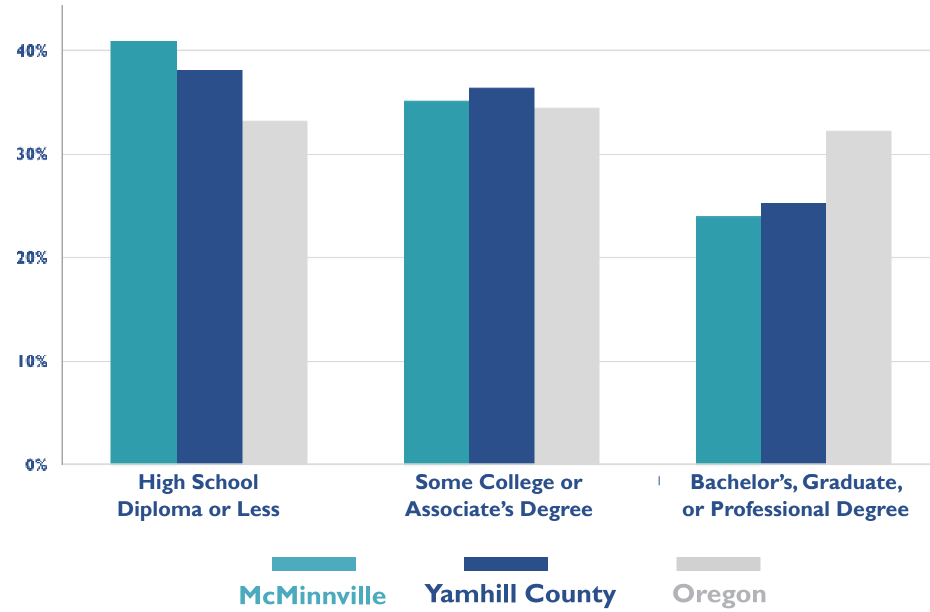


The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

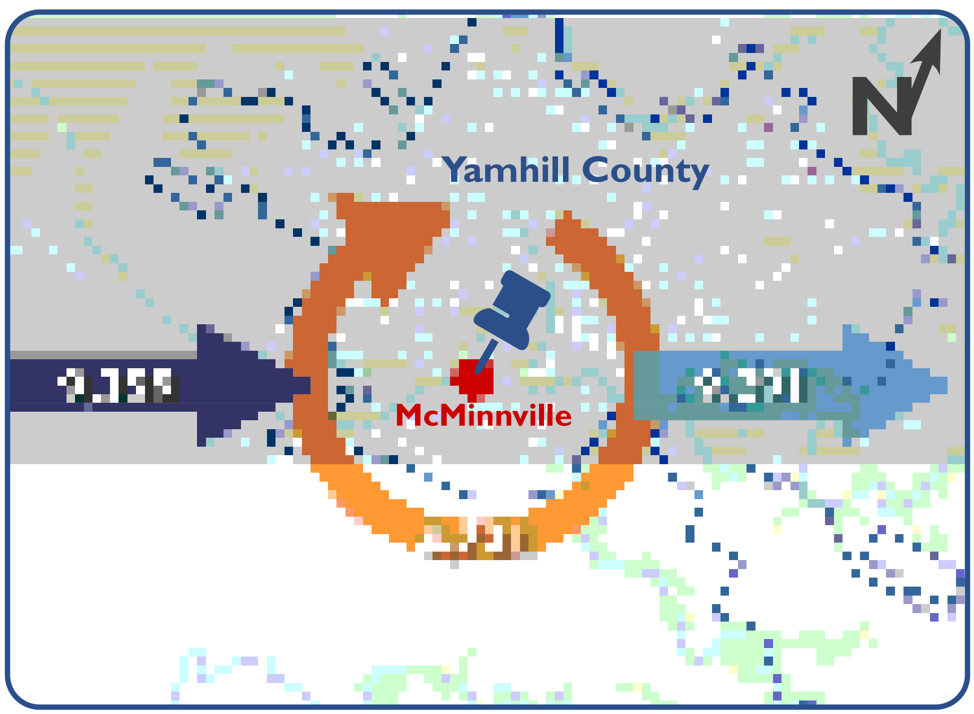
McMinnville has a lower than average percent of population with a Bachelor's Degree (or higher) relative to statewide trends.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017



McMinnville is part of the regional economy of the Mid-Willamette Valley. About 38% of people who work in McMinnville also reside in McMinnville, while other workers commute to McMinnville from other places including Salem, Portland, and Newberg.

COMMUTING PATTERNS IN MCMINNVILLE, 2017



5,721	9,359	9,291
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

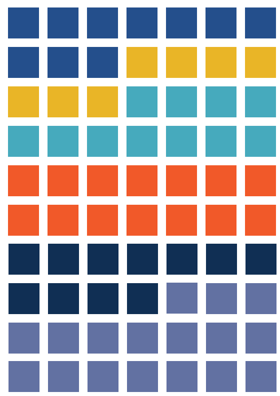
In 2017, McMinnville had about 14,964 covered employees[1] at 1,208 businesses and other employers. McMinnville's average employer size was 12.4 employees per employer. The sectors with the largest concentrations of employees in McMinnville were in the following sectors: Health Care and Social Assistance / Private Education (21%), Manufacturing (15%), Retail Trade (15%), Government (14%), and Accommodation and Food Service (10%).

JOBS BY SECTOR, MCMINNVILLE, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

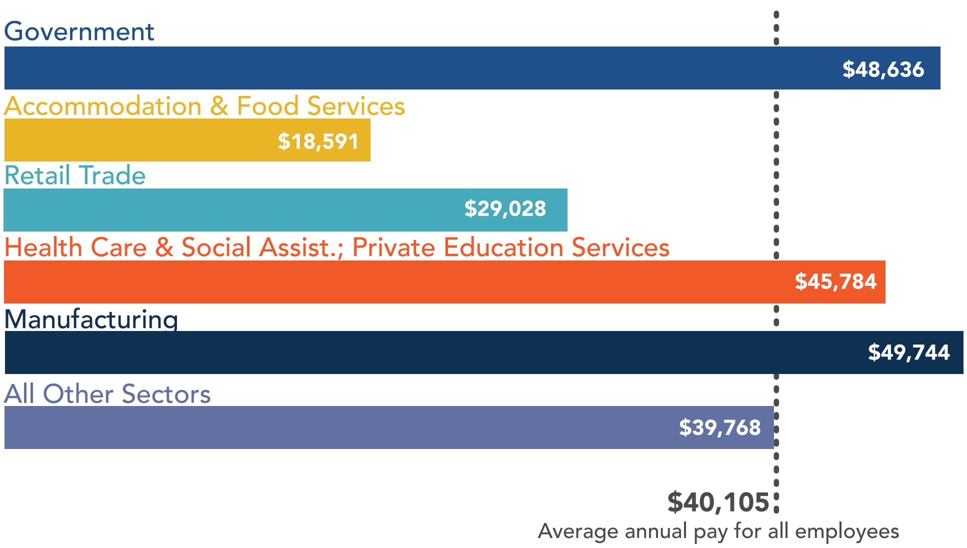
1square represents 500 jobs

Government:	2,082 employees / **14%**
Accommodation & Food Services:	1,503 employees / **10%**
Retail Trade:	2,170 employees / **15%**
Health Care & Social Assist.; Private Education Services:	3,159 employees / **21%**
Manufacturing:	2,277 employees / **15%**
All Other Sectors:	3,773 employees / **25%**



Food and Beverage manufacturing accounts for about one quarter of McMinnville's employment in the manufacturing sector.

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



McMinnville's employment in Healthcare, Social Assistance, and Private Education has the largest share of employment and higher-than-average wages.

[1] Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors.

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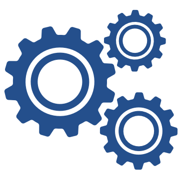
MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

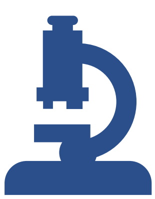
The industries identified as having potential for growth in McMinnville (according to the MAC-Town 2032 Economic Development Strategic Plan) **are:**



Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship



Education, Medicine & Other Sciences

Economic development opportunities in McMinnville will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in McMinnville relative to these conditions in other portions of the Mid-Willamette Valley region form McMinnville's competitive advantage for economic development. McMinnville's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.
- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.
- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.
- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees.
- **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

McMinnville's disadvantages for economic development include:

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the past, City services have been able to match without experiencing major fiscal issues. However, continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.2% per year is now forecast through 2067. Constrained land supply may be restricting growth and the cost of services is increasing faster than increases in assessed values. The EOA shows a deficit of commercial land in McMinnville.

FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 741 acres of land between 2021 and 2041, and demand for 954 acres of land between 2021 and 2067.

McMinnville's employment is forecast to grow at the same rate as its population, 1.36% per year.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

741 total acres

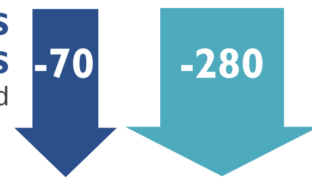
1 square represents 25 acres

384 acres, Industrial **357 acres,** Commercial

DEFICIT OF LAND FOR EMPLOYMENT LAND, MCMINNVILLE UGB, 2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 70 acres of industrial land and about 280 acres of commercial land.

70 GROSS ACRES of industrial land

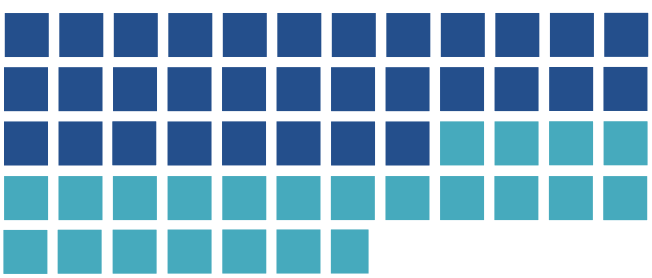


280 GROSS ACRES of commercial land

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

954 total acres

1 square represents 25 acres

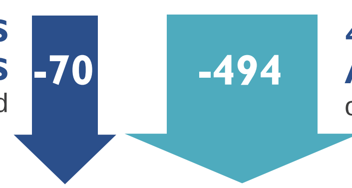


384 acres, Industrial **570 acres,** Commercial

DEFICIT OF LAND FOR EMPLOYMENT LAND, MCMINNVILLE UGB, 2067

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 46 years. The City has a deficit of about 70 acres of industrial land and about 494 acres of commercial land.

70 GROSS ACRES of industrial land



494 GROSS ACRES of commercial land

PUBLIC AND INSTITUTIONAL USES INCLUDE:

- Public Schools
- Private Schools
- Religious Uses
- Parks
- Government
- Semi-Public Services
- Infrastructure

Public and Institutional Land Needs

Certain land uses don't lend themselves to forecasting land needs by use of an employment forecast and employment density assumptions. Statewide Planning Goal 14 (Urbanization) explicitly discusses specific public lands under Land Need Factor 2 (emphasis added): "Demonstrated need for housing, employment opportunities, livability or uses such as **public facilities, streets and roads, schools, parks or open space**, or any combination of the need categories…". The HNA and EOA identify land supply and demand for housing and employment. Cities, however, provide land for other uses that support housing and employment as well as other aspects of community life.

Inventorying public and institutional land needs was the first step in the analysis. The inventory was then converted into the number of acres per 1,000 population. Public and institutional land needs were further informed through consultations with affected city departments, the McMinnville School District, Chemeketa Community College, and Linfield College, and government agencies. The results were discussed at several meetings of a subcommittee of the EOA PAC and reflect the PAC's recommendations.

ESTIMATED PUBLIC AND INSTITUTIONAL LAND NEEDS

	ADDITIONAL LAND NEED (ACRES)		
ORGANIZATION/SECTOR	2019-2021	2021-2041	TOTAL (2019-41)
City of McMinnville			
• Parks	27	365	392
• Power & Light	0	21	21
• Other (non-parks)	0	7	7
Chemeketa Community College	0	0	0
Linfield College	0	0	0
McMinnville School District	0	10	10
Yamhill County	0	6	6
State of Oregon	0	1	1
Federal Government	0	2	2
Churches	6	32	38
Other	0	0	0
Total	**33**	**444**	**477**

ACKNOWLEDGMENTS

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Enrolled
House Bill 2001

Sponsored by Representative KOTEK; Representatives FAHEY, HERNANDEZ, MARSH, MITCHELL, POWER, STARK, WILLIAMS, ZIKA (Presession filed.)

CHAPTER ....

AN ACT

Relating to housing; creating new provisions; amending ORS 197.296, 197.303, 197.312 and 455.610 and section 1, chapter 47, Oregon Laws 2018; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS chapter 197.

SECTION 2. (1) As used in this section:

(a) "Cottage clusters" means groupings of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that include a common courtyard.

(b) "Middle housing" means:

(A) Duplexes;

(B) Triplexes;

(C) Quadplexes;

(D) Cottage clusters; and

(E) Townhouses.

(c) "Townhouses" means a dwelling unit constructed in a row of two or more attached units, where each dwelling unit is located on an individual lot or parcel and shares at least one common wall with an adjacent unit.

(2) Except as provided in subsection (4) of this section, each city with a population of 25,000 or more and each county or city within a metropolitan service district shall allow the development of:

(a) All middle housing types in areas zoned for residential use that allow for the development of detached single-family dwellings; and

(b) A duplex on each lot or parcel zoned for residential use that allows for the development of detached single-family dwellings.

(3) Except as provided in subsection (4) of this section, each city not within a metropolitan service district with a population of more than 10,000 and less than 25,000 shall allow the development of a duplex on each lot or parcel zoned for residential use that allows for the development of detached single-family dwellings. Nothing in this subsection prohibits a local government from allowing middle housing types in addition to duplexes.

(4) This section does not apply to:

(a) Cities with a population of 1,000 or fewer;

(b) Lands not within an urban growth boundary;

(c) Lands that are not incorporated and also lack sufficient urban services, as defined in ORS 195.065;

(d) Lands that are not zoned for residential use, including lands zoned primarily for commercial, industrial, agricultural or public uses; or

(e) Lands that are not incorporated and are zoned under an interim zoning designation that maintains the land's potential for planned urban development.

(5) Local governments may regulate siting and design of middle housing required to be permitted under this section, provided that the regulations do not, individually or cumulatively, discourage the development of all middle housing types permitted in the area through unreasonable costs or delay. Local governments may regulate middle housing to comply with protective measures adopted pursuant to statewide land use planning goals.

(6) This section does not prohibit local governments from permitting:

(a) Single-family dwellings in areas zoned to allow for single-family dwellings; or

(b) Middle housing in areas not required under this section.

SECTION 3. (1) Notwithstanding ORS 197.646, a local government shall adopt land use regulations or amend its comprehensive plan to implement section 2 of this 2019 Act no later than:

(a) June 30, 2021, for each city subject to section 2 (3) of this 2019 Act; or

(b) June 30, 2022, for each local government subject to section 2 (2) of this 2019 Act.

(2) The Land Conservation and Development Commission, with the assistance of the Building Codes Division of the Department of Consumer and Business Services, shall develop a model middle housing ordinance no later than December 31, 2020.

(3) A local government that has not acted within the time provided under subsection (1) of this section shall directly apply the model ordinance developed by the commission under subsection (2) of this section under ORS 197.646 (3) until the local government acts as described in subsection (1) of this section.

(4) In adopting regulations or amending a comprehensive plan under this section, a local government shall consider ways to increase the affordability of middle housing by considering ordinances and policies that include but are not limited to:

(a) Waiving or deferring system development charges;

(b) Adopting or amending criteria for property tax exemptions under ORS 307.515 to 307.523, 307.540 to 307.548 or 307.651 to 307.687 or property tax freezes under ORS 308.450 to 308.481; and

(c) Assessing a construction tax under ORS 320.192 and 320.195.

(5) When a local government makes a legislative decision to amend its comprehensive plan or land use regulations to allow middle housing in areas zoned for residential use that allow for detached single-family dwellings, the local government is not required to consider whether the amendments significantly affect an existing or planned transportation facility.

SECTION 4. (1) Notwithstanding section 3 (1) or (3) of this 2019 Act, the Department of Land Conservation and Development may grant to a local government that is subject to section 2 of this 2019 Act an extension of the time allowed to adopt land use regulations or amend its comprehensive plan under section 3 of this 2019 Act.

(2) An extension under this section may be applied only to specific areas where the local government has identified water, sewer, storm drainage or transportation services that are either significantly deficient or are expected to be significantly deficient before December 31, 2023, and for which the local government has established a plan of actions that will remedy the deficiency in those services that is approved by the department. The extension may not extend beyond the date that the local government intends to correct the deficiency under the plan.

(3) In areas where the extension under this section does not apply, the local government shall apply its own land use regulations consistent with section 3 (1) of this 2019 Act or the model ordinance developed under section 3 (2) of this 2019 Act.

(4) A request for an extension by a local government must be filed with the department no later than:

(a) December 31, 2020, for a city subject to section 2 (3) of this 2019 Act.

(b) June 30, 2021, for a local government subject to section 2 (2) of this 2019 Act.

(5) The department shall grant or deny a request for an extension under this section:

(a) Within 90 days of receipt of a complete request from a city subject to section 2 (3) of this 2019 Act.

(b) Within 120 days of receipt of a complete request from a local government subject to section 2 (2) of this 2019 Act.

(6) The department shall adopt rules regarding the form and substance of a local government's application for an extension under this section. The department may include rules regarding:

(a) Defining the affected areas;

(b) Calculating deficiencies of water, sewer, storm drainage or transportation services;

(c) Service deficiency levels required to qualify for the extension;

(d) The components and timing of a remediation plan necessary to qualify for an extension;

(e) Standards for evaluating applications; and

(f) Establishing deadlines and components for the approval of a plan of action.

SECTION 5. ORS 197.296 is amended to read:

197.296. (1)(a) The provisions of subsections (2) to (9) of this section apply to metropolitan service district regional framework plans and local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of 25,000 or more.

(b) The Land Conservation and Development Commission may establish a set of factors under which additional cities are subject to the provisions of this section. In establishing the set of factors required under this paragraph, the commission shall consider the size of the city, the rate of population growth of the city or the proximity of the city to another city with a population of 25,000 or more or to a metropolitan service district.

(2) At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use, a local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review.

(3) In performing the duties under subsection (2) of this section, a local government shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of **existing and projected** housing need by type and density range, in accordance with **all factors under** ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:

(A) Vacant lands planned or zoned for residential use;

(B) Partially vacant lands planned or zoned for residential use;

(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and

(D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law and rule or federal statute and regulation;

(B) A written long term contract or easement for radio, telecommunications or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity [*and need*] pursuant to subsection [*(3)*] **(3)(a)** of this section must be based on data relating to land within the urban growth boundary that has been collected since the last [*periodic*] review or [*five*] **six** years, whichever is greater. The data shall include:

(A) The number, density and average mix of housing types of urban residential development that have actually occurred;

(B) Trends in density and average mix of housing types of urban residential development;

(C) Market factors that may substantially impact future urban residential development; and

[*(C) Demographic and population trends;*]

[*(D) Economic trends and cycles; and*]

[*(E)*] **(D)** The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(b) A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity [*and need*]. The shorter time period may not be less than three years.

(c) A local government shall use data from a wider geographic area or use a time period [*for economic cycles and trends*] longer than the time period described in paragraph (a) of this subsection if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to paragraph (a) of this subsection. The local government must clearly describe the geographic area, time frame and source of data used in a determination performed under this paragraph.

(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or [*more*] **both** of the following actions to accommodate the additional housing need:

(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years. As part of this process, the local government shall consider the effects of measures taken pursuant to paragraph (b) of this subsection. The amendment shall include sufficient land reasonably necessary to accommodate the siting of new public school facilities. The need and inclusion of lands for new public school facilities shall be a coordinated process between the affected public school districts and the local government that has the authority to approve the urban growth boundary[*;*]**.**

(b) Amend its comprehensive plan, regional framework plan, functional plan or land use regulations to include new measures that demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary. A local government or metropolitan service district that takes this action shall [*monitor and record the level of development activity and development density by housing type following the date of the adoption of the new measures; or*] **adopt findings regarding the density expectations assumed to result from measures adopted under this paragraph based upon the factors listed in ORS 197.303 (2) and data in subsection (5)(a) of this section. The density expectations may not project an increase in residential capacity above achieved density by more than three percent without quantifiable validation of such departures. For a local government located outside of a metropolitan service district, a quantifiable vali-**

dation must demonstrate that the assumed housing capacity has been achieved in areas that are zoned to allow no greater than the same authorized density level within the local jurisdiction or a jurisdiction in the same region. For a metropolitan service district, a quantifiable validation must demonstrate that the assumed housing capacity has been achieved in areas that are zoned to allow no greater than the same authorized density level within the metropolitan service district.

[*(c) Adopt a combination of the actions described in paragraphs (a) and (b) of this subsection.*]

(c) As used in this subsection, "authorized density level" has the meaning given that term in ORS 227.175.

(7) Using the **housing need** analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.

(8)(a) A local government outside a metropolitan service district that takes any actions under subsection (6) or (7) of this section shall demonstrate that the comprehensive plan and land use regulations comply with goals and rules adopted by the commission and implement ORS 197.295 to 197.314.

(b) [*The*] **A** local government shall determine the density and mix of housing types anticipated as a result of actions taken under subsections (6) and (7) of this section and monitor and record the actual density and mix of housing types achieved **following the adoption of these actions**. The local government shall compare actual and anticipated density and mix. The local government shall submit its comparison to the commission at the next periodic review or at the next legislative review of its urban growth boundary, whichever comes first.

(9) In establishing that actions and measures adopted under subsections (6) and (7) of this section demonstrably increase the likelihood of higher density residential development, the local government shall at a minimum ensure that land zoned for needed housing is in locations appropriate for the housing types identified under subsection (3) of this section**,** [*and*] is zoned at density ranges that are likely to be achieved by the housing market using the analysis in subsection (3) of this section **and is in areas where sufficient urban services are planned to enable the higher density development to occur over the 20-year period**. Actions or measures, or both, may include but are not limited to:

(a) Increases in the permitted density on existing residential land;

(b) Financial incentives for higher density housing;

(c) Provisions permitting additional density beyond that generally allowed in the zoning district in exchange for amenities and features provided by the developer;

(d) Removal or easing of approval standards or procedures;

(e) Minimum density ranges;

(f) Redevelopment and infill strategies;

(g) Authorization of housing types not previously allowed by the plan or regulations;

(h) Adoption of an average residential density standard; and

(i) Rezoning or redesignation of nonresidential land.

(10)(a) The provisions of this subsection apply to local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of less than 25,000.

(b) At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use, a city shall, according to rules of the commission:

(A) Determine the estimated housing needs within the jurisdiction for the next 20 years;

(B) Inventory the supply of buildable lands available within the urban growth boundary to accommodate the estimated housing needs determined under this subsection; and

(C) Adopt measures necessary to accommodate the estimated housing needs determined under this subsection.

(c) For the purpose of the inventory described in this subsection, "buildable lands" includes those lands described in subsection (4)(a) of this section.

SECTION 6. ORS 197.303 is amended to read:

197.303. (1) As used in ORS [*197.307*] **197.295 to 197.314**, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:

(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and

(e) Housing for farmworkers.

(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last periodic or legislative review or six years, whichever is greater, and the projected future changes in these factors over a 20-year planning period:

(a) Household sizes;

(b) Household demographics in terms of age, gender, race or other established demographic category;

(c) Household incomes;

(d) Vacancy rates; and

(e) Housing costs.

(3) A local government shall make the estimate described in subsection (2) of this section using a shorter time period than since the last periodic or legislative review or six years, whichever is greater, if the local government finds that the shorter time period will provide more accurate and reliable data related to housing need. The shorter time period may not be less than three years.

(4) A local government shall use data from a wider geographic area or use a time period longer than the time period described in subsection (2) of this section if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to subsection (2) of this section. The local government must clearly describe the geographic area, time frame and source of data used in an estimate performed under this subsection.

[*(2)*] **(5)** Subsection (1)(a) and (d) of this section does not apply to:

(a) A city with a population of less than 2,500.

(b) A county with a population of less than 15,000.

[*(3)*] **(6)** A local government may take an exception under ORS 197.732 to the definition of "needed housing" in subsection (1) of this section in the same manner that an exception may be taken under the goals.

SECTION 7. ORS 197.312, as amended by section 7, chapter 15, Oregon Laws 2018, is amended to read:

197.312. (1) A city or county may not by charter prohibit from all residential zones attached or detached single-family housing, multifamily housing for both owner and renter occupancy or manufactured homes. A city or county may not by charter prohibit government assisted housing or impose additional approval standards on government assisted housing that are not applied to similar but unassisted housing.

(2)(a) A single-family dwelling for a farmworker and the farmworker's immediate family is a permitted use in any residential or commercial zone that allows single-family dwellings as a permitted use.

(b) A city or county may not impose a zoning requirement on the establishment and maintenance of a single-family dwelling for a farmworker and the farmworker's immediate family in a residential or commercial zone described in paragraph (a) of this subsection that is more restrictive than a zoning requirement imposed on other single-family dwellings in the same zone.

(3)(a) Multifamily housing for farmworkers and farmworkers' immediate families is a permitted use in any residential or commercial zone that allows multifamily housing generally as a permitted use.

(b) A city or county may not impose a zoning requirement on the establishment and maintenance of multifamily housing for farmworkers and farmworkers' immediate families in a residential or commercial zone described in paragraph (a) of this subsection that is more restrictive than a zoning requirement imposed on other multifamily housing in the same zone.

(4) A city or county may not prohibit a property owner or developer from maintaining a real estate sales office in a subdivision or planned community containing more than 50 lots or dwelling units for the sale of lots or dwelling units that remain available for sale to the public.

(5)(a) A city with a population greater than 2,500 or a county with a population greater than 15,000 shall allow in areas within the urban growth boundary that are zoned for detached single-family dwellings the development of at least one accessory dwelling unit for each detached single-family dwelling, subject to reasonable local regulations relating to siting and design.

(b) As used in this subsection[,]**:**

(A) "Accessory dwelling unit" means an interior, attached or detached residential structure that is used in connection with or that is accessory to a single-family dwelling.

(B) "Reasonable local regulations relating to siting and design" does not include owner-occupancy requirements of either the primary or accessory structure or requirements to construct additional off-street parking.

(6) Subsection (5) of this section does not prohibit local governments from regulating vacation occupancies, as defined in ORS 90.100, to require owner-occupancy or off-street parking.

SECTION 8. Section 1, chapter 47, Oregon Laws 2018, is amended to read:

Sec. 1. (1) For purposes of this section:

(a) A household is severely rent burdened if the household spends more than 50 percent of the income of the household on gross rent for housing.

(b) A regulated affordable unit is a residential unit subject to a regulatory agreement that runs with the land and that requires affordability for an established income level for a defined period of time.

[*(c) A single-family unit may be rented or owned by a household and includes single-family homes, duplexes, townhomes, row homes and mobile homes.*]

(2)(a) The Housing and Community Services Department shall annually provide to the governing body of each city in this state with a population greater than 10,000 the most current data available from the United States Census Bureau, or any other source the department considers at least as reliable, showing the percentage of renter households in the city that are severely rent burdened.

(b) The Housing and Community Services Department, in collaboration with the Department of Land Conservation and Development, shall develop a survey form on which the governing body of a city may provide specific information related to the affordability of housing within the city, including, but not limited to:

(A) The actions relating to land use and other related matters that the governing body has taken to increase the affordability of housing and reduce rent burdens for severely rent burdened households; and

(B) The additional actions the governing body intends to take to reduce rent burdens for severely rent burdened households.

(c) If the Housing and Community Services Department determines that at least 25 percent of the renter households in a city are severely rent burdened, the department shall provide the governing body of the city with the survey form developed pursuant to paragraph (b) of this subsection.

(d) The governing body of the city shall return the completed survey form to the Housing and Community Services Department and the Department of Land Conservation and Development within 60 days of receipt.

(3)(a) In any year in which the governing body of a city is informed under this section that at least 25 percent of the renter households in the city are severely rent burdened, the governing body shall hold at least one public meeting to discuss the causes and consequences of severe rent burdens within the city, the barriers to reducing rent burdens and possible solutions.

(b) The Housing and Community Services Department may adopt rules governing the conduct of the public meeting required under this subsection.

(4) No later than February 1 of each year, the governing body of each city in this state with a population greater than 10,000 shall submit to the Department of Land Conservation and Development a report for the immediately preceding calendar year setting forth separately for each of the following categories the total number of units that were permitted and the total number that were produced:

(a) Residential units.

(b) Regulated affordable residential units.

(c) Multifamily residential units.

(d) Regulated affordable multifamily residential units.

(e) Single-family [*units*] **homes**.

(f) Regulated affordable single-family [*units*] **homes**.

(g) Accessory dwelling units.

(h) Regulated affordable accessory dwelling units.

(i) Units of middle housing, as defined in section 2 of this 2019 Act.

(j) Regulated affordable units of middle housing.

SECTION 9. ORS 455.610 is amended to read:

455.610. (1) The Director of the Department of Consumer and Business Services shall adopt, and amend as necessary, a Low-Rise Residential Dwelling Code that contains all requirements, including structural design provisions, related to the construction of residential dwellings three stories or less above grade. The code provisions for plumbing and electrical requirements must be compatible with other specialty codes adopted by the director. The Electrical and Elevator Board, the Mechanical Board and the State Plumbing Board shall review, respectively, amendments to the electrical, mechanical or plumbing provisions of the code.

(2) Changes or amendments to the code adopted under subsection (1) of this section may be made when:

(a) Required by geographic or climatic conditions unique to Oregon;

(b) Necessary to be compatible with other statutory provisions;

(c) Changes to the national codes are adopted in Oregon; or

(d) Necessary to authorize the use of building materials and techniques that are consistent with nationally recognized standards and building practices.

(3) Notwithstanding ORS 455.030, 455.035, 455.110 and 455.112, the director may, at any time following appropriate consultation with the Mechanical Board or Building Codes Structures Board,

amend the mechanical specialty code or structural specialty code to ensure compatibility with the Low-Rise Residential Dwelling Code.

(4) The water conservation provisions for toilets, urinals, shower heads and interior faucets adopted in the Low-Rise Residential Dwelling Code shall be the same as those adopted under ORS 447.020 to meet the requirements of ORS 447.145.

(5) The Low-Rise Residential Dwelling Code shall be adopted and amended as provided by ORS 455.030 and 455.110.

(6) The director, by rule, shall establish uniform standards for a municipality to allow an alternate method of construction to the requirements for one and two family dwellings built to the Low-Rise Residential Dwelling Code in areas where the local jurisdiction determines that the fire apparatus means of approach to a property or water supply serving a property does not meet applicable fire code or state building code requirements. The alternate method of construction, which may include but is not limited to the installation of automatic fire sprinkler systems, must be approved in conjunction with the approval of an application under ORS 197.522.

(7) For lots of record existing before July 2, 2001, or property that receives any approval for partition, subdivision or construction under ORS 197.522 before July 2, 2001, a municipality allowing an alternate method of construction to the requirements for one and two family dwellings built to the Low-Rise Residential Dwelling Code may apply the uniform standards established by the director pursuant to subsection (6) of this section. For property that receives all approvals for partition, subdivision or construction under ORS 197.522 on or after July 2, 2001, a municipality allowing an alternate method of construction to the requirements for one and two family dwellings built to the Low-Rise Residential Dwelling Code must apply the uniform standards established by the director pursuant to subsection (6) of this section.

(8) The director, by rule, shall establish uniform standards for a municipality to allow alternate approval of construction related to conversions of single-family dwellings into no more than four residential dwelling units built to the Low-Rise Residential Dwelling Code that received occupancy approval prior to January 1, 2020. The standards established under this subsection must include standards describing the information that must be submitted before an application for alternate approval will be deemed complete.

(9)(a) A building official described in ORS 455.148 or 455.150 must approve or deny an application for alternate approval under subsection (8) of this section no later than 15 business days after receiving a complete application.

(b) A building official who denies an application for alternate approval under this subsection shall provide to the applicant:

(A) A written explanation of the basis for the denial; and

(B) A statement that describes the applicant's appeal rights under subsection (10) of this section.

(10)(a) An appeal from a denial under subsection (9) of this section must be made through a municipal administrative process. A municipality shall provide an administrative process that:

(A) Is other than a judicial proceeding in a court of law; and

(B) Affords the party an opportunity to appeal the denial before an individual, department or body that is other than a plan reviewer, inspector or building official for the municipality.

(b) A decision in an administrative process under this subsection must be completed no later than 30 business days after the building official receives notice of the appeal.

(c) Notwithstanding ORS 455.690, a municipal administrative process required under this subsection is the exclusive means for appealing a denial under subsection (9) of this section.

(11) The costs incurred by a municipality under subsections (9) and (10) of this section are building inspection program administration and enforcement costs for the purpose of fee adoption under ORS 455.210.

<u>SECTION 10.</u> (1) It is the policy of the State of Oregon to reduce to the extent practicable administrative and permitting costs and barriers to the construction of middle housing, as defined in section 2 of this 2019 Act, while maintaining safety, public health and the general welfare with respect to construction and occupancy.

(2) The Department of Consumer and Business Services shall submit a report describing rules and standards relating to low-rise residential dwellings proposed under ORS 455.610, as amended by section 9 of this 2019 Act, in the manner provided in ORS 192.245, to an interim committee of the Legislative Assembly related to housing no later than January 1, 2020.

<u>SECTION 11.</u> Section 12 of this 2019 Act is added to and made a part of ORS 94.550 to 94.783.

<u>SECTION 12.</u> A provision in a governing document that is adopted or amended on or after the effective date of this 2019 Act, is void and unenforceable to the extent that the provision would prohibit or have the effect of unreasonably restricting the development of housing that is otherwise allowable under the maximum density of the zoning for the land.

<u>SECTION 13.</u> A provision in a recorded instrument affecting real property is not enforceable if:

(1) The provision would allow the development of a single-family dwelling on the real property but would prohibit the development of:

(a) Middle housing, as defined in section 2 of this 2019 Act; or

(b) An accessory dwelling unit allowed under ORS 197.312 (5); and

(2) The instrument was executed on or after the effective date of this 2019 Act.

<u>SECTION 14.</u> (1) Sections 2, 12 and 13 of this 2019 Act and the amendments to ORS 197.296, 197.303, 197.312 and 455.610 and section 1, chapter 47, Oregon Laws 2018, by sections 5 to 9 of this 2019 Act become operative on January 1, 2020.

(2) The Land Conservation and Development Commission, the Department of Consumer and Business Services and the Residential and Manufactured Structures Board may take any actions before the operative date specified in subsection (1) of this section necessary to enable the commission, department or board to exercise, on or after the operative date specified in subsection (1) of this section, the duties required under sections 2, 3 and 10 of this 2019 Act and the amendments to ORS 455.610 by section 9 of this 2019 Act.

<u>SECTION 15.</u> In addition to and not in lieu of any other appropriation, there is appropriated to the Department of Land Conservation and Development, for the biennium beginning July 1, 2019, out of the General Fund, the amount of $3,500,000 for the purpose of providing technical assistance to local governments in implementing section 3 (1) of this 2019 Act and to develop plans to improve water, sewer, storm drainage and transportation services as described in section 4 (2) of this 2019 Act. The department shall prioritize technical assistance to cities or counties with limited planning staff or that commit to implementation earlier than the date required under section 3 (1) of this 2019 Act.

<u>SECTION 16.</u> This 2019 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect on its passage.

Passed by House June 20, 2019

....
Timothy G. Sekerak, Chief Clerk of House

....
Tina Kotek, Speaker of House

Passed by Senate June 30, 2019

....
Peter Courtney, President of Senate

Received by Governor:

........................M.,..., 2019

Approved:

........................M.,..., 2019

....
Kate Brown, Governor

Filed in Office of Secretary of State:

........................M.,..., 2019

....
Bev Clarno, Secretary of State

Enrolled
House Bill 2003

Sponsored by Representative KOTEK; Representatives FAHEY, KENY-GUYER, WILDE

CHAPTER ....

AN ACT

Relating to buildings; creating new provisions; amending ORS 197.296, 197.299, 197.303, 197.319, 197.320, 215.416, 215.441, 227.175, 227.500 and 455.062 and section 1, chapter 47, Oregon Laws 2018, and section 3, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39); and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section:

(a) "Area median income" means the median income for households established by the United States Department of Housing and Urban Development.

(b) "Existing housing stock" means housing, by affordability level and type, actually constructed in a city or Metro.

(c) "High income" means above 120 percent of the area median income.

(d) "Housing shortage" means the difference between the estimated housing units of different affordability levels and housing types needed to accommodate the existing population and the existing housing stock, measured in dwelling units.

(e) "Low income" means income above 50 percent and at or below 80 percent of the area median income.

(f) "Metro" means a metropolitan service district organized under ORS chapter 268.

(g) "Moderate income" means income above 80 percent and at or below 120 percent of the area median income.

(h) "Region" has the meaning given that term in ORS 284.752.

(i) "Very low income" means income at or below 50 percent of the area median income.

(2) The Housing and Community Services Department, in coordination with the Department of Land Conservation and Development and the Oregon Department of Administrative Services, shall develop a methodology for calculating:

(a) A regional housing needs analysis that identifies the total number of housing units necessary to accommodate anticipated populations in a region over the next 20 years based on:

(A) Trends in density and in the average mix of housing types of urban residential development;

(B) Demographic and population trends;

(C) Economic trends and cycles; and

(D) Equitable distribution of publicly supported housing within a region.

(b) An estimate of existing housing stock of each city and Metro.

(c) A housing shortage analysis for each city and Metro.

(d) An estimate of the number of housing units necessary to accommodate anticipated population growth over the next 20 years for each city and Metro.

(3) The methodologies for calculating the regional housing needs analysis, the estimate of existing housing stock, the housing shortage analysis and the estimate of housing necessary to accommodate growth that are developed under subsection (2) of this section must classify housing by:

(a) Housing type, including attached and detached single-family housing, multifamily housing and manufactured dwellings or mobile homes; and

(b) Affordability, by housing that is affordable to households with:

(A) Very low income;

(B) Low income;

(C) Moderate income; or

(D) High income.

(4) No later than September 1, 2020, the Housing and Community Services Department, in coordination with the Department of Land Conservation and Development and the Oregon Department of Administrative Services, shall conduct for each region a regional housing needs analysis and, for each city and Metro, shall estimate existing housing stock, conduct a housing shortage analysis and estimate the housing necessary to accommodate growth.

(5) In developing the methodologies and conducting the analyses under this section, the Housing and Community Services Department may:

(a) Consult or contract with subject matter experts, cities and Metro, regional solutions centers described in ORS 284.754 (2) and other jurisdictions that have created or conducted regional housing needs analyses.

(b) Consider the most recent consolidated population forecast produced by the Portland State University Population Research Center in making any relevant calculation or forecast.

(c) Consider any other relevant existing analyses, data and other information collected or produced by state agencies or public entities.

(d) Make changes to the regional boundaries in order to make regions more accurately align with shared employment, transportation or housing market dynamics.

SECTION 2. (1) No later than March 1, 2021, the Housing and Community Services Department, in consultation with the Department of Land Conservation and Development and the Oregon Department of Administrative Services, shall submit a report, in the manner provided in ORS 192.245 to an appropriate committee of the Legislative Assembly, that summarizes the findings of the regional housing needs analysis, estimate of housing stock, housing shortage analysis and estimate of housing necessary to accommodate growth conducted under section 1 (4) of this 2019 Act.

(2) No later than March 1, 2021, the Department of Land Conservation and Development, in consultation with the Oregon Department of Administrative Services and the Housing and Community Services Department, shall submit a report, in the manner provided in ORS 192.245, to an appropriate committee of the Legislative Assembly that evaluates:

(a) Whether a regional housing needs analysis and housing shortage analysis described in section 1 of this 2019 Act could appropriately allocate among the cities or local governments in a region the housing shortage described;

(b) How a regional housing needs analysis and housing shortage analysis may compare to existing assessments of housing need and capacity conducted by local governments under ORS 197.296 (3) and (10) in terms of:

(A) Cost and cost effectiveness;

(B) Reliability and accuracy;

(C) Repeatability; and

(D) Predictability;

(c) How a regional housing needs analysis and housing shortage analysis may relate to statewide planning goals related to housing and any rules and policies adopted pursuant to these goals and ORS 197.295 to 197.314;

(d) Whether different boundaries would be more appropriate for defining regions within the regional housing needs analysis based on:

(A) Relevance of data in appropriately defining a commuting, employment or housing market; or

(B) Ease or cost of collecting or analyzing data;

(e) Other ways in which the regional housing needs analysis or housing shortage analysis could be improved; and

(f) Whether the regional housing needs analysis, or an improved version, could serve as an acceptable methodology statewide for land use planning relating to housing.

(3) In preparing the report required under subsection (2) of this section, the Department of Land Conservation and Development may consult or contract with other state agencies, subject matter experts, private firms, local governments, regional solutions centers described in ORS 284.754 (2) and other jurisdictions that have created or conducted regional housing needs analyses.

SECTION 3. Sections 4 to 6 of this 2019 Act are added to and made a part of ORS 197.295 to 197.314.

SECTION 4. (1) A city with a population greater than 10,000 shall develop and adopt a housing production strategy under this section no later than one year after:

(a) The city's deadline for completing a housing capacity analysis under ORS 197.296 (2)(a);

(b) The city's deadline for completing a housing capacity analysis under ORS 197.296 (10)(b); or

(c) A date scheduled by the Land Conservation and Development Commission following the allocation of housing capacity to the city by a metropolitan service district under ORS 197.299 (2)(d).

(2) A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296 (6) for the most recent 20-year period described in ORS 197.296 (2)(b). Actions under this subsection may include:

(a) The reduction of financial and regulatory impediments to developing needed housing, including removing or easing approval standards or procedures for needed housing at higher densities or that is affordable;

(b) The creation of financial and regulatory incentives for development of needed housing, including creating incentives for needed housing at higher densities or that is affordable; and

(c) The development of a plan to access resources available at local, regional, state and national levels to increase the availability and affordability of needed housing.

(3) In creating a housing production strategy, a city shall review and consider:

(a) Socioeconomic and demographic characteristics of households living in existing needed housing;

(b) Market conditions affecting the provision of needed housing;

(c) Measures already adopted by the city to promote the development of needed housing;

(d) Existing and expected barriers to the development of needed housing; and

(e) For each action the city includes in its housing production strategy:

(A) The schedule for its adoption;

(B) The schedule for its implementation;

(C) Its expected magnitude of impact on the development of needed housing; and

(D) The time frame over which it is expected to impact needed housing.

(4) The housing production strategy must include within its index a copy of the city's most recently completed survey under section 1 (2), chapter 47, Oregon Laws 2018.

(5) The adoption of a housing production strategy is not a land use decision and is not subject to appeal or review except as provided in section 5 of this 2019 Act.

SECTION 5. (1) No later than 20 days after a city's adoption or amendment of a housing production strategy under section 4 of this 2019 Act, a city shall submit the adopted strategy or amended strategy to the Department of Land Conservation and Development.

(2) The submission under subsection (1) of this section must include copies of:

(a) The signed decision adopting the housing production strategy or amended strategy;

(b) The text of the housing production strategy clearly indicating any amendments to the most recent strategy submitted under this section;

(c) A brief narrative summary of the housing production strategy; and

(d) The information reviewed and considered under section 6 (2) of this 2019 Act.

(3) On the same day the city submits notice of the housing production strategy or amended strategy, the city shall provide a notice to persons that participated in the proceedings that led to the adoption of the strategy and requested notice in writing.

(4) Within 10 days of receipt of the submission under subsection (1) of this section, the department shall provide notice to persons described under ORS 197.615 (3).

(5) The notices given under subsections (3) and (4) of this section must state:

(a) How and where materials described in subsection (2) of this section may be freely obtained;

(b) That comments on the strategy may be submitted to the department within 45 days after the department has received the submission; and

(c) That there is no further right of appeal.

(6) Based upon criteria adopted by the Land Conservation and Development Commission, including any criteria adopted under section 6 (2) of this 2019 Act, the department shall, within 120 days after receiving the submission under subsection (1) of this section:

(a) Approve the housing production strategy;

(b) Approve the housing production strategy, subject to further review and actions under section 6 (2) of this 2019 Act; or

(c) Remand the housing production strategy for further modification as identified by the department.

(7) A determination by the department under subsection (6) of this section is not a land use decision and is final and not subject to appeal.

SECTION 6. (1) The Land Conservation and Development Commission, in consultation with the Housing and Community Services Department, shall adopt criteria for reviewing and identifying cities with a population greater than 10,000 that have not sufficiently:

(a) Achieved production of needed housing within their jurisdiction; or

(b) Implemented a housing production strategy adopted under section 4 of this 2019 Act.

(2) The criteria adopted by the commission under subsection (1) of this section may include the city's:

(a) Unmet housing need as described in ORS 197.296 (6);

(b) Unmet housing need in proportion to the city's population;

(c) Percentage of households identified as severely rent burdened as described in section 1, chapter 47, Oregon Laws 2018;

(d) Recent housing development;

(e) Recent adoption of a housing production strategy under section 4 of this 2019 Act or adoption of actions pursuant to a housing production strategy;

(f) Recent or frequent previous identification by the Department of Land Conservation and Development under this section; or

(g) Other attributes that the commission considers relevant.

(3) The Department of Land Conservation and Development may review cities under the criteria adopted under subsection (2) of this section for the purposes of prioritizing actions by the department, including:

(a) Awarding available technical or financial resources;

(b) Providing enhanced review and oversight of the city's housing production strategy;

(c) Requiring a report and explanation if a city does not implement an action within the approximate time frame scheduled within a housing production strategy;

(d) Entering into agreements with the city relating to the city's modification or implementation of its housing production strategy; or

(e) Petitioning the commission to act under ORS 197.319 to 197.335 to require the city to comply with ORS 197.295 to 197.314 or statewide land use planning goals related to housing or urbanization.

SECTION 7. No later than December 31, 2019, the Land Conservation and Development Commission shall adopt a schedule by which metropolitan service districts and cities described in ORS 197.296 (2)(a)(B) and (10)(c)(B) shall demonstrate sufficient buildable lands. Dates in the schedule may not be earlier than two years following the commission's creation of rules implementing sections 4 to 6 of this 2019 Act and the amendments to ORS 197.296 and 197.299 by sections 8 and 9 of this 2019 Act.

SECTION 8. ORS 197.296 is amended to read:

197.296. (1)(a) The provisions of subsections (2) to (9) of this section apply to metropolitan service district regional framework plans and local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of 25,000 or more.

(b) The Land Conservation and Development Commission may establish a set of factors under which additional cities are subject to the provisions of this section. In establishing the set of factors required under this paragraph, the commission shall consider the size of the city, the rate of population growth of the city or the proximity of the city to another city with a population of 25,000 or more or to a metropolitan service district.

(2)**(a)** [*At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use,*] A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years**:**

(A) At periodic review under ORS 197.628 to 197.651;

(B) As scheduled by the commission:

(i) At least once each eight years for local governments that are not within a metropolitan service district; or

(ii) At least once each six years for a metropolitan service district; or

(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.

(b) The 20-year period shall commence on the date initially scheduled for completion of the [*periodic or legislative*] review **under paragraph (a) of this subsection**.

(3) In performing the duties under subsection (2) of this section, a local government shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of housing need by type and density range, in accordance with ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:

(A) Vacant lands planned or zoned for residential use;

(B) Partially vacant lands planned or zoned for residential use;

(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and

(D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law and rule or federal statute and regulation;

(B) A written long term contract or easement for radio, telecommunications or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last [*periodic*] review [*or*] **under subsection (2)(a)(B) of this section** [*five years, whichever is greater*]. The data shall include:

(A) The number, density and average mix of housing types of urban residential development that have actually occurred;

(B) Trends in density and average mix of housing types of urban residential development;

(C) Demographic and population trends;

(D) Economic trends and cycles; and

(E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(b) A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years.

(c) A local government shall use data from a wider geographic area or use a time period for economic cycles and trends longer than the time period described in paragraph (a) of this subsection if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to paragraph (a) of this subsection. The local government must clearly describe the geographic area, time frame and source of data used in a determination performed under this paragraph.

(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or more of the following actions to accommodate the additional housing need:

(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years. As part of this process, the local government shall consider the effects of measures taken pursuant to paragraph (b) of this subsection. The amendment shall include sufficient land reasonably necessary to accommodate the siting of new public school facilities. The need and inclusion of lands for new public school facilities shall be a coordinated process between the affected public school districts and the local government that has the authority to approve the urban growth boundary;

(b) Amend its comprehensive plan, regional framework plan, functional plan or land use regulations to include new measures that demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary. A local government or metropolitan service district that takes this action shall monitor and record the level of development activity and development density by housing type following the date of the adoption of the new measures; or

(c) Adopt a combination of the actions described in paragraphs (a) and (b) of this subsection.

(7) Using the analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.

(8)(a) A local government outside a metropolitan service district that takes any actions under subsection (6) or (7) of this section shall demonstrate that the comprehensive plan and land use regulations comply with goals and rules adopted by the commission and implement ORS 197.295 to 197.314.

(b) The local government shall determine the density and mix of housing types anticipated as a result of actions taken under subsections (6) and (7) of this section and monitor and record the actual density and mix of housing types achieved. The local government shall compare actual and anticipated density and mix. The local government shall submit its comparison to the commission at the next [*periodic review or at the next legislative*] review of its urban growth boundary[*, whichever comes first*] **under subsection (2)(a) of this section**.

(9) In establishing that actions and measures adopted under subsections (6) and (7) of this section demonstrably increase the likelihood of higher density residential development, the local government shall at a minimum ensure that land zoned for needed housing is in locations appropriate for the housing types identified under subsection (3) of this section and is zoned at density ranges that are likely to be achieved by the housing market using the analysis in subsection (3) of this section. Actions or measures, or both, may include but are not limited to:

(a) Increases in the permitted density on existing residential land;

(b) Financial incentives for higher density housing;

(c) Provisions permitting additional density beyond that generally allowed in the zoning district in exchange for amenities and features provided by the developer;

(d) Removal or easing of approval standards or procedures;

(e) Minimum density ranges;

(f) Redevelopment and infill strategies;

(g) Authorization of housing types not previously allowed by the plan or regulations;

(h) Adoption of an average residential density standard; and

(i) Rezoning or redesignation of nonresidential land.

(10)(a) The provisions of this subsection apply to local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of less than 25,000.

(b) [*At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use,*] **As required under paragraph (c) of this subsection,** a city shall, according to rules of the commission:

(A) Determine the estimated housing needs within the jurisdiction for the next 20 years;

(B) Inventory the supply of buildable lands available within the urban growth boundary to accommodate the estimated housing needs determined under this subsection; and

(C) Adopt measures necessary to accommodate the estimated housing needs determined under this subsection.

(c) The actions required under paragraph (b) of this subsection shall be undertaken:

(A) At periodic review pursuant to ORS 197.628 to 197.651;

(B) On a schedule established by the commission for cities with a population greater than 10,000, not to exceed once each eight years; or

(C) At any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use.

[*(c)*] **(d)** For the purpose of the inventory described in this subsection, "buildable lands" includes those lands described in subsection (4)(a) of this section.

SECTION 8a. If House Bill 2001 becomes law, section 8 of this 2019 Act (amending ORS 197.296) is repealed and ORS 197.296, as amended by section 5, chapter _______, Oregon Laws 2019 (Enrolled House Bill 2001), is amended to read:

197.296. (1)(a) The provisions of subsections (2) to (9) of this section apply to metropolitan service district regional framework plans and local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of 25,000 or more.

(b) The Land Conservation and Development Commission may establish a set of factors under which additional cities are subject to the provisions of this section. In establishing the set of factors required under this paragraph, the commission shall consider the size of the city, the rate of population growth of the city or the proximity of the city to another city with a population of 25,000 or more or to a metropolitan service district.

(2)**(a)** [*At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use,*] A local government shall demonstrate that its comprehensive plan or regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years**:**

(A) At periodic review under ORS 197.628 to 197.651;

(B) As scheduled by the commission:

(i) At least once each eight years for local governments that are not within a metropolitan service district; or

(ii) At least once each six years for a metropolitan service district; or

(C) At any other legislative review of the comprehensive plan or regional framework plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use.

(b) The 20-year period shall commence on the date initially scheduled for completion of the [*periodic or legislative*] review **under paragraph (a) of this subsection**.

(3) In performing the duties under subsection (2) of this section, a local government shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:

(A) Vacant lands planned or zoned for residential use;

(B) Partially vacant lands planned or zoned for residential use;

(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and

(D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law and rule or federal statute and regulation;

(B) A written long term contract or easement for radio, telecommunications or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity pursuant to subsection (3)(a) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last review [*or six years, whichever is greater*] **under subsection (2)(a)(B) of this section**. The data shall include:

(A) The number, density and average mix of housing types of urban residential development that have actually occurred;

(B) Trends in density and average mix of housing types of urban residential development;

(C) Market factors that may substantially impact future urban residential development; and

(D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(b) A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity. The shorter time period may not be less than three years.

(c) A local government shall use data from a wider geographic area or use a time period longer than the time period described in paragraph (a) of this subsection if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to paragraph (a) of this subsection. The local government must clearly describe the geographic area, time frame and source of data used in a determination performed under this paragraph.

(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or both of the following actions to accommodate the additional housing need:

(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years. As part of this process, the local government shall consider the effects of measures taken pursuant to paragraph (b) of this subsection. The amendment shall include sufficient land reasonably necessary to accommodate the siting of new public school facilities. The need and inclusion of lands for new public school facilities shall be a coordinated process between the affected public school districts and the local government that has the authority to approve the urban growth boundary.

(b) Amend its comprehensive plan, regional framework plan, functional plan or land use regulations to include new measures that demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years without expansion of the urban growth boundary. A local government or metropolitan service district that takes this action shall adopt findings regarding the density expectations assumed to result from measures adopted under this paragraph based upon the factors listed in ORS 197.303 (2) and data in subsection (5)(a) of this section. The density expectations may not project an increase in residential capacity above achieved density by more than three percent without quantifiable validation of such departures. For a local government located outside of a metropolitan service district, a quantifiable validation must demonstrate that the assumed housing capacity has been achieved in areas that are zoned to allow no greater than the same authorized density level within the local jurisdiction or a jurisdiction in the same region. For a metropolitan service district, a quantifiable validation must demonstrate that the assumed housing capacity has been achieved in areas that are zoned to allow no greater than the same authorized density level within the metropolitan service district.

(c) As used in this subsection, "authorized density level" has the meaning given that term in ORS 227.175.

(7) Using the housing need analysis conducted under subsection (3)(b) of this section, the local government shall determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years. If that density is greater than the actual density of development determined under subsection (5)(a)(A) of this section, or if that mix is different from the actual mix of housing types determined under subsection (5)(a)(A) of this section, the local government, as part of its periodic review, shall adopt measures that demonstrably increase the likelihood that residential development will occur at the housing types and density and at the mix of housing types required to meet housing needs over the next 20 years.

(8)(a) A local government outside a metropolitan service district that takes any actions under subsection (6) or (7) of this section shall demonstrate that the comprehensive plan and land use regulations comply with goals and rules adopted by the commission and implement ORS 197.295 to 197.314.

(b) A local government shall determine the density and mix of housing types anticipated as a result of actions taken under subsections (6) and (7) of this section and monitor and record the actual density and mix of housing types achieved following the adoption of these actions. The local government shall compare actual and anticipated density and mix. The local government shall submit its comparison to the commission at the next [*periodic review or at the next legislative*] review of its urban growth boundary[*, whichever comes first*] **under subsection (2)(a) of this section**.

(9) In establishing that actions and measures adopted under subsections (6) and (7) of this section demonstrably increase the likelihood of higher density residential development, the local government shall at a minimum ensure that land zoned for needed housing is in locations appropriate for the housing types identified under subsection (3) of this section, is zoned at density ranges that are likely to be achieved by the housing market using the analysis in subsection (3) of this section and is in areas where sufficient urban services are planned to enable the higher density development to occur over the 20-year period. Actions or measures, or both, may include but are not limited to:

(a) Increases in the permitted density on existing residential land;

(b) Financial incentives for higher density housing;

(c) Provisions permitting additional density beyond that generally allowed in the zoning district in exchange for amenities and features provided by the developer;

(d) Removal or easing of approval standards or procedures;

(e) Minimum density ranges;

(f) Redevelopment and infill strategies;

(g) Authorization of housing types not previously allowed by the plan or regulations;

(h) Adoption of an average residential density standard; and

(i) Rezoning or redesignation of nonresidential land.

(10)(a) The provisions of this subsection apply to local government comprehensive plans for lands within the urban growth boundary of a city that is located outside of a metropolitan service district and has a population of less than 25,000.

(b) [*At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use,*] **As required under paragraph (c) of this subsection,** a city shall, according to rules of the commission:

(A) Determine the estimated housing needs within the jurisdiction for the next 20 years;

(B) Inventory the supply of buildable lands available within the urban growth boundary to accommodate the estimated housing needs determined under this subsection; and

(C) Adopt measures necessary to accommodate the estimated housing needs determined under this subsection.

(c) The actions required under paragraph (b) of this subsection shall be undertaken:

(A) At periodic review pursuant to ORS 197.628 to 197.651;

(B) On a schedule established by the commission for cities with a population greater than 10,000, not to exceed once each eight years; or

(C) At any other legislative review of the comprehensive plan that requires the application of a statewide planning goal relating to buildable lands for residential use.

[*(c)*] **(d)** For the purpose of the inventory described in this subsection, "buildable lands" includes those lands described in subsection (4)(a) of this section.

SECTION 9. ORS 197.299 is amended to read:

197.299. (1) A metropolitan service district organized under ORS chapter 268 shall complete the inventory, determination and analysis required under ORS 197.296 (3) not later than six years after completion of the previous inventory, determination and analysis.

(2)(a) The metropolitan service district shall take such action as necessary under ORS 197.296 (6)(a) to accommodate one-half of a 20-year buildable land supply determined under ORS 197.296 (3) within one year of completing the analysis.

(b) The metropolitan service district shall take all final action under ORS 197.296 (6)(a) necessary to accommodate a 20-year buildable land supply determined under ORS 197.296 (3) within two years of completing the analysis.

(c) The metropolitan service district shall take action under ORS 197.296 (6)(b), within one year after the analysis required under ORS 197.296 (3)(b) is completed, to provide sufficient buildable land within the urban growth boundary to accommodate the estimated housing needs for 20 years from the time the actions are completed.

(d) The metropolitan service district shall consider and adopt new measures that the governing body deems appropriate under ORS 197.296 (6)(b) **and shall allocate any housing capacity that is not accommodated under this section to be accommodated by the application of ORS 197.296 (6)(b) by cities within the metropolitan service district with a population greater than 10,000**.

(e) Cities to which housing capacity is allocated under paragraph (d) of this subsection shall take steps, at least once every six years as scheduled by the Land Conservation and Development Commission, to demonstrably increase the likelihood that residential development will occur at densities sufficient to accommodate housing needs for the next 20 years as required by ORS 197.296 (6)(b).

(3) The [*Land Conservation and Development*] commission may grant an extension to the time limits of subsection (2) of this section if the Director of the Department of Land Conservation and Development determines that the metropolitan service district has provided good cause for failing to meet the time limits.

(4)(a) The metropolitan service district shall establish a process to expand the urban growth boundary to accommodate a need for land for a public school that cannot reasonably be accommodated within the existing urban growth boundary. The metropolitan service district shall design the process to:

(A) Accommodate a need that must be accommodated between periodic analyses of urban growth boundary capacity required by subsection (1) of this section; and

(B) Provide for a final decision on a proposal to expand the urban growth boundary within four months after submission of a complete application by a large school district as defined in ORS 195.110.

(b) At the request of a large school district, the metropolitan service district shall assist the large school district to identify school sites required by the school facility planning process described in ORS 195.110. A need for a public school is a specific type of identified land need under ORS 197.298 (3).

(5) Three years after completing its most recent demonstration of sufficient buildable lands under ORS 197.296, a metropolitan service district may, on a single occasion, revise the determination

and analysis required as part of the demonstration for the purpose of considering an amendment to the metropolitan service district's urban growth boundary, provided:

(a) The metropolitan service district has entered into an intergovernmental agreement and has designated rural reserves and urban reserves under ORS 195.141 and 195.145 with each county located within the district;

(b) The commission has acknowledged the rural reserve and urban reserve designations described in paragraph (a) of this subsection;

(c) One or more cities within the metropolitan service district have proposed a development that would require expansion of the urban growth boundary;

(d) The city or cities proposing the development have provided evidence to the metropolitan service district that the proposed development would provide additional needed housing to the needed housing included in the most recent determination and analysis;

(e) The location chosen for the proposed development is adjacent to the city proposing the development; and

(f) The location chosen for the proposed development is located within an area designated and acknowledged as an urban reserve.

(6)(a) If a metropolitan service district, after revising its most recent determination and analysis pursuant to subsection (5) of this section, concludes that an expansion of its urban growth boundary is warranted, the metropolitan service district may take action to expand its urban growth boundary in one or more locations to accommodate the proposed development, provided the urban growth boundary expansion does not exceed a total of 1,000 acres.

(b) A metropolitan service district that expands its urban growth boundary under this subsection:

(A) Must adopt the urban growth boundary expansion not more than four years after completing its most recent demonstration of sufficient buildable lands under ORS 197.296; and

(B) Is exempt from the boundary location requirements described in the statewide land use planning goals relating to urbanization.

SECTION 10. ORS 197.303 is amended to read:

197.303. (1) As used in ORS [*197.307*] **197.295 to 197.314**, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:

(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and

(e) Housing for farmworkers.

(2) Subsection (1)(a) and (d) of this section does not apply to:

(a) A city with a population of less than 2,500.

(b) A county with a population of less than 15,000.

(3) A local government may take an exception under ORS 197.732 to the definition of "needed housing" in subsection (1) of this section in the same manner that an exception may be taken under the goals.

SECTION 10a. If House Bill 2001 becomes law, section 10 of this 2019 Act (amending ORS 197.303) is repealed and ORS 197.303, as amended by section 6, chapter ______, Oregon Laws 2019 (Enrolled House Bill 2001), is amended to read:

197.303. (1) As used in ORS 197.295 to 197.314, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:

(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and

(e) Housing for farmworkers.

(2) For the purpose of estimating housing needs, as described in ORS 197.296 (3)(b), a local government shall use the population projections prescribed by ORS 195.033 or 195.036 and shall consider and adopt findings related to changes in each of the following factors since the last [*periodic or legislative review or six years, whichever is greater,*] **review under ORS 197.296 (2)(a)(B)** and the projected future changes in these factors over a 20-year planning period:

(a) Household sizes;

(b) Household demographics [*in terms of age, gender, race or other established demographic category*];

(c) Household incomes;

(d) Vacancy rates; and

(e) Housing costs.

(3) A local government shall make the estimate described in subsection (2) of this section using a shorter time period than since the last [*periodic or legislative review or six years, whichever is greater,*] **review under ORS 197.296 (2)(a)(B)** if the local government finds that the shorter time period will provide more accurate and reliable data related to housing need. The shorter time period may not be less than three years.

(4) A local government shall use data from a wider geographic area or use a time period longer than the time period described in subsection (2) of this section if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to subsection (2) of this section. The local government must clearly describe the geographic area, time frame and source of data used in an estimate performed under this subsection.

(5) Subsection (1)(a) and (d) of this section does not apply to:

(a) A city with a population of less than 2,500.

(b) A county with a population of less than 15,000.

(6) A local government may take an exception under ORS 197.732 to the definition of "needed housing" in subsection (1) of this section in the same manner that an exception may be taken under the goals.

SECTION 11. ORS 197.319 is amended to read:

197.319. (1) Before a person may request adoption of an enforcement order under ORS 197.320, the person shall:

(a) Present the reasons, in writing, for such an order to the affected local government; and

(b) Request:

(A) Revisions to the local comprehensive plan, land use regulations, special district cooperative or urban service agreement or decision-making process which is the basis for the order; or

(B) That an action be taken regarding the local comprehensive plan, land use regulations, special district agreement**, housing production strategy** or decision-making process that is the basis for the order.

(2)(a) The local government or special district shall issue a written response to the request within 60 days of the date the request is mailed to the local government or special district.

(b) The requestor and the local government or special district may enter into mediation to resolve issues in the request. The Department of Land Conservation and Development shall provide mediation services when jointly requested by the local government or special district and the requestor.

(c) If the local government or special district does not act in a manner which the requestor believes is adequate to address the issues raised in the request within the time period provided in paragraph (a) of this subsection, a petition may be presented to the Land Conservation and Development Commission under ORS 197.324.

(3) A metropolitan service district may request an enforcement order under ORS 197.320 (12) without first complying with subsections (1) and (2) of this section.

SECTION 12. ORS 197.320 is amended to read:

197.320. The Land Conservation and Development Commission shall issue an order requiring a local government, state agency or special district to take action necessary to bring its comprehensive plan, land use regulation, limited land use decisions or other land use decisions **or actions** into compliance with the goals, acknowledged comprehensive plan provisions**,** [*or*] land use regulations **or housing production strategy** if the commission has good cause to believe:

(1) A comprehensive plan or land use regulation adopted by a local government not on a compliance schedule is not in compliance with the goals by the date set in ORS 197.245 or 197.250 for such compliance;

(2) A plan, program, rule or regulation affecting land use adopted by a state agency or special district is not in compliance with the goals by the date set in ORS 197.245 or 197.250 for such compliance;

(3) A local government is not making satisfactory progress toward performance of its compliance schedule;

(4) A state agency is not making satisfactory progress in carrying out its coordination agreement or the requirements of ORS 197.180;

(5) A local government has no comprehensive plan or land use regulation and is not on a compliance schedule directed to developing the plan or regulation;

(6) A local government has engaged in a pattern or practice of decision making that violates an acknowledged comprehensive plan or land use regulation. In making its determination under this subsection, the commission shall determine whether there is evidence in the record to support the decisions made. The commission shall not judge the issue solely upon adequacy of the findings in support of the decisions;

(7) A local government has failed to comply with a commission order entered under ORS 197.644;

(8) A special district has engaged in a pattern or practice of decision-making that violates an acknowledged comprehensive plan or cooperative agreement adopted pursuant to ORS 197.020;

(9) A special district is not making satisfactory progress toward performance of its obligations under ORS chapters 195 and 197;

(10) A local government's approval standards, special conditions on approval of specific development proposals or procedures for approval do not comply with ORS 197.307 (4) or (6);

(11) A local government is not making satisfactory progress toward meeting its obligations under ORS 195.065; [*or*]

(12) A local government within the jurisdiction of a metropolitan service district has failed to make changes to the comprehensive plan or land use regulations to comply with the regional framework plan of the district or has engaged in a pattern or practice of decision-making that violates a requirement of the regional framework plan[*.*]**; or**

(13) A city is not making satisfactory progress in taking actions listed in its housing production strategy under section 4 of this 2019 Act.

SECTION 13. Section 1, chapter 47, Oregon Laws 2018, is amended to read:

Sec. 1. (1) For purposes of this section:

(a) A household is severely rent burdened if the household spends more than 50 percent of the income of the household on gross rent for housing.

(b) A regulated affordable unit is a residential unit subject to a regulatory agreement that runs with the land and that requires affordability for an established income level for a defined period of time.

(c) A single-family unit may be rented or owned by a household and includes single-family homes, duplexes, townhomes, row homes and mobile homes.

(2)(a) The Housing and Community Services Department shall annually provide to the governing body of each city in this state with a population greater than 10,000 the most current data available from the United States Census Bureau, or any other source the department considers at least as reliable, showing the percentage of renter households in the city that are severely rent burdened.

(b) [*The Housing and Community Services Department, in collaboration with*] The Department of Land Conservation and Development, **in consultation with the Housing and Community Services Department,** shall develop a survey form on which the governing body of a city may provide specific information related to the affordability of housing within the city, including[*, but not limited to:*]

[*(A)*] the actions relating to land use and other related matters that the [*governing body*] **city** has taken to **encourage the development of needed housing,** increase the affordability of housing and reduce rent burdens for severely rent burdened households[*; and*]**.**

[*(B) The additional actions the governing body intends to take to reduce rent burdens for severely rent burdened households.*]

(c) [*If the Housing and Community Services Department determines that at least 25 percent of the renter households in a city are severely rent burdened,*] The Department **of Land Conservation and Development** shall provide the governing body of the city with the survey form developed pursuant to paragraph (b) of this subsection.

(d) The governing body of the city shall return the completed survey form to the [*Housing and Community Services Department and the*] Department of Land Conservation and Development [*within 60 days of receipt*] **at least 24 months prior to a deadline for completing a housing production strategy under section 4 of this 2019 Act**.

(3)(a) In any year in which the governing body of a city is informed under this section that at least 25 percent of the renter households in the city are severely rent burdened, the governing body shall hold at least one public meeting to discuss the causes and consequences of severe rent burdens within the city, the barriers to reducing rent burdens and possible solutions.

(b) The Housing and Community Services Department may adopt rules governing the conduct of the public meeting required under this subsection.

(4) No later than February 1 of each year, the governing body of each city in this state with a population greater than 10,000 shall submit to the Department of Land Conservation and Development a report for the immediately preceding calendar year setting forth separately for each of the following categories the total number of units that were permitted and the total number that were produced:

(a) Residential units.

(b) Regulated affordable residential units.

(c) Multifamily residential units.

(d) Regulated affordable multifamily residential units.

(e) Single-family units.

(f) Regulated affordable single-family units.

<u>SECTION 14.</u> Section 15 of this 2019 Act is added to and made a part of ORS chapter 197.

<u>SECTION 15.</u> (1) As used in this section, "public property" means all real property of the state, counties, cities, incorporated towns or villages, school districts, irrigation districts, drainage districts, ports, water districts, service districts, metropolitan service districts, housing authorities, public universities listed in ORS 352.002 or all other public or municipal corporations in this state.

(2) Notwithstanding any land use regulation, comprehensive plan, or statewide land use planning goal, a local government may allow the development of housing on public property provided:

(a) The real property is not inventoried as a park or open space as a protective measure pursuant to a statewide land use planning goal;

(b) The real property is located within the urban growth boundary;

(c) The real property is zoned for residential development or adjacent to parcels zoned for residential development;

(d) The housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone of the land or the adjacent residential land described in paragraph (c) of this subsection;

(e) At least 50 percent of the residential units provided under this section is affordable to households with incomes equal to or less than 60 percent of the area median income, as defined in ORS 456.270; and

(f) The affordability of the residential units described in paragraph (e) of this subsection is subject to an affordable housing covenant, as described in ORS 456.270 to 456.295, held by the local government or the Housing and Community Services Department and with a duration of no less than 60 years.

(3) Notwithstanding any statewide land use planning goal, a local government may amend its comprehensive plan and land use regulations to allow public property to be used for the purposes described in subsection (2) of this section.

SECTION 16. Notwithstanding ORS 197.646, a local government required to comply with the amendments to ORS 197.312 by section 6, chapter 745, Oregon Laws 2017, shall adopt land use regulations, or adopt amendments to its comprehensive plan, to comply with the amendments to ORS 197.312 by section 6, chapter 745, Oregon Laws 2017, no later than the effective date of this 2019 Act.

SECTION 17. ORS 215.416 is amended to read:

215.416. (1) When required or authorized by the ordinances, rules and regulations of a county, an owner of land may apply in writing to such persons as the governing body designates, for a permit, in the manner prescribed by the governing body. The governing body shall establish fees charged for processing permits at an amount no more than the actual or average cost of providing that service.

(2) The governing body shall establish a consolidated procedure by which an applicant may apply at one time for all permits or zone changes needed for a development project. The consolidated procedure shall be subject to the time limitations set out in ORS 215.427. The consolidated procedure shall be available for use at the option of the applicant no later than the time of the first periodic review of the comprehensive plan and land use regulations.

(3) Except as provided in subsection (11) of this section, the hearings officer shall hold at least one public hearing on the application.

(4)(a) A county may not approve an application if the proposed use of land is found to be in conflict with the comprehensive plan of the county and other applicable land use regulation or ordinance provisions. The approval may include such conditions as are authorized by statute or county legislation.

(b)(A) A county may not deny an application for a housing development located within the urban growth boundary if the development complies with clear and objective standards, including but not limited to clear and objective design standards contained in the county comprehensive plan or land use regulations.

(B) This paragraph does not apply to:

(i) Applications or permits for residential development in areas described in ORS 197.307 (5); or

(ii) Applications or permits reviewed under an alternative approval process adopted under ORS 197.307 (6).

(c) A county may not [*reduce the density of*] **condition** an application for a housing development **on a reduction in density** if:

(A) The density applied for is at or below the authorized density level under the local land use regulations; and

(B) At least 75 percent of the floor area applied for is reserved for housing.

(d) A county may not [*reduce the height of*] **condition** an application for a housing development **on a reduction in height** if:

(A) The height applied for is at or below the authorized height level under the local land use regulations;

(B) At least 75 percent of the floor area applied for is reserved for housing; and

(C) Reducing the height has the effect of reducing the authorized density level under local land use regulations.

(e) Notwithstanding paragraphs (c) and (d) of this subsection, a county may [*reduce the density or height of*] **condition** an application for a housing development **on a reduction in density or height only** if the reduction is necessary to resolve a health, safety or habitability issue or to comply with a protective measure adopted pursuant to a statewide land use planning goal. **Notwithstanding ORS 197.350, the county must adopt findings supported by substantial evidence demonstrating the necessity of the reduction.**

(f) As used in this subsection:

(A) "Authorized density level" means the maximum number of lots or dwelling units or the maximum floor area ratio that is permitted under local land use regulations.

(B) "Authorized height level" means the maximum height of a structure that is permitted under local land use regulations.

(C) "Habitability" means being in compliance with the applicable provisions of the state building code under ORS chapter 455 and the rules adopted thereunder.

(5) Hearings under this section shall be held only after notice to the applicant and also notice to other persons as otherwise provided by law and shall otherwise be conducted in conformance with the provisions of ORS 197.763.

(6) Notice of a public hearing on an application submitted under this section shall be provided to the owner of an airport defined by the Oregon Department of Aviation as a "public use airport" if:

(a) The name and address of the airport owner has been provided by the Oregon Department of Aviation to the county planning authority; and

(b) The property subject to the land use hearing is:

(A) Within 5,000 feet of the side or end of a runway of an airport determined by the Oregon Department of Aviation to be a "visual airport"; or

(B) Within 10,000 feet of the side or end of the runway of an airport determined by the Oregon Department of Aviation to be an "instrument airport."

(7) Notwithstanding the provisions of subsection (6) of this section, notice of a land use hearing need not be provided as set forth in subsection (6) of this section if the zoning permit would only allow a structure less than 35 feet in height and the property is located outside the runway "approach surface" as defined by the Oregon Department of Aviation.

(8)(a) Approval or denial of a permit application shall be based on standards and criteria which shall be set forth in the zoning ordinance or other appropriate ordinance or regulation of the county and which shall relate approval or denial of a permit application to the zoning ordinance and comprehensive plan for the area in which the proposed use of land would occur and to the zoning ordinance and comprehensive plan for the county as a whole.

(b) When an ordinance establishing approval standards is required under ORS 197.307 to provide only clear and objective standards, the standards must be clear and objective on the face of the ordinance.

(9) Approval or denial of a permit or expedited land division shall be based upon and accompanied by a brief statement that explains the criteria and standards considered relevant to the deci-

sion, states the facts relied upon in rendering the decision and explains the justification for the decision based on the criteria, standards and facts set forth.

(10) Written notice of the approval or denial shall be given to all parties to the proceeding.

(11)(a)(A) The hearings officer or such other person as the governing body designates may approve or deny an application for a permit without a hearing if the hearings officer or other designated person gives notice of the decision and provides an opportunity for any person who is adversely affected or aggrieved, or who is entitled to notice under paragraph (c) of this subsection, to file an appeal.

(B) Written notice of the decision shall be mailed to those persons described in paragraph (c) of this subsection.

(C) Notice under this subsection shall comply with ORS 197.763 (3)(a), (c), (g) and (h) and shall describe the nature of the decision. In addition, the notice shall state that any person who is adversely affected or aggrieved or who is entitled to written notice under paragraph (c) of this subsection may appeal the decision by filing a written appeal in the manner and within the time period provided in the county's land use regulations. A county may not establish an appeal period that is less than 12 days from the date the written notice of decision required by this subsection was mailed. The notice shall state that the decision will not become final until the period for filing a local appeal has expired. The notice also shall state that a person who is mailed written notice of the decision cannot appeal the decision directly to the Land Use Board of Appeals under ORS 197.830.

(D) An appeal from a hearings officer's decision made without hearing under this subsection shall be to the planning commission or governing body of the county. An appeal from such other person as the governing body designates shall be to a hearings officer, the planning commission or the governing body. In either case, the appeal shall be to a de novo hearing.

(E) The de novo hearing required by subparagraph (D) of this paragraph shall be the initial evidentiary hearing required under ORS 197.763 as the basis for an appeal to the Land Use Board of Appeals. At the de novo hearing:

(i) The applicant and other parties shall have the same opportunity to present testimony, arguments and evidence as they would have had in a hearing under subsection (3) of this section before the decision;

(ii) The presentation of testimony, arguments and evidence shall not be limited to issues raised in a notice of appeal; and

(iii) The decision maker shall consider all relevant testimony, arguments and evidence that are accepted at the hearing.

(b) If a local government provides only a notice of the opportunity to request a hearing, the local government may charge a fee for the initial hearing. The maximum fee for an initial hearing shall be the cost to the local government of preparing for and conducting the appeal, or $250, whichever is less. If an appellant prevails at the hearing or upon subsequent appeal, the fee for the initial hearing shall be refunded. The fee allowed in this paragraph shall not apply to appeals made by neighborhood or community organizations recognized by the governing body and whose boundaries include the site.

(c)(A) Notice of a decision under paragraph (a) of this subsection shall be provided to the applicant and to the owners of record of property on the most recent property tax assessment roll where such property is located:

(i) Within 100 feet of the property that is the subject of the notice when the subject property is wholly or in part within an urban growth boundary;

(ii) Within 250 feet of the property that is the subject of the notice when the subject property is outside an urban growth boundary and not within a farm or forest zone; or

(iii) Within 750 feet of the property that is the subject of the notice when the subject property is within a farm or forest zone.

(B) Notice shall also be provided to any neighborhood or community organization recognized by the governing body and whose boundaries include the site.

(C) At the discretion of the applicant, the local government also shall provide notice to the Department of Land Conservation and Development.

(12) A decision described in ORS 215.402 (4)(b) shall:

(a) Be entered in a registry available to the public setting forth:

(A) The street address or other easily understood geographic reference to the subject property;

(B) The date of the decision; and

(C) A description of the decision made.

(b) Be subject to the jurisdiction of the Land Use Board of Appeals in the same manner as a limited land use decision.

(c) Be subject to the appeal period described in ORS 197.830 (5)(b).

(13) At the option of the applicant, the local government shall provide notice of the decision described in ORS 215.402 (4)(b) in the manner required by ORS 197.763 (2), in which case an appeal to the board shall be filed within 21 days of the decision. The notice shall include an explanation of appeal rights.

(14) Notwithstanding the requirements of this section, a limited land use decision shall be subject to the requirements set forth in ORS 197.195 and 197.828.

SECTION 18. ORS 227.175 is amended to read:

227.175. (1) When required or authorized by a city, an owner of land may apply in writing to the hearings officer, or such other person as the city council designates, for a permit or zone change, upon such forms and in such a manner as the city council prescribes. The governing body shall establish fees charged for processing permits at an amount no more than the actual or average cost of providing that service.

(2) The governing body of the city shall establish a consolidated procedure by which an applicant may apply at one time for all permits or zone changes needed for a development project. The consolidated procedure shall be subject to the time limitations set out in ORS 227.178. The consolidated procedure shall be available for use at the option of the applicant no later than the time of the first periodic review of the comprehensive plan and land use regulations.

(3) Except as provided in subsection (10) of this section, the hearings officer shall hold at least one public hearing on the application.

(4)(a) A city may not approve an application unless the proposed development of land would be in compliance with the comprehensive plan for the city and other applicable land use regulation or ordinance provisions. The approval may include such conditions as are authorized by ORS 227.215 or any city legislation.

(b)(A) A city may not deny an application for a housing development located within the urban growth boundary if the development complies with clear and objective standards, including [*but not limited to*] clear and objective design standards contained in the city comprehensive plan or land use regulations.

(B) This paragraph does not apply to:

(i) Applications or permits for residential development in areas described in ORS 197.307 (5); or

(ii) Applications or permits reviewed under an alternative approval process adopted under ORS 197.307 (6).

(c) A city may not [*reduce the density of*] **condition** an application for a housing development **on a reduction in density** if:

(A) The density applied for is at or below the authorized density level under the local land use regulations; and

(B) At least 75 percent of the floor area applied for is reserved for housing.

(d) A city may not [*reduce the height of*] **condition** an application for a housing development **on a reduction in height** if:

(A) The height applied for is at or below the authorized height level under the local land use regulations;

(B) At least 75 percent of the floor area applied for is reserved for housing; and

(C) Reducing the height has the effect of reducing the authorized density level under local land use regulations.

(e) Notwithstanding paragraphs (c) and (d) of this subsection, a city may [*reduce the density or height of*] **condition** an application for a housing development **on a reduction in density or height only** if the reduction is necessary to resolve a health, safety or habitability issue or to comply with a protective measure adopted pursuant to a statewide land use planning goal. **Notwithstanding ORS 197.350, the city must adopt findings supported by substantial evidence demonstrating the necessity of the reduction.**

(f) As used in this subsection:

(A) "Authorized density level" means the maximum number of lots or dwelling units or the maximum floor area ratio that is permitted under local land use regulations.

(B) "Authorized height level" means the maximum height of a structure that is permitted under local land use regulations.

(C) "Habitability" means being in compliance with the applicable provisions of the state building code under ORS chapter 455 and the rules adopted thereunder.

(5) Hearings under this section may be held only after notice to the applicant and other interested persons and shall otherwise be conducted in conformance with the provisions of ORS 197.763.

(6) Notice of a public hearing on a zone use application shall be provided to the owner of an airport, defined by the Oregon Department of Aviation as a "public use airport" if:

(a) The name and address of the airport owner has been provided by the Oregon Department of Aviation to the city planning authority; and

(b) The property subject to the zone use hearing is:

(A) Within 5,000 feet of the side or end of a runway of an airport determined by the Oregon Department of Aviation to be a "visual airport"; or

(B) Within 10,000 feet of the side or end of the runway of an airport determined by the Oregon Department of Aviation to be an "instrument airport."

(7) Notwithstanding the provisions of subsection (6) of this section, notice of a zone use hearing need only be provided as set forth in subsection (6) of this section if the permit or zone change would only allow a structure less than 35 feet in height and the property is located outside of the runway "approach surface" as defined by the Oregon Department of Aviation.

(8) If an application would change the zone of property that includes all or part of a mobile home or manufactured dwelling park as defined in ORS 446.003, the governing body shall give written notice by first class mail to each existing mailing address for tenants of the mobile home or manufactured dwelling park at least 20 days but not more than 40 days before the date of the first hearing on the application. The governing body may require an applicant for such a zone change to pay the costs of such notice.

(9) The failure of a tenant or an airport owner to receive a notice which was mailed shall not invalidate any zone change.

(10)(a)(A) The hearings officer or such other person as the governing body designates may approve or deny an application for a permit without a hearing if the hearings officer or other designated person gives notice of the decision and provides an opportunity for any person who is adversely affected or aggrieved, or who is entitled to notice under paragraph (c) of this subsection, to file an appeal.

(B) Written notice of the decision shall be mailed to those persons described in paragraph (c) of this subsection.

(C) Notice under this subsection shall comply with ORS 197.763 (3)(a), (c), (g) and (h) and shall describe the nature of the decision. In addition, the notice shall state that any person who is adversely affected or aggrieved or who is entitled to written notice under paragraph (c) of this subsection may appeal the decision by filing a written appeal in the manner and within the time period provided in the city's land use regulations. A city may not establish an appeal period that is less than 12 days from the date the written notice of decision required by this subsection was mailed. The notice shall state that the decision will not become final until the period for filing a local appeal has expired. The notice also shall state that a person who is mailed written notice of the decision cannot appeal the decision directly to the Land Use Board of Appeals under ORS 197.830.

(D) An appeal from a hearings officer's decision made without hearing under this subsection shall be to the planning commission or governing body of the city. An appeal from such other person as the governing body designates shall be to a hearings officer, the planning commission or the governing body. In either case, the appeal shall be to a de novo hearing.

(E) The de novo hearing required by subparagraph (D) of this paragraph shall be the initial evidentiary hearing required under ORS 197.763 as the basis for an appeal to the Land Use Board of Appeals. At the de novo hearing:

(i) The applicant and other parties shall have the same opportunity to present testimony, arguments and evidence as they would have had in a hearing under subsection (3) of this section before the decision;

(ii) The presentation of testimony, arguments and evidence shall not be limited to issues raised in a notice of appeal; and

(iii) The decision maker shall consider all relevant testimony, arguments and evidence that are accepted at the hearing.

(b) If a local government provides only a notice of the opportunity to request a hearing, the local government may charge a fee for the initial hearing. The maximum fee for an initial hearing shall be the cost to the local government of preparing for and conducting the appeal, or $250, whichever is less. If an appellant prevails at the hearing or upon subsequent appeal, the fee for the initial hearing shall be refunded. The fee allowed in this paragraph shall not apply to appeals made by neighborhood or community organizations recognized by the governing body and whose boundaries include the site.

(c)(A) Notice of a decision under paragraph (a) of this subsection shall be provided to the applicant and to the owners of record of property on the most recent property tax assessment roll where such property is located:

(i) Within 100 feet of the property that is the subject of the notice when the subject property is wholly or in part within an urban growth boundary;

(ii) Within 250 feet of the property that is the subject of the notice when the subject property is outside an urban growth boundary and not within a farm or forest zone; or

(iii) Within 750 feet of the property that is the subject of the notice when the subject property is within a farm or forest zone.

(B) Notice shall also be provided to any neighborhood or community organization recognized by the governing body and whose boundaries include the site.

(C) At the discretion of the applicant, the local government also shall provide notice to the Department of Land Conservation and Development.

(11) A decision described in ORS 227.160 (2)(b) shall:

(a) Be entered in a registry available to the public setting forth:

(A) The street address or other easily understood geographic reference to the subject property;

(B) The date of the decision; and

(C) A description of the decision made.

(b) Be subject to the jurisdiction of the Land Use Board of Appeals in the same manner as a limited land use decision.

(c) Be subject to the appeal period described in ORS 197.830 (5)(b).

(12) At the option of the applicant, the local government shall provide notice of the decision described in ORS 227.160 (2)(b) in the manner required by ORS 197.763 (2), in which case an appeal to the board shall be filed within 21 days of the decision. The notice shall include an explanation of appeal rights.

(13) Notwithstanding other requirements of this section, limited land use decisions shall be subject to the requirements set forth in ORS 197.195 and 197.828.

SECTION 19. ORS 215.441 is amended to read:

215.441. (1) If a church, synagogue, temple, mosque, chapel, meeting house or other nonresidential place of worship is allowed on real property under state law and rules and local zoning ordinances and regulations, a county shall allow the reasonable use of the real property for activities customarily associated with the practices of the religious activity, including:

(a) Worship services.

(b) Religion classes.

(c) Weddings.

(d) Funerals.

(e) Meal programs.

(f) Child care, but not including private or parochial school education for prekindergarten through grade 12 or higher education.

(g) Providing housing or space for housing in a building **or buildings** that [*is*] **are** detached from the place of worship, provided:

(A) At least 50 percent of the residential units provided under this paragraph are affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located;

(B) The real property is in an area zoned for residential use that is located within the urban growth boundary; and

(C) The housing or space for housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone.

(2) A county may:

(a) Subject real property described in subsection (1) of this section to reasonable regulations, including site review or design review, concerning the physical characteristics of the uses authorized under subsection (1) of this section; or

(b) Prohibit or restrict the use of real property by a place of worship described in subsection (1) of this section if the county finds that the level of service of public facilities, including transportation, water supply, sewer and storm drain systems is not adequate to serve the place of worship described in subsection (1) of this section.

(3) Notwithstanding any other provision of this section, a county may allow a private or parochial school for prekindergarten through grade 12 or higher education to be sited under applicable state law and rules and local zoning ordinances and regulations.

(4) Housing and space for housing provided under subsection (1)(g) of this section must be subject to a covenant appurtenant that restricts the owner and each successive owner of [*the*] **a** building or any residential unit contained in [*the*] **a** building from selling or renting any residential unit described in subsection (1)(g)(A) of this section as housing that is not affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located for a period of 60 years from the date of the certificate of occupancy.

SECTION 20. ORS 227.500 is amended to read:

227.500. (1) If a church, synagogue, temple, mosque, chapel, meeting house or other nonresidential place of worship is allowed on real property under state law and rules and local zoning ordinances and regulations, a city shall allow the reasonable use of the real property for activities customarily associated with the practices of the religious activity, including:

(a) Worship services.

(b) Religion classes.

(c) Weddings.

(d) Funerals.

(e) Meal programs.

(f) Child care, but not including private or parochial school education for prekindergarten through grade 12 or higher education.

(g) Providing housing or space for housing in a building **or buildings** that [*is*] **are** detached from the place of worship, provided:

(A) At least 50 percent of the residential units provided under this paragraph are affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located;

(B) The real property is in an area zoned for residential use that is located within the urban growth boundary; and

(C) The housing or space for housing complies with applicable land use regulations and meets the standards and criteria for residential development for the underlying zone.

(2) A city may:

(a) Subject real property described in subsection (1) of this section to reasonable regulations, including site review and design review, concerning the physical characteristics of the uses authorized under subsection (1) of this section; or

(b) Prohibit or regulate the use of real property by a place of worship described in subsection (1) of this section if the city finds that the level of service of public facilities, including transportation, water supply, sewer and storm drain systems is not adequate to serve the place of worship described in subsection (1) of this section.

(3) Notwithstanding any other provision of this section, a city may allow a private or parochial school for prekindergarten through grade 12 or higher education to be sited under applicable state law and rules and local zoning ordinances and regulations.

(4) Housing and space for housing provided under subsection (1)(g) of this section must be subject to a covenant appurtenant that restricts the owner and each successive owner of [*the*] **a** building or any residential unit contained in [*the*] **a** building from selling or renting any residential unit described in subsection (1)(g)(A) of this section as housing that is not affordable to households with incomes equal to or less than 60 percent of the median family income for the county in which the real property is located for a period of 60 years from the date of the certificate of occupancy.

SECTION 21. ORS 455.062 is amended to read:

455.062. (1) A Department of Consumer and Business Services employee acting within the scope of that employment may provide typical plans and specifications:

(a) For structures of a type for which the provision of plans or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the application of ORS 672.002 to 672.325; and

(b) Notwithstanding ORS 671.010 to 671.220 and 672.002 to 672.325, for structures that are metal or wood frame Use and Occupancy Classification Group U structures under the structural specialty code.

(2) A Department of Consumer and Business Services employee, who is licensed or registered under ORS 671.010 to 671.220 or 672.002 to 672.325, who is acting within the scope of that employment and who is providing typical plans and specifications under subsection (1) of this section, is not required to seal or sign the typical plans and specifications and is not subject to disciplinary action under ORS 671.010 to 671.220 or 672.002 to 672.325 based on providing those typical plans and specifications.

[*(2)*] **(3)** A building official or inspector, as those terms are defined in ORS 455.715, when acting within the scope of direct employment by a municipality, may provide typical plans and specifications for structures of a type for which the provision of plans or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the application of ORS 672.002 to 672.325.

[*(3)*] This [*section*] **subsection** does not alter any applicable requirement under ORS 671.010 to 671.220 or 672.002 to 672.325 regarding stamps and seals for a set of plans for a structure.

SECTION 21a. If Senate Bill 39 becomes law, ORS 455.062, as amended by section 2, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39), and section 21 of this 2019 Act, is amended to read:

455.062. (1) A Department of Consumer and Business Services employee acting within the scope of that employment may provide typical drawings and specifications:

(a) For structures of a type for which the provision of drawings or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the registration requirements of ORS 672.002 to 672.325; and

(b) Notwithstanding ORS 671.010 to 671.220 and 672.002 to 672.325, for structures that are metal or wood frame Use and Occupancy Classification Group U structures under the structural specialty code.

(2) A Department of Consumer and Business Services employee, who is licensed or registered under ORS 671.010 to 671.220 or 672.002 to 672.325, who is acting within the scope of that employment and who is providing typical [*plans*] **drawings** and specifications under subsection (1) of this section, is not required to seal or sign the typical [*plans*] **drawings** and specifications and is not subject to disciplinary action under ORS 671.010 to 671.220 or 672.002 to 672.325 based on providing those typical [*plans*] **drawings** and specifications.

(3) A building official or inspector, as those terms are defined in ORS 455.715, when acting within the scope of direct employment by a municipality, may provide typical drawings or specifications for structures of a type for which the provision of drawings or specifications is exempted under ORS 671.030 from the application of ORS 671.010 to 671.220 and exempted under ORS 672.060 from the registration requirements of ORS 672.002 to 672.325. This subsection does not alter any applicable requirement under ORS 671.010 to 671.220 or 672.002 to 672.325 regarding stamps and seals for a set of plans for a structure.

SECTION 21b. If Senate Bill 39 becomes law, section 3, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39), is amended to read:

Sec. 3. The amendments to ORS 455.062 and 672.060 by sections 1 and 2 [*of this 2019 Act*]**, chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39), and section 21a of this 2019 Act** apply to work performed, and offers made, on or after the effective date of [*this 2019 Act*] **chapter 97, Oregon Laws 2019 (Enrolled Senate Bill 39)**.

SECTION 22. In addition to and not in lieu of any other appropriation, there is appropriated to the Department of Land Conservation and Development, for the biennium beginning July 1, 2019, out of the General Fund, the amount of $1,000,000, to provide technical assistance to local governments to implement sections 4 to 6 and 15 of this 2019 Act and the amendments to ORS 197.296, 197.299, 197.303, 197.319, 197.320, 215.416, 215.441, 227.175 and 227.500 and section 1, chapter 47, Oregon Laws 2018, by sections 8 to 13 and 17 to 20 of this 2019 Act.

SECTION 23. In addition to and not in lieu of any other appropriation, there is appropriated to the Housing and Community Services Department, for the biennium beginning July 1, 2019, out of the General Fund, the amount of $655,274, for research, administration and reporting that relate to a regional housing needs analysis described in section 1 of this 2019 Act.

SECTION 24. (1) Sections 4 to 6 of this 2019 Act and the amendments to ORS 197.296, 197.299, 197.303, 197.319 and 197.320 and section 1, chapter 47, Oregon Laws 2018, by sections 8 to 13 of this 2019 Act become operative on January 1, 2020.

(2) The Land Conservation and Development Commission, the Department of Land Conservation and Development and the Housing and Community Services Department may take any action before the operative date specified in subsection (1) of this section that is necessary for the departments and the commission to exercise, on or after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the departments and the commission by sections 4 to 6 of this 2019 Act and the amendments to ORS 197.296, 197.299, 197.303, 197.319, 197.320 and section 1, chapter 47, Oregon Laws 2018, by sections 8 to 13 of this 2019 Act.

SECTION 25. This 2019 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect on its passage.

Passed by House June 26, 2019

....
Timothy G. Sekerak, Chief Clerk of House

....
Tina Kotek, Speaker of House

Passed by Senate June 30, 2019

....
Peter Courtney, President of Senate

Received by Governor:

........................M.,..., 2019

Approved:

........................M.,..., 2019

....
Kate Brown, Governor

Filed in Office of Secretary of State:

........................M.,..., 2019

....
Bev Clarno, Secretary of State

Oregon Department of Land Conservation and Development

PAPA Online Submittal

Tom Schaue

Home (/PAPA_Online/)

Reports (https://db.lcd.state.or.us/papa_online_reports)

Report A Problem (mailto:plan.amendments@state.or.us?subject=PAPA_PR Report a Problem)

McMinnville (/PAPA_Online/Jurisdictions/Jurisdiction/Get/162) -> Amendment 001-20

(Read Only)

DLCD File #: 001-20 **Status: Web Notice Posted** **Revision Type: Department Review**

Revise | Withdraw | Deny | Adopt

Local File #: G 1-20

Date of 1st Hearing: 05/20/2021

371 Days difference

Date of Final Hearing 06/22/2021

404 Days difference

Type:
- [ ] Comprehensive Plan Map Change
- [ ] Zoning Map Change
- [ ] Comprehensive Plan Map & Zoning Map Change
- [x] Comprehensive Plan Text Change
- [ ] Land Use Regulation Change
- [ ] UGB using Simplified Method (div 38)
- [ ] UGB amendment by city with population less than 2,500 within UGB (div24)
- [ ] UGB amendment of 50 acres or less by a city with population 2,500 or more within UGB (div 24)
- [ ] UGB amendment adding more than 50 acres by city with population 2,500 or more within UGB (div 24)
- [ ] UGB amendment that adds more than 100 acres by Metro (div 24)
- [ ] Urban Reserve designation by Metro or a city with population 2,500 or more within UGB
- [ ] Urban Reserve amendment to add over 50 acres by a city with population 2,500 or more within UGB
- [ ] Urban Reserve designation or amendment by a city with population less than 2,500 within UGB
- [ ] Urban Reserve amendment by Metro
- [ ] Urban Reserve Other
- [ ] Other
- [ ] Periodic Review Task

Summary: Housing Needs Analysis and Residential BLI

An exception to a statewide planning goal is proposed: [ ]

Total Acres: 0.00

Locations (If there's a large number of tax lots associated with this amendment, please contact DLCD for assistance. plan.amendments@state.or.us (mailto:plan.amendments@state.or.us?subject=PAPA%20on-line%20location%20entry%20assistance))

Type	Tax Lot	From	To	Acres

Additions and changes to tax lots won't be permanently saved until you click the "Save" button at the bottom of this page.

Contacts

Contacts

Tom Schauer Senior Planner (Local)

Documents

Upload supporting documentation. Administrative rule requires that you include all of the following materials that may apply:

- The text of the amendment (e.g., plan or code text changes, exception findings, justification for change)

- Any staff report on the proposed change or information that describes when the staff report will be available and how a copy may be obtained
- A map of the affected area showing existing and proposed plan and zone designations
- A copy of the notice or a draft of the notice regarding a quasi-judicial land use hearing, if applicable
- Any other information necessary to advise DLCD of the effect of the proposal

Uploaded	Name	User
5/14/2020	Proposal_final_mcminnville_hna_report_06_28_19_2020-05-14_11-48-08.pdf (/PAPA_Online/Document/Get?documentID=248510)	

From: Tom Schauer
To: Sarah Sullivan
Subject: FW: Confirmation of PAPA Online submittal to DLCD
Date: Wednesday, May 20, 2020 9:56:01 AM

Tom Schauer, AICP
Senior Planner
City of McMinnville
231 NE 5th Street
McMinnville, OR 97128

503-474-5108
tom.schauer@mcminnvilleoregon.gov

From: DLCD Plan Amendments [mailto:plan.amendments@state.or.us]
Sent: Thursday, May 14, 2020 11:49 PM
To: Tom Schauer <Tom.Schauer@mcminnvilleoregon.gov>
Subject: Confirmation of PAPA Online submittal to DLCD

This message originated outside of the City of McMinnville.

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McMinnville

Your notice of a proposed change to a comprehensive plan or land use regulation has been received by the Oregon Department of Land Conservation and Development.
Local File #: G 1-20
DLCD File #: 001-20
Proposal Received: 5/14/2020
First Evidentiary Hearing: 5/20/2021
Final Hearing Date: 6/22/2021
Submitted by: tom.schauer

If you have any questions about this notice, please reply or send an email to plan.amendments@state.or.us.