



City of McMinnville
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MEMORANDUM

DATE: June 13, 2019 Housing PAC Meeting
TO: Housing PAC Members
FROM: Tom Schauer, Senior Planner
SUBJECT: Summary of Revisions in Updated Housing Needs Report

Dear Housing PAC Members:

We have provided clean and redlined copies of the updated Housing Needs report to make it easier for you to review what has changed since the last draft. Most of the mark-up in the redlined copy is self-explanatory. However, please be aware that the redlined copy shows deleted and new tables. Deleted tables are denoted with a single horizontal red line through the middle of the table, which may not always be obvious. New tables are denoted with a red underline beneath the table. In the redlined copy, if a table was replaced, the deleted table and replacement table are both visible and may read as if they are a single table because they may be stacked on top of one another with no space between, and underneath the same exhibit number and title.

For your reference, below is a summary of the revisions reflected in the report, together with a few additional clarifications.

- The first section summarizes revisions in the report.
- The second section summarizes non-substantive revisions in the report, which only clarify information in the report.
- The third section provides clarifications about information in the report or related questions; however there are no associated changes in the report.

Revisions in Report

1. **Group Quarters.** *Revisions are incorporated in the revised document.* The revised report reflects the change addressing how much of total population should be deducted and allocated to group quarters before calculating how much population should be allocated to residential housing units. This reflects "Option 3" in the attached memo based on the responses from PAC members. This method allocates housing to population consistent with PSU's population forecast. Further, without separately accounting for group quarters, it recognizes that a portion of the lands allocated to meet needs for multi-family housing could be used interchangeably to meet needs for group quarters using the same assumptions for land need.

As a result, the tables in the document now reflect these revisions and associated assignment of population to housing as described above. This results in updates to several tables and charts and some of the narrative.

Clarifications Incorporated in Report

2. **Total Housing Need, and Allocation to (a) Infill & Redevelopment and (b) Housing Requiring Buildable Vacant and Partially Vacant Lands.** *Clarifying table and text was added to the revised document.* Exhibit 83 is a new table that was added to summarize and explain in one table the total housing need as well as the allocation of total housing need to (a) infill and redevelopment on lands classified as developed and (b) housing that will require new buildable vacant and partially vacant lands. It reflects the revisions described in #1 above. There is also new explanatory narrative following the table. This table and narrative are only provided for the 2021-2041 20-year planning period and aren't repeated each time for the 5-, 10-, and 46-year periods; however, the narrative explains that this information is also illustrative of the allocations for each of those time periods.

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

3. **Land Capacity.** *Clarifying text was added to the revised document.* There are several places in the revised document where clarifying text has been added to explain that the analysis in the document is the “baseline analysis” that reflects capacity based on existing land use regulations and zoning. New measures enacted as part of the housing strategy could affect final capacity.
4. **Allocation of Housing by Zoning District.** *Clarifying text was added to the revised document.* Clarifying text explains the two-step method for assigning needed housing units by zone, and how that is reflected in the main document vs. the appendices. Also, please note the tables in Appendix B that compared the four “housing mix” scenarios continue to show the numbers from the meeting during which they were discussed and don't reflect final revisions in the main report described herein.
5. **Updated Table Format in Chapter 6.** *The “Final” land sufficiency tables for each time period have been reformatted for clarity.* (These are Exhibits 103, 107, 111, and 115 in the revised document). The new table format clearly shows the 2018 capacity, the demand through the end of the respective planning period, the capacity remaining at the end of the planning period, the sufficiency (surplus or deficit) at the end of the planning period, and the average density. The “capacity” column in the old table didn't represent the capacity at the end of the planning period (because it didn't deduct the 2018-2021 demand), so it wasn't possible to directly calculate density based on the columns in the table. That is now possible, and the new table format adds a column with that density calculation. *(See table on next page).*

| Zoning Districts | 2018 Capacity (Dwelling Units) | Demand 2018-2041 | | Capacity in 2041 | Approx. Land Surplus or (Deficit) in 2041 Gross Acres | Average Density of Land Surplus or (Deficit) |
|---------------------------------|-----------------------------------|---|---|--|--|--|
| | | 2018-2021 Demand (Dwelling Units) | 2021-2041 Demand (Dwelling Units) | 2018 Capacity minus 2018-2041 Demand (Dwelling Units) | | |
| R-1 Single Family Residential | 449 | 141 | 1,114 | (806) | (260) | 3.1 |
| R-2 Single Family Residential | 561 | 141 | 1,242 | (822) | (191) | 4.3 |
| R-3 Two Family Residential | 28 | 141 | 861 | (974) | (203) | 4.8 |
| R-4 Multiple-Family Residential | 127 | 141 | 1,067 | (1,081) | (177) | 6.1 |
| O-R Office/Residential | 3 | - | - | 3 | 0 | 6.3 |
| C-3 General Commercial | - | - | - | 0 | 0 | - |
| Subtotal (City Limits) | 1,168 | 563 | 4,284 | (3,679) | (831) | 4.4 |
| County Zoning | 1,753 | - | - | 1,753 | 358 | 4.9 |
| Total | 2,921 | 563 | 4,284 | (1,926) | (473) | 4.1 |

6. **“Needed Density” for Multi-Family Development.** *Clarifying text was added to the revised document.* Exhibit 95 shows historical densities by housing type and Exhibit 98 shows density calculations by zone. (These were existing exhibits). Historical average residential density in the C-3 zone was higher than in the R-4 zone. There was a concern that if the remainder of the buildable commercially-zoned (C-3) land in the current UGB is assumed to be needed for commercial development, then future planning for multi-family housing land needs wouldn't account for the higher multi-family densities that occurred in the C-3 zone historically. The report provides narrative with greater clarity describing how this is accounted for with the average “needed density” to calculate needs and to calculate current capacity of residential lands within the UGB.

For lands in the unincorporated UGB that don't yet have city zoning, capacity was calculated at the overall average density that reflects historic density of all housing types regardless of zone, which incorporates the density in the C-3 zone.

Capacity for areas in the UGB with city zoning was calculated consistent with the respective zoning densities. In addition, consistent with #3 above, a note was added that this is the “baseline analysis” that reflects capacity based on existing land use regulations and zoning, and that new measures enacted as part of the housing strategy could affect final capacity.

Additional Clarifications (No Changes to Report from Previous Draft)

7. **Landslide Susceptibility.** *Footnote 7 on Page 11 was already included in the draft document regarding Comprehensive Plan policies and the Buildable Lands Inventory.* At the May 23 meeting, I didn't remember this language had already been added to the previous draft, and I indicated it would need to be added to the report.
8. **Lands with Conservation Easements.** There was a question about potential use of lands subject to conservation easements for future park or open space needs. This document only addresses residential needs on residential lands. *Non-residential uses are to be addressed in the next phase of work.*



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MEMORANDUM

DATE: May 29, 2019
TO: Housing Project Advisory Committee (PAC)
FROM: Tom Schauer, Senior Planner
SUBJECT: Direction Needed on Group Quarters Assumptions by End of Day Thursday, May 30

Dear Housing PAC Members:

As discussed at the May 21 PAC meeting, interested PAC members were invited to meet on the morning of Thursday, May 23 to review questions and comments related to the new content in the Housing Needs Report, which was based on direction provided by the PAC at the March meeting. We met and had a productive meeting. Many of the comments and questions were answered. Resolution of issues could generally be classified as one of the following:

- The question was answered, and no further action is needed.
- The question was answered, and additional clarifying / explanatory narrative will be included in the report.
- The issue was previously discussed at a PAC meeting, and the PAC already provided direction on the issue. The issue reflects the minority position on a previous PAC vote that provided direction on this issue. Therefore, no further change is proposed.
- **The issue relates to incorporation of new information based on previous PAC direction, but the new information may reflect additional assumptions not previously discussed by the PAC. The item needs direction from the PAC.**

Assumptions regarding group quarters falls into the last category, needing direction from the PAC.

PAC Direction Needed:

PAC direction is needed regarding methods and assumptions related to group quarters. If you can provide your feedback to staff by e-mail before end of day Thursday, May 30, we believe we can make any necessary revisions to the Housing Needs document before the June 13 PAC meeting and send out both redlined and clean documents by June 6, without the need for an additional PAC meeting before then.

Staff Recommendation:

Based on staff research and McMinnville-specific data gathered after the May 23 meeting, staff recommends that a different McMinnville-specific method be used for how population is assigned to new residential units vs. group quarters. The basis for the recommendation is detailed below.

In short, staff recommends that **Option 3** presented at the end of this report be used. This is based on data about McMinnville's group quarters population and assumptions in PSU's official population forecast for McMinnville, described in more detail below. This would reduce the share of forecast population assigned to group quarters. The current, more general assumption that current share of population in group quarters be applied to forecast population growth in the future is more likely to over-allocate population to group quarters. Instead, staff recommends a method in which current population in group quarters is assumed to be generally constant, and that land needs for new net population growth be assigned to residential units.

Background:

There is no direction, simplified method, or "safe harbor" in the statutes or administrative rules for assumptions about land needs for the portion of forecast population assigned to group quarters. The methodology in DLCD's "Planning for Residential Growth" workbook specifies that before calculating housing needs, a portion of the forecast population should be subtracted from the total forecast population and assigned to group quarters rather than residential housing. However, once deducted, there is no direction, requirement, or safe harbor for how to assign land need for that portion of the forecast population assumed to reside in group quarters.

Even the optional "simplified" 14-Year UGB analysis method in OAR 660-038-0030 provides a method for deducting population assigned to group quarters from residential needs, but doesn't provide a method for adding that population back into the land needs:

- (3) The city must subtract from the forecast population growth the number of persons projected to live in group quarters in the UGB during the planning period. The city shall determine this number by calculating the percentage of the city's population living in group quarters at the last decennial United States Census and subtracting the same percentage from projected population growth. For the purpose of this rule, "group quarters," as defined by the United States Census, are places where people live or stay, in a group living arrangement, which is owned or managed by an entity or organization providing housing or services for the residents.

Many cities use the method described in OAR 660-038-0030(3), or a similar method, for deducting population assigned to group quarters before calculating housing needs for the remainder of the population assigned to housing. However, unsurprisingly, without specific direction in statute or administrative rule to assign land needs to group quarters, there is no single method cities have used to calculate land needs for population assigned to group quarters. Rather, cities have used different approaches. Further, some cities have completed the population deductions for group quarters to determine residential land needs as described above, but never re-assigned land needs back into the calculations to account for the portion of the forecast population that was deducted and assigned to group quarters. (Examples include smaller cities with relatively small population numbers in group quarters, such as Phoenix and Talent in Southern Oregon). Further, the Census Bureau doesn't publish data for group quarters analogous to average household size that could be used as safe harbors

Assumptions Used in the May Draft Report

The May draft of the Housing Needs Analysis included a forecast for future population assigned to group quarters based on the current share of population in group quarters compared to current total population, using Census data. Land needs for group quarters were then calculated by assigning one person per group quarter unit and applying land needs for group quarters at the same density factor used for multi-family residential units.

This is the same method that has been used by other cities including Grants Pass, Redmond, and Newberg.

Comments Received

After distribution of the May draft of the Housing Needs Report, staff received comments from some PAC members. One comment was about the assumptions used to assign land needs to group quarters. This was further discussed during the May 23 meeting. There was a comment in disagreement about the portion of the methodology that assigned one person per group quarter. There was not concern with the method for assigning a share of population to group quarters or for applying the multi-family density factory to group quarters. The comment included a request that more than one person be assigned to a group quarter unit before applying the density factor to calculate land needs. Examples were provided of cities that had used this approach (Woodburn, Bend, and McMinnville's 2003 Housing Needs Analysis).

During the May 23 meeting, there was also discussion about local conditions and context pertaining to group quarters. This included questions about what share of group quarters population should be assumed to occur at Linfield, which makes up a majority of the group quarters population, and additional discussion about McMinnville's group quarters.

The details of the methodology for assigning land needs to group quarters hadn't been previously discussed by the PAC, so we noted that direction from the full PAC would be needed for this direction and decision.

Need for Additional Research and Analysis:

The discussion prompted me to conduct additional research into McMinnville's specific group quarters population to provide further background to assist the PAC with deliberations.

This led to the following fundamental questions about group quarters assumptions:

Is the current methodology for allocating a portion of the forecast population to group quarters the best assumption for McMinnville? Should McMinnville retain the assumption that the future year group quarters population will be the same share of McMinnville's population as the current share?

These questions should be addressed before any further discussion about the methodology for how much land need should be assigned to the group quarters population.

Results of Additional Research and Analysis:

First, I obtained the 2010-2018 data for the annual group quarters population estimates from PSU's Population Research Center.

- The group quarters annual reporting for McMinnville provided to PSU (who reports to the Census Bureau) shows very little change in new group quarters or population in group quarters between 2010 and 2018. (Linfield data was missing from the 2010 data, and no data was reported in 2011).
- The report shows that the total Group Quarters population estimate in 2018 was 1,262, as follows:

- About 58% of Group Quarters was at Linfield (738 people)
 - About 15% was Jail Population (191 people)
 - About 26% was Other (mostly skilled nursing, assisted living, etc.) (333 people)
- These totals and distributions have remained fairly stable from 2010-2018. There has been year to year fluctuation, but not a consistent trend.
 - In 2018, 58% of group quarters population was at Linfield. While Linfield expects to be transitioning to a growth period after declining enrollment, we would not expect year over year growth in student enrollment at Linfield that would keep pace with McMinnville's forecast population growth. We could expect the group quarters facilities and population at Linfield to remain relatively stable. As student enrollment turns over, the group quarters would be occupied by new students. Some graduating students will remain in McMinnville and occupy housing as part of the "general population", and some will leave the community, not requiring housing in McMinnville.
 - In 2018, 15% of group quarters population was in jail population. That population fluctuated between 2012 and 2018. While it is possible that the jail population could grow proportionally with overall population, there is no clear trend. If jail capacity remains relatively constant, then released population will consume housing.
 - In 2018, 24% of group quarters population was in other group living and/or group care types of facilities. This is less than 1% of McMinnville's current population. This is the segment of group quarters most likely to experience increased growth as population grows, although not necessarily in direct proportion to population growth. Further, group quarters capacity isn't always added in small increments. Development of large new facility might accommodate increased demand in larger, less frequent increments. However, 2010-2018 data doesn't show new group quarters facilities or a consistent trend to new group quarters construction. While an aging population may place additional demand on this type of group quarters, it is also recognized that the age of residents in these group quarters is disproportionately older, with a higher mortality rate, relative to the general population, which means the demand for new group quarters units is less likely to keep pace with other population and housing. There is also desire for aging in place at home and with extended family, reflected in trends including design for visitability, accessibility, and home health care services. Therefore, it is reasonable to assume a decreasing share in "other" new group quarters relative to growth of the general population.
 - This raised the following question: Given the flat trend data, would it be reasonable to assume all of the net new forecast population growth was assigned to dwelling units instead of assigning a portion to group quarters? The current population numbers assigned to group quarters would be assumed to remain constant (assuming existing units would also experience refill). This is consistent with assumptions that have already been discussed by the PAC, with a portion of the older population assumed to live in multi-family housing (also substitutable with group quarters with the same effective land need characteristics), extended family living situations, co-housing, cottage clusters, aging in place in existing homes, downsizing, etc.

Next, after reviewing this data and noting the observations above, I asked PSU's Population Research Center about assumptions for Linfield College and the jail used to develop

McMinnville's official population forecast, upon which housing needs must be based. I found that the observations noted above regarding group quarters turned out to be very similar to key assumptions PSU used in developing McMinnville's official population forecast:

- Based on local data, PSU's official population forecast for McMinnville assumes constant population (no change from current population) for Linfield or the jail.

(Note: This is also consistent with Linfield's current campus master plan on file with the Planning Department, which doesn't include plans for additional dormitories).
- Therefore, it would be inconsistent with McMinnville's official population forecast to assign any new growth to the Linfield campus or jail, or consequently to assume any demand for new group quarters at Linfield or the jail.
- Therefore, all of the total forecast population growth would be forecast to reside in residential units or "other" group quarters such as nursing homes, etc., with no population growth or associated demand for group quarters (or housing), assigned to Linfield or the jail.
- Based on this local information, which is reflected in PSU's official population forecast for McMinnville, it is reasonable to conclude that a different assumption could be used regarding the share of future population that would reside in group quarters.

NOTE: *Communities might benefit from one or more safe harbors or simplified methods in the OARs relating to population assigned to group quarters which address associated land needs, including an option based on the same general population assumptions used in PSU's forecasting.*

Conclusions:

- **Would it be reasonable to use a different assumption for future group quarters share of population? Yes.** Based on the data presented above, it would be reasonable to use a different assumption about the share of future population assigned to group quarters. It would be reasonable to assume more of the net new population growth should be assigned to residential units.
- **Would it be reasonable to assign all of the net new population growth to residential units, rather than deducting a share for group quarters? Yes.** Based on the historic trend data about group quarters specific to McMinnville, which also provides the basis for PSU's official population forecast for McMinnville, a different assumption would be reasonable. It might be more reasonable to assume the current population in group quarters will generally remain constant, and assign all new population growth to residential units using the same assumptions for household size, vacancy rates, and housing mix, and density already used for new housing in the Housing Needs report. This still recognizes that a portion of that net growth could be in "other" group quarters; however, for calculating land needs, it isn't critical to determine with specificity whether that need will be met in multi-family housing or group quarters with effectively the same land needs, and that also means no separate methodology is required to calculate land needs for group quarters.

