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MEMORANDUM

DATE: March 7, 2019
TO: BLI/HNA/Housing Strategy Project Advisory Committee Members
FROM: City Planning Staff
SUBJECT: Thinking About McMinnville's Future Housing Needs – A Guide

Dear PAC:

We are at that point in the Buildable Lands Inventory, Housing Needs Analysis and Housing Strategy discussions where we need to start putting all of the pieces of the puzzle together as we construct a future housing plan for McMinnville.

At our joint meeting we encouraged you to think about the next five generations of residents in McMinnville and how they are going to live in this community. Where will they live? What will be their experience? How will the built environment reflect their quality of life? How do we create equity and inclusivity so that we are creating places where people want to live and not places where people do not want to live?

This next PAC meeting we will need to make some statutory decisions per the housing needs analysis regarding "needed housing mix" and "needed density." This is usually structured in the housing needs analysis as a step to be completed before work on the housing strategy. However, these decisions could also be informed by the housing strategy, so we recommend thinking about some of the big picture aspects of the strategy related to the qualities McMinnville seeks for future neighborhoods and housing to help inform these quantitative decisions. One of the purposes of the housing strategy is to use the information and data developed in the Housing Needs Analysis report based upon the trends listed in ORS 197.296(5) that we now have specific to McMinnville, to begin to develop goals and strategies to meet McMinnville's housing needs.

Ultimately, the City isn't selecting housing for future residents and households. The City is providing a planning framework to address their needs by ensuring there are neighborhoods with different housing options for people to choose, consistent with their needs, preferences, and economic capabilities.

When you think about McMinnville in 2041, and the additional 5000 housing units (4424 in planning horizon of 2021-2041, plus estimated 500 in 2018-2021 horizon) that we need to build to accommodate our projected growth in population what do you imagine that looks like and feels like? Do you see lots of apartments, lots of single family detached homes or a mixture of different housing types? Do you see high density housing in one geographic area of the community and low density in another area, or do you see a different mix altogether? ***How do we protect the small town charm and aesthetic of McMinnville while providing housing choice for our diverse community and ensure that everyone lives in a quality housing situation. That is our ultimate goal.*** Then after we have figured out all of that we need to figure out how to achieve that goal while being good stewards of the land and thoughtful about land use efficiencies, minimizing our impact on the farm land that surrounds McMinnville.

There is nothing in the Oregon land use system that says cities shall not grow, in fact, quite the opposite is true, the Oregon land use system mandates that growth should happen in the cities and not in the unincorporated areas because cities can grow more efficiently, both financially and in terms of land supply.

There is also nothing in the Oregon land use system that mandates that all cities need to grow in the same way, these are local decisions, based on local values. And these decisions are what constitute the housing strategy.

This is why we recommend thinking about some of these big picture aspects so that they may inform the quantitative decisions required for “needed housing mix” and “needed density”. We want to ensure that the quantities and percentages selected reflect what the data in the Housing Needs Analysis report is telling us, and also what McMinnville wants to see in terms of Great Neighborhood Principles and type of housing forms that could provide the required housing type and mix.

Attached is a memorandum to help you think about how all of these different puzzle pieces interact with each other so that we ensure that we are putting our best foot forward for McMinnville.

McMinnville’s Great Neighborhood Principles: The City of McMinnville is currently in the process of adopting Great Neighborhood Principles. These principles are meant to create equity and inclusion for all residents in McMinnville to ensure that all residents live in a great neighborhood regardless of their income.

1. **Natural Feature Preservation** – Preserve significant natural features of the land.
2. **Scenic Views** – Preserve scenic view in areas that everyone can access.
3. **Parks and Open Spaces** – Provide open and recreational spaces for everyone to enjoy.
4. **Pedestrian Friendly** – Pedestrian friendly for all ages and abilities.
5. **Bike Friendly** – Bike friendly for all ages and abilities.
6. **Connected Streets** – Increased connectivity between places and destinations.
7. **Accessibility** – Should be accessible for people of all ages and abilities.
8. **Human Scale Design** – Buildings and spaces are designed to be comfortable at a human scale and foster human interaction with the built environment.
9. **Mix of Activities** – Easy and convenient access to many of the destinations, activities and local services that residents use on a daily basis.
10. **Urban Rural Interface** – Complement adjacent rural areas and transition between urban and rural uses.
11. **Housing for Diverse Incomes** – Housing opportunities for people and families with a wide range of incomes, and for people and families in all stages of life.
12. **Housing Variety** – Variety of building forms and architectural variety to avoid monoculture design.
13. **Unique and Integrated Design** – Unique features, designs and focal points create neighborhood character and identity.

TRADITIONAL ASSUMPTIONS:

Traditionally, when communities undertake their Housing Needs Analysis and Housing Strategy they determine what the make-up of the future population is for the community and evaluate how they are going to meet the housing needs of that future population by identifying the types of housing they will encourage through their policies and housing strategy. Typically, the assumption is that higher density housing is more affordable and therefore multifamily is the most affordable housing type to serve the population base on the lower end of the affordability spectrum. See Figure 1.

Figure 1:

Assumptions Inherent in Traditional Statutory Model			
	Less Affordable More Affordable		
	←—————→		
	1	2	3
A-Housing Type	Single-Family Detached	Single-Family Attached	Multi-Family
B-Density	Low Density	Medium Density	High Density
C-Affordability	High Cost	Medium Cost	Low Cost
Strategy	↓	↓	↓
Housing Mix Strategy	Reduce Share Compared to Historic	Increase Share Compared to Historic	Increase Share Compared to Historic
Housing Density Strategy	Increase Density of SFD	Increase Density of SFA	Increase Density of MFH
Leads To:	↓	↓	↓
Presumptive Outcome	<ul style="list-style-type: none"> • Lower % SFD in Mix • Increase Density of SFD • <u>Lower Cost:</u> • Less of the most expensive housing type • Make this housing type more affordable by increasing its density 	<ul style="list-style-type: none"> • Greater % SFA in Mix • Increase Density of SFA • <u>Lower Cost:</u> • More of a more afford. housing type • Make this housing type more affordable by increasing its density 	<ul style="list-style-type: none"> • Greater % of MFH in Mix • Increase Density of MFH • <u>Lower Cost:</u> • More of the most afford. housing type • Make this housing type more affordable by increasing its density
Action:	“Lock In” a mix and density, and determine how to achieve those with the strategy		

However, that does not always bear true in reality and may be what has led to some of our affordable housing issues. We want to encourage you to be more thoughtful and intentional than that.

Figure 2 below shows how many different housing types can serve different income levels for housing, and that typically people are making their housing choices based upon two factors: 1) what they can afford; and 2) how they prefer to live (rental versus ownership, detached versus attached housing). Ideally we would be able to provide housing at all income levels that provide choices for all preferences.

Figure 2:

	Extremely Low Income (≤ 30% of MHI) 483 HH in 20 Year Forecast 11% of total units	Very Low Income (30 – 50% of MHI) 482 HH in 20 Year Forecast 11% of total units	Low Income (50-80% of MHI) 683 HH in 20 Year Forecast 15% of total units	Middle Income (80 - 120% of MHI) 943 HH in 20 Year Forecast 21% of total units	High Income (≥ 120% of MHI) 1,833 HH in 20 Year Forecast 41% of total units
Single Family Detached	Tiny Home Villages Mobile Homes	Tiny Home Villages Mobile Homes Manufactured Homes Single Family Detached – Habitat and CHB, Section 8	Tiny Home Villages Mobile Homes Manufactured Homes Cottage Clusters Small Lot Subdivisions Single Family Detached – Habitat and CHB, Section 8	Single Family Detached Cottage Clusters Small Lot Subdivisions	Single Family Detached Cottage Clusters Small Lot Subdivisions
Single Family Attached		Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes – Section 8 Townhomes – Section 8	Common Wall Duplexes Townhomes	Common Wall Duplexes Townhomes
Multi-Family	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes – Section 8 Triplexes – Section 8 Quadplexes – Section 8 Apartments – Section 8 Apartments - Subsidized	Duplexes Triplexes Quadplexes Apartments Condos	High End Duplexes High End Triplexes High End Quadplexes Apartments Condos

Note: This is the same distribution of households for existing conditions in 2017, however we currently have a deficit of housing supply that is affordable to households earning less than 50% of MHI, (approximately 940 units) and households earning more than 120% (approximately 1,064 units), creating a situation where people are purchasing more expensive housing than they can afford – less than 50% of MHI purchasing low income housing (living in a cost burden situation) and those who can afford more – greater than 120% of MHI are buying less house and putting pressure on the middle income housing market. (Exhibit 70 and 71 of the report).

YOUR NOTES:

HOUSING MIX DISCUSSION:

Per state law we need to decide upon a future housing mix that would serve McMinnville’s future housing needs. Below is a chart that summarizes some of the salient information that is in the draft Housing Needs Analysis per the four different scenarios that are discussed. The housing mix should reflect the types of housing that McMinnville feels that it will need to provide the appropriate housing choices for McMinnville’s future residents. Think about how the housing mix will serve the projected future population of McMinnville in terms of affordability and choice based upon Figure 2 above.

Figure 3:

	Single Family Detached	Single Family Attached	Multifamily	Change to Overall Mix 2041***	Change to Overall Mix 2067***	Deficit Acreage of Land in 2021-2041 Planning Horizon*
Baseline Existing Mix	68%**	9%	23%	68, 9, 23	68, 9, 23	483
Baseline 2000 – 2018 Mix	62%	8%	31%	66, 9, 25	65, 8, 26	449
Future Horizon Scenario #1	60%	10%	30%	66, 9, 25	64, 9, 26	441
Future Horizon Scenario #2	55%	12%	33%	65, 10, 26	62, 10, 27	420

*Exhibits 92 – 95 of the report. Please note that this does not include acreage needed for other urban needs, such as employment, public facilities and open space. That will be identified with the updated Economic Opportunities Analysis and Urbanization Study.

** This mix is 55% traditional single family detached residential and 13% manufactured homes and mobile homes, allowing for detached single family living in an affordable manner with lower cost home improvements and common land ownership, which typically serves people 30 – 50% of MHI. Per the report, it is not expected that there will be many new manufactured home and mobile home parks developed.

***Exhibit 82 of the report.

YOUR NOTES:

DENSITY DISCUSSION:

Per state law we need to decide upon a future targeted density of housing for McMinnville. The law does not say that the density needs to be greater than it is today, nor does it say that it needs to be identified per individual residential zone. What we do need to do is identify what makes sense for McMinnville within a framework of planning that strives for land-use efficiencies and provides housing that meets our future housing needs in a built environment that reflects McMinnville’s values. Based upon the decisions associated with the housing mix discussion, we could decide upon a higher density target for our next fifty years of housing construction. If so, we will then want to think about what that looks and feels like in McMinnville and develop a strategy that will help us grow in that direction. When we were conducting our Great Neighborhoods Principles outreach, we heard from residents that they were not interested in high density housing prototypes that looked and felt like Portland Metropolitan communities – they wanted to preserve the small town charm of McMinnville. When we showed pictures of human-scale density - duplexes, triples, quadplexes, small to mid-size apartment projects - most people felt that McMinnville could absorb those housing prototypes with thoughtful design and development standards. At the same time, there are many people in the community that feel that the City Center may absorb higher density housing more effectively than the surrounding neighborhoods. Currently we have a code that relies on residential zoning that prescribes housing density by geographic region, R1, R2, R3 and R4 zoning, with R1 being low density zoning and R4 being high density zoning. We can continue to move that type of zoning forward and identify where the future zones would need to be located to respond to the targeted housing mix, or we could create one residential zone with a targeted density and allow developers to build any type of housing in that zone within carefully crafted design and development standards and performance metrics, or we can identify a hybrid of the two extremes. Figure 4 below outlines a few options for the types of zoning districts and regulations the City could explore.

Figure 4:

Types of Zoning	Option #1 – Existing	Option #2 - Great Neighborhood Principles	Option #3 – Hybrid with High Density	Option #4 – Hybrid with High Density and Low Density
<p><u>Traditional McMinnville Zoning:</u> R1, R2, R3 and R4 Zoning. Zones are identified by minimum lot sizes, density standards and allowed housing types. Lowest density zone, R1, has the least amount of allowed housing types. High density zone has the most amount of allowed housing types. Currently no design and development standards for housing types.</p>	X			
<p><u>Catch-All Residential Zone:</u> A zone that has a targeted minimum density and requires a developer to show how they will be achieving that with a variety of different housing types (single family detached – all sizes), cottage clusters, duplexes, triplexes, quadplexes, townhomes, apartments, etc.) and has design and development standards for each housing type. Zone could also include a targeted affordable housing component for developments.</p>		X	X	X
<p><u>High Density Residential Zone:</u> Only multifamily allowed. Need to define what is multifamily (duplexes, triplexes, quadplexes and apartments). Design and Development Standards for each housing type.</p>			X	X
<p><u>Single Family Residential Zone:</u> This is the traditional single family detached residential zone. Typically allows for duplexes on corner lots.</p>				X

Below are some graphics that help to illustrate how the same amount of housing units can be distributed within an existing built environment. While not all growth and new housing units can be assumed to occur as redevelopment of existing built-out areas, this is provided to help visualize how the different zoning options described in Figure 4 above could actually be implemented on the ground.

The “Existing Conditions” graphic and some of the graphics with higher density development occurring in one location depict the more traditional zoning approach of prescribing housing density in individual zones, applied in single geographic areas of the city. The “Combined Approach” and “Evenly Distributing Across all Zones” graphics depict how a potential “catch-all” residential zone could accommodate the same number of housing units at a scale (and density) that better blends in with the surrounding neighborhoods. The “catch-all” approach, or some hybrid of that approach, could result in better protection of the small town charm and aesthetic of McMinnville that is so important to our community, while still ensuring that there are a variety of housing choices in areas that provide for a quality and livable housing situation for everyone, which is one of the goals of the Great Neighborhood Principles.



Existing Conditions



One High Rise Apartment



Six-Story Wood Framed Apartments



A Combined Approach



Evenly Distributing Across all Zones

YOUR NOTES: