

PAC MEETING #3, EXHIBIT #5

DATE: December 18, 2018
TO: McMinnville BLI, HNA, and Housing Strategy Project Advisory Committee
FROM: Bob Parker, ECONorthwest
SUBJECT: PROJECT ADVISORY MEETING 3: DECISIONS

This memorandum is meant to help guide the Project Advisory Committee (PAC) on the decisions that need to be made at the December 18 meeting of the PAC.

Buildable Lands Inventory (BLI) Assumptions

At PAC Meeting #2, ECONorthwest went over Buildable Land Inventory (BLI) assumptions. The following lists assumptions where decisions are still needed. Assumptions will affect the residential buildable lands inventory and capacity analysis.

- 1. Constraints – OAR 660-008-0005(2) allows cities to identify land with different types of constraints, including natural resource, hazards, and service constraints, and identify them as not buildable or constrained in their ability to develop. These constraints need to be distinct barriers to development.**

- a. Service Constraints – should lands with service constraints be given little or no housing capacity?**

McMinnville City Code has adopted a provision that streets greater than 15% in slope will be a barrier for timely response of fire apparatus. As such, all structures built above access roads greater than 15% must be sprinkled. At the same time the Water Master Plan has identified a section of the city's urban growth boundary that cannot be served with adequate fire flow. The project management team will provide maps and analysis at the meeting to help the PAC decide if these lands are considered available for residential uses in their current state of planning. Note that we do not propose to exclude the lands because it would be inconsistent with the OAR 660-008-0005(2) definition of buildable lands. **The question is whether they should be considered "suitable and available" for residential uses or not?**

- b. Easement Constraints – Should lands with conservation easements that do not allow development be considered unbuildable?**

At PAC #2 we discussed the fact that some properties within the McMinnville UGB have conservation easements that deed restrict any future development. Staff indicated that most of these lands are owned by the Soil and Water Conservation District (SWCD) . The general sense we got from the PAC was that it makes sense to deduct these lands. The PAC was interested in understanding

the amount and location of deed restricted lands. We will bring that information to the December meeting. The SWCD has a conservation easement which applies to approximately 170 acres, with approximately 81.5 of those acres inside the UGB. The conservation easement is in perpetuity, prohibits any additional dwellings beyond the two existing dwellings, and prohibits the further subdivision of the property. **The question is whether deed restricted lands should be considered “suitable and available” for residential uses or not?**

- c. **Additional Hazards Constraints** – In addition to the mapped floodplain, there are additional hazards mapped by the Oregon Department of Geology and Mineral Industries (DOGAMI) and other agencies which may pose restrictions to development and/or present serious risk to development in certain areas. Most of these are soils hazards mapped for a range of low to very high risk, relating to issues such as landslides, soil liquefaction during earthquakes, and other risks. The project management team will provide additional mapping, information, and analysis regarding these hazards as they relate to development restrictions.

2. Infill and Redevelopment

- a. Address infill as a function of:
 - i. Accessory dwelling units (ADUs) – How many ADUs should McMinnville assume will get built over the 5, 10, 20, and 50-year period?
 - ii. Lot partitions (single-family lots that are divided into 2 or 3 sublots) - how many land divisions should McMinnville assume will get built over the 5, 10, 20, and 50-year period? Typically, we would assume that each division results in one additional single-family dwelling unit.

We discussed using an assumption similar to the OAR 660-024-0050(2) safe harbor. Note that this is not a safe harbor for McMinnville as it is only for cities with a population under 25,000 people; however it provides a precedence that has been agreed upon.

(2) As safe harbors, a local government, except a city with a population over 25,000 or a metropolitan service district described in ORS 197.015(13), may use the following assumptions to inventory the capacity of buildable lands to accommodate housing needs:

(a) The infill potential of developed residential lots or parcels of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land;

(b) Existing lots of less than one-half acre that are currently occupied by a residence may be assumed to be fully developed.

While McMinnville is not eligible for the safe harbor, we still need to develop a method for infill. It is not unprecedented for cities over 25,000 to use similar assumptions – Grants Pass and Medford both used acreage-based infill assumptions. The PAC discussed this matter at length and our interpretation felt comfortable with the 0.5-acre threshold. The question for this meeting is: **Is the PAC comfortable using the threshold even if it is not a safe harbor?**

- b. Estimate redevelopment potential using the following methods:
 - i. Identify single-family residences in multifamily zones. How many single-family dwelling units will be converted to multifamily use over the planning period?

The PAC indicated that they felt it did not make sense to include a review of multifamily developments in this analysis (i.e., a fourplex that might get redeveloped as more units). **The question for the PAC is how much of this type of development should be assumed?**

We will bring additional information to the PAC on these, including analysis of how many units a range of what we feel are reasonable assumptions would lead to.

Housing Needs Analysis (HNA) Assumptions

At PAC Meeting #2, ECONorthwest went over Housing Needs Analysis (HNA) assumptions. The following lists assumptions where decisions are still needed. Assumptions will affect McMinnville's projection of future housing needs.

- 1. **Persons in Group Quarters** – what basis for this assumption should be used?
 - a. At PAC #2 we discussed the HNA assumptions. DLCD does not provide a safe harbor for persons in group quarters. The PAC seemed generally supportive of using the most recent Census data (4.9%).
 - b. Historical Trends:
 - i. U.S. Census, 2000: 6.0% 1,602 people
 - ii. U.S. Census 2010: 5.3% 1,716 people
 - iii. ACS 2012-2016: 4.9% 1,666 people (*update to 2013-2017 ACS*)
 - c. **The question for the PAC is: are members still comfortable with the decision to use the most recent Census data?**
- 2. **Persons per Household (Average)** – what basis for this assumption should be used?

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- a. At PAC #2 we discussed the assumptions for persons per household. OAR 660-024-0040(8)(a) establishes a safe harbor assumption which is the figure from the most recent Census:

(8)(a) A local government may estimate persons per household for the 20-year planning period using the persons per household for the urban area indicated in the most current data for the urban area published by the U.S. Census Bureau.

- b. Historical Trends:

- i. U.S. Census, 2000: 2.66 persons per household
- ii. U.S. Census 2010: 2.61 persons per household
- iii. ACS 2013-2017: 2.55 persons per household

- c. **The direction we received from the PAC at the November 14 meeting was to use the safe harbor assumption of 2.55 persons per household.**

3. Vacancy Rate – what basis for this assumption should be used?

- a. At PAC #2 we discussed assumptions for vacancy. OAR 660-024-0040(8)(e) establishes a safe harbor assumption which is the figure from the most recent Census:

(8)(e) (e) A local government outside of the Metro boundary may estimate its housing vacancy rate for the 20-year planning period using the vacancy rate in the most current data published by the U.S. Census Bureau for that urban area that includes the local government.

- b. Historical Trends:

- i. U.S. Census, 2000: 4.7%
- ii. U.S. Census 2010: 5.8%
- iii. ACS 2013-2017: 5.4%

- c. **The direction we received from the PAC at the November 14 meeting was to use the safe harbor assumption of 5.4% vacancy rate.**

4. Housing Mix and Density – ORS 197.296 requires the city to analyze actual housing mix and density. That analysis is presented in the meeting materials and reflected in the baseline forecasts of units by housing density and mix. Given the income profile of McMinnville and the housing stock, the data suggest that housing needs for certain populations in McMinnville are not being met. ORS 197.296 provides guidance:

(5)(a) ... the determination of housing capacity and need ... must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:

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- (A) The number, density and average mix of housing types of urban residential development that have actually occurred;
 - (B) Trends in density and average mix of housing types of urban residential development;
 - (C) Demographic and population trends;
 - (D) Economic trends and cycles; and
 - (E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

This determination is perhaps the most important output of the HNA. The statute is clear: the determination of housing mix and density must be based on analysis. In other words, it is not a subjective determination that cities can make independently as a policy choice.

Given the complexity and importance of this determination, ECONorthwest will work the PAC towards a recommendation using analysis and examples of the results of different mix and density scenarios. This process started with the data presented in the PAC #2 PowerPoint where we included preliminary baseline analysis of housing mix and density.

Public Open House

The following is a proposal for the public open house¹.

1. Meeting Objectives

- a. Review draft results of BLI and HNA
- b. Get public comment on results
- c. Facilitate discussion about housing mix and density
- d. Get input on selected housing strategies

2. Agenda

- a. Introduction (10 minutes)
- b. Overview of Public Role (5 minutes)
- c. Overview of Activities (5 minutes)
- d. Presentation of preliminary HNA and BLI findings (35 minutes)

¹ ECONorthwest's scope of work identifies facilitating at least one public open house.

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- e. Invite direct comments on the BLI, such as sites to look at more closely (15 minutes)
 - f. Interactive Questionnaire (20 minutes)
 - i. The consultant will ask a series of questions about housing, neighborhood form, and preference for specific housing/development types. We can also gauge thoughts on potential housing policies. We will use phone voting to solicit feedback.

3. Roles

- a. City staff will begin the open house with a brief overview of the project to describe why the public is there. Then, staff will introduce consultant. Staff may interject as needed throughout the course of the meeting.
- b. Consultant will work through the agenda and facilitate the open house.
- c. Public attendees will provide comments and feedback when appropriate.

4. Meeting Process

- a. The meeting will be an hour and a half long, which will allow time for a presentation and discussion (questionnaire, open forum, etc.).
- b. Facilitator will encourage participation.
- c. After the meeting, public commentary will be reviewed and brought to the PAC for deliberation. At that point, the PAC may determine how they would like to incorporate the public's thoughts into the BLI, HNA, and/or housing strategy.