McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

ECONorthwest

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TABLE OF CONTENTS

MCMINNVILLE URBANIZATION REPORT: SUMMARY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary (UGB) to meet those needs for a 20-year planning period beginning in 2021, the earliest date by which the City would have a program in place to meet the identified needs.

This evaluation process requires several technical studies. These include:

■ a housing needs assessment (HNA) and residential buildable land inventory,

■ a Goal 9 compliant Economic Opportunities Analysis (EOA) and an employment buildable lands inventory, and

■ an assessment of public and institutional land needs (e.g., parks, schools, etc).

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

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

New Population	New Employment	New Housing Units
11,260	**6,885**	**4,657**

McMinnville's has a serious deficit of housing on both sides of the affordability spectrum — low income and high income, which suggests a need for a wider range of housing types for renters and homeowners. About 36% of McMinnville's households are cost burdened (paying more than 30% of their income on housing), including a cost-burden rate of 52% for renter households. Without diversification of housing types, lack of affordability will continue to be a problem — possibly growing in the future if incomes continue to grow at a slower rate than housing costs.

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 3,053 dwelling units, which means the City has an approximate deficit of about 576 gross residential acres through 2041. To accommodate employment growth McMinnville will need about 741 gross acres for employment for the 2021 to 2041 period (384 industrial acres and 357 commercial acres). Finally, McMinnville will need an additional 473 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

MCMINNVILLE NEEDS 1,399 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

The land needs analysis indicates the City will need an additional 576 acres for housing through 2041. The City also needs about 280 acres for commercial employment and 70 acres for industrial employment through 2041.

LAND USE TYPE	SURPLUS (DEFICIT)	
	IN 2041	IN 2067
Residential	(576)	(1,481)
Public or Institutional	(473)	(780)
Industrial	(70)	(70)
Commercial	(280)	(494)
Total	**(1,399)**	**(2,825)**

Source: ECONorthwest

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

This report is the culmination of several years of work. It summarizes the results of two longer technical reports and a series of memoranda that evaluation different elements of land need and supply in McMinnville:

■ **City of McMinnville Housing Needs Analysis (HNA)** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. It includes an inventory of buildable residential lands in McMinnville and an estimated of new housing units needed to accommodate forecast population growth.

■ **City of McMinnville Housing Strategy**, presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

■ **McMinnville Economic Opportunities Analysis (EOA)** Update, includes a buildable lands inventory of commercial and industrial lands within the Urban Growth Boundary (UGB), an analysis of commercial and industrial land needs for the next 20 years (and longer), and a determination of sufficiency of whether the buildable lands in the UGB will meet the 20-year identified needs.

■ **Public and Institutional Land Needs**, estimates other land needs that are not addressed in the HNA and EOA documents. This includes parks, schools, churches, cemeteries and other public and Institutional land needs.

City staff and ECONorthwest staff worked with the Housing Needs Analysis Project Advisory Committee (HNAPAC) to review the results of the Housing Needs Analysis and develop the Housing Policy and Actions and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs.

This report is organized by the following sections:

■ **Buildable Lands Inventory**

■ **Housing Needs Analysis**

■ **Economic Opportunities Analysis**

■ **Public and Institutional Land Needs**
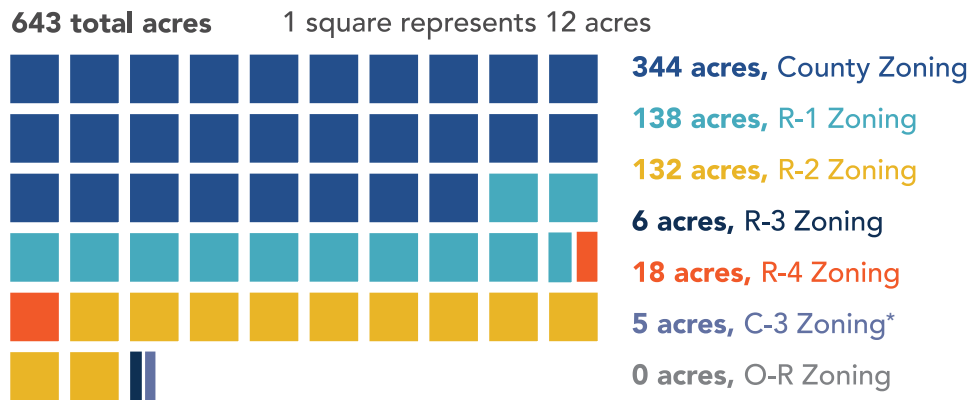
BUILDABLE LANDS INVENTORY

Overview

The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods, definitions, and results from the BLIs for residential, commercial, and industrial land.

Residential Buildable Land

McMinnville has 643 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (344 acres) is county-zoned land, which is not available for urban densities until they annex. In addition, some of McMinnville's buildable land (133 acres) is in Water Zone 2, most of which is not likely to be served with water for 10 years (about 2030).

MCMINNVILLE'S BUILDABLE VACANT AND PARTIALLY VACANT RESIDENTIAL LAND, BY ZONING DISTRICT, 2019

643 total acres 1 square represents 12 acres

344 acres, County Zoning

138 acres, R-1 Zoning

132 acres, R-2 Zoning

6 acres, R-3 Zoning

18 acres, R-4 Zoning

5 acres, C-3 Zoning*

0 acres, O-R Zoning

*C-3 buildable acres are assigned to employment uses

Commercial and Industrial Buildable Land

McMinnville has 421 acres of vacant and partially vacant land in commercial and industrial comprehensive plan designations. Of this land, 324 acres of McMinnville's vacant land is in industrial designations and about 97 vacant acres is in commercial designations.

MCMINNVILLE'S BUILDABLE VACANT & PARTIALLY VACANT COMMERCIAL & INDUSTRIAL LAND, BY ZONING DISTRICT, 2019

421 total acres 1 square represents 12 acres

324 acres, Industrial   **97 acres,** Commercial
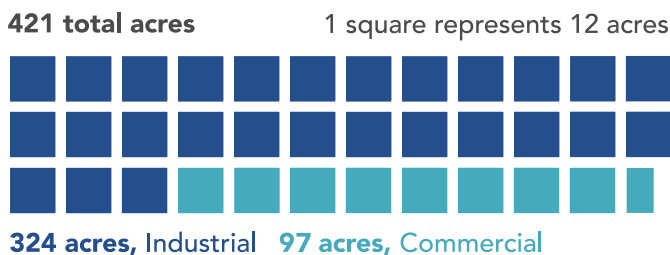
Definitions

Buildable Land:

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

Vacant Land:

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

Partially Vacant Land:

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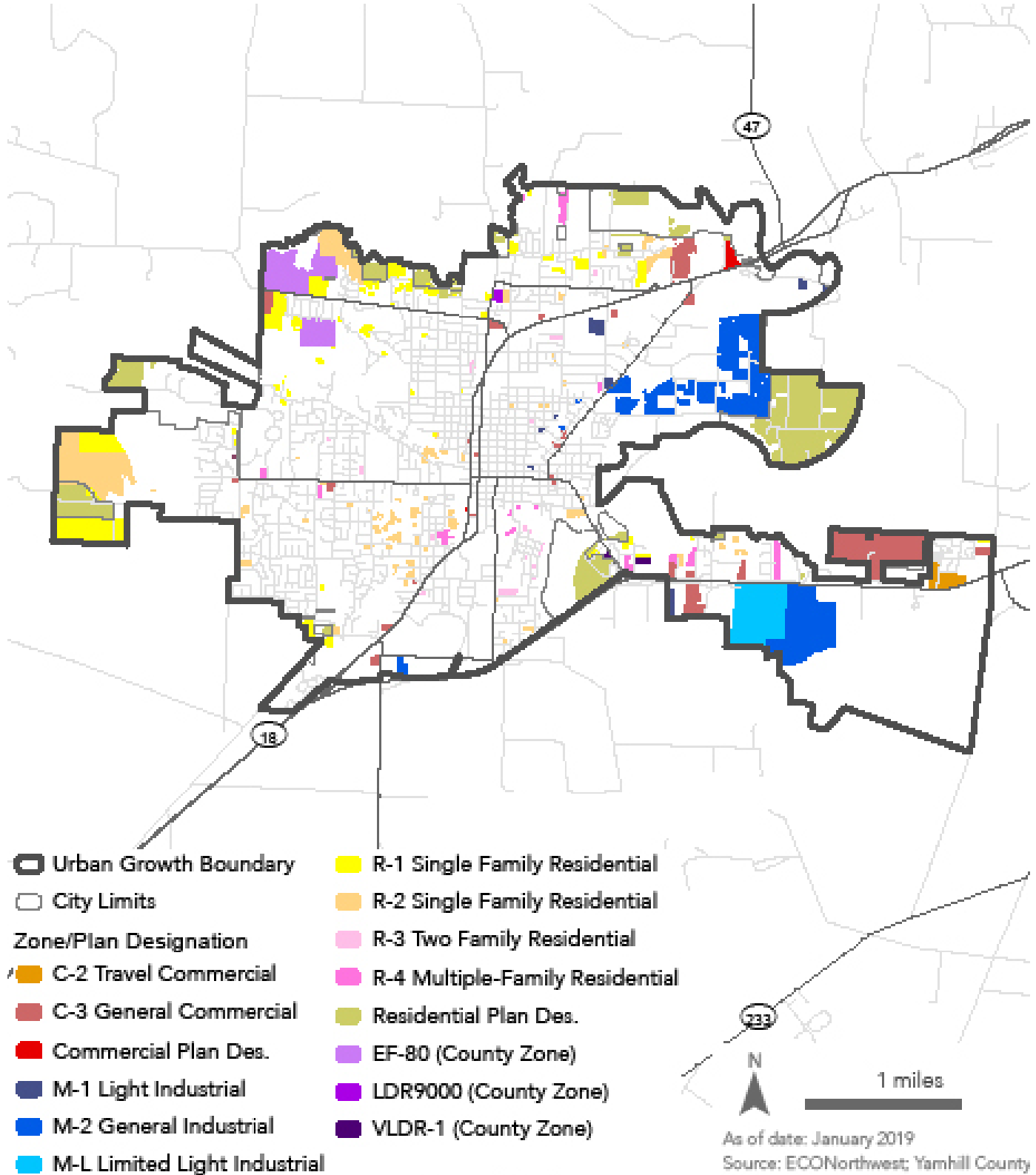
Constrained land:

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

McMinnville Buildable Lands Inventory
Vacant and Partially Vacant Residential, Commercial, and Industrial Land by Zone (or Plan Designation)

Legend:

⬭ Urban Growth Boundary
▢ City Limits

Zone/Plan Designation

- C-2 Travel Commercial
- C-3 General Commercial
- Commercial Plan Des.
- M-1 Light Industrial
- M-2 General Industrial
- M-L Limited Light Industrial

- R-1 Single Family Residential
- R-2 Single Family Residential
- R-3 Two Family Residential
- R-4 Multiple-Family Residential
- Residential Plan Des.
- EF-80 (County Zone)
- LDR9000 (County Zone)
- VLDR-1 (County Zone)

N

1 miles

As of date: January 2019
Source: ECONorthwest; Yamhill County

Housing Needs Analysis

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

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

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

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

This summary report presents the results of two longer reports:

- **McMinnville Housing Needs Analysis 2021 to 2041** presents the full results of the housing needs analysis (HNA) for McMinnville and is intended to comply with statewide planning Goal 10 (housing) and Oregon Administrative Rule (OAR) 660-008. In addition to the 20-year forecast period, the analysis looked at housing and land needs over a 5-, 10-, and 46-year planning horizon.

- **McMinnville Housing Policy and Actions** presents recommendations for a revision to McMinnville's Comprehensive Plan Housing Element and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville's identified housing needs.

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

McMinnville is growing

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

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

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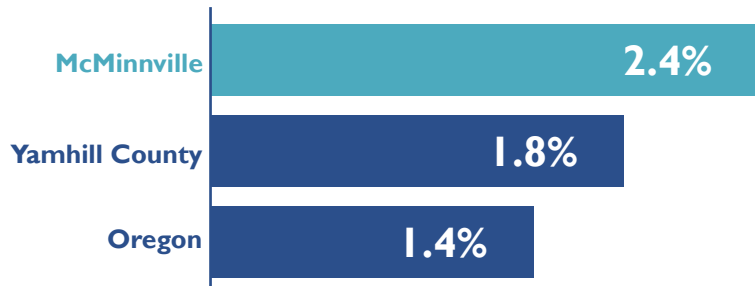
McMinnville's Population and Households

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

Unless otherwise noted, all data in this document are from the U.S. Census 2012-2016 or 2013-2017 American Community Survey.
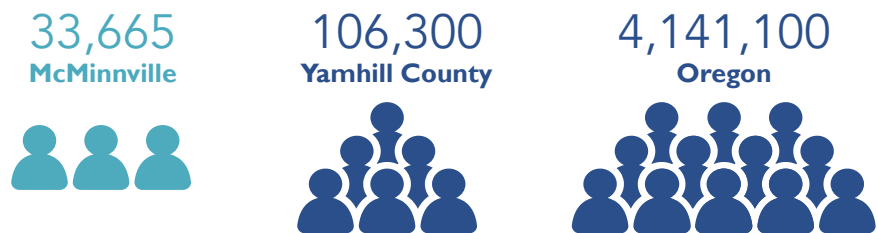
AVERAGE POPULATION GROWTH PER YEAR, 1990-2017
Source: Portland State University, Population Research Center

McMinnville	2.4%
Yamhill County	1.8%
Oregon	1.4%

POPULATION, 2017
Source: Portland State University, Population Research Center

33,665
McMinnville

106,300
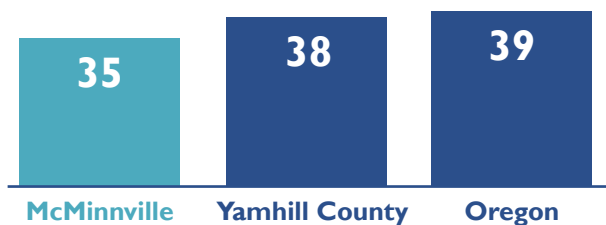Yamhill County

4,141,100
Oregon

McMinnville's median population age is 35.

McMinnville's population is similarly aged to Yamhill County and Oregon's median.
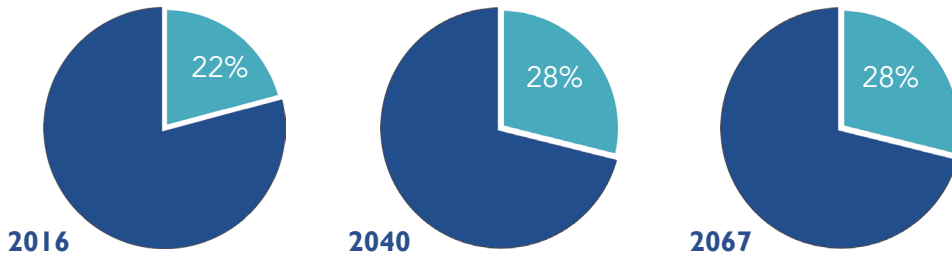
MEDIAN AGE, 2016
Source: Portland State University, Population Research Center

McMinnville	Yamhill County	Oregon
35	38	39

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

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

Source: Portland State University, Population Research Center
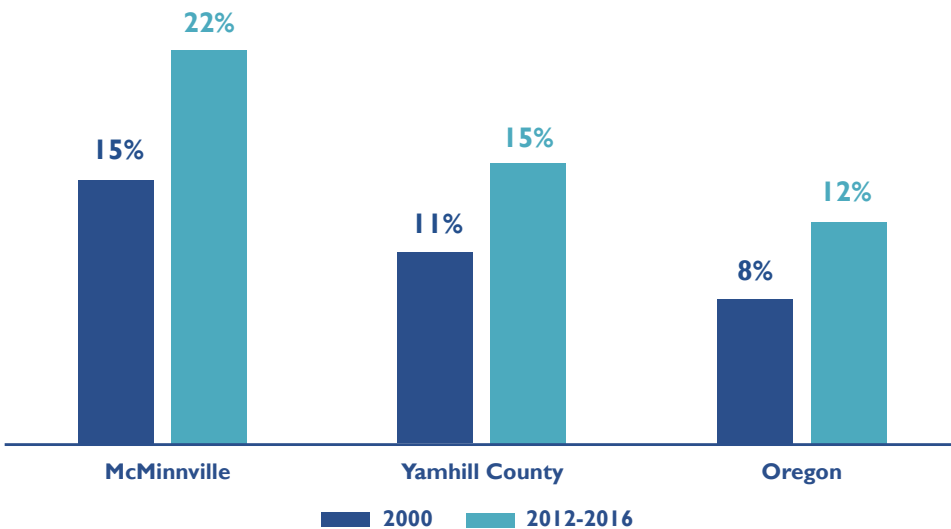
22%

2016

28%

2040

28%

2067

Population over 60 years of age is expected to increase.

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

AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2017

McMinnville **2.55**

Yamhill County **2.70**

Oregon **2.50**

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

McMinnville 15% 22%

Yamhill County 11% 15%

Oregon 8% 12%

■ 2000 ■ 2012-2016

### McMinnville is ethnically diverse.

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

MCMINNVILLE'S POPULATION AND HOUSEHOLDS

McMinnville has an increasing number of one-person households.

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

PERCENT OF 1-PERSON HOUSEHOLDS, 2017

28% **MCMINNVILLE**

23% **YAMHILL COUNTY**
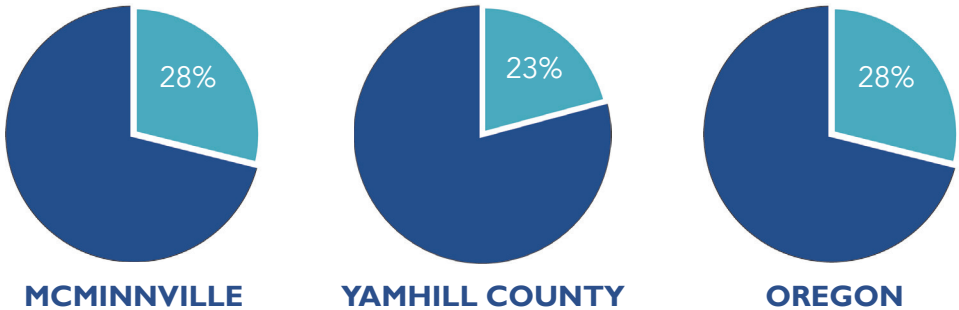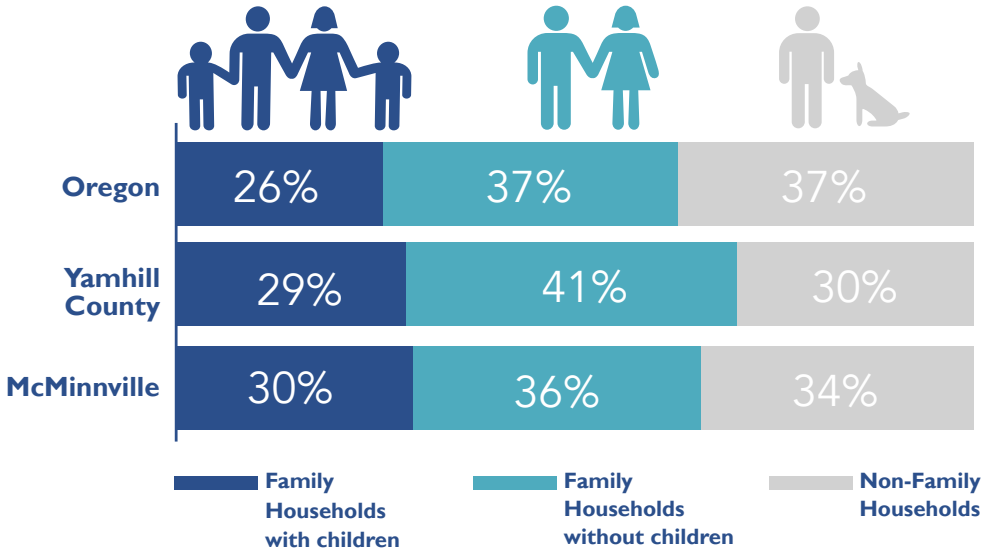
28% **OREGON**

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

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

HOUSEHOLD COMPOSITION, 2017

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

	Family Households with children	Family Households without children	Non-Family Households
Oregon	26%	37%	37%
Yamhill County	29%	41%	30%
McMinnville	30%	36%	34%

McMinnville's Housing Market

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

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

SINGLE-FAMILY DETACHED
(includes manufactured homes)

SINGLE-FAMILY ATTACHED
(townhouses)

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

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

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

MIX OF HOUSING TYPES, 2017

Single-family Detached   Single-family Attached   Multifamily

	Single-family Detached	Single-family Attached	Multifamily
Oregon	72%	5%	24%
Yamhill County	79%	6%	15%
McMinnville	68%	9%	23%
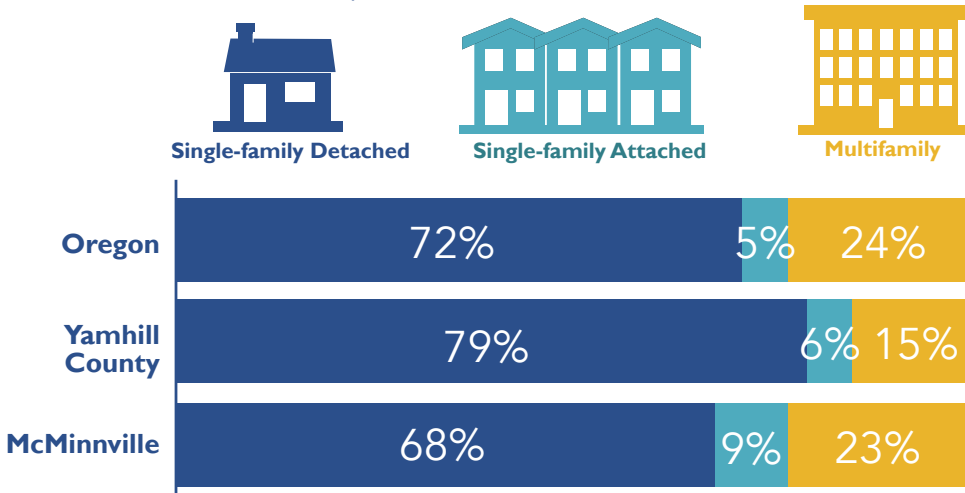
Urban areas, like McMinnville, will typically have a larger share of multifamily housing than more rural areas, such as unincorporated areas of Yamhill County.

PERCENT OF HOUSING UNITS THAT ARE OWNER-OCCUPIED, 2016

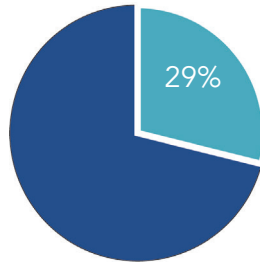| MCMINNVILLE	YAMHILL COUNTY	OREGON
58%	67%	61%
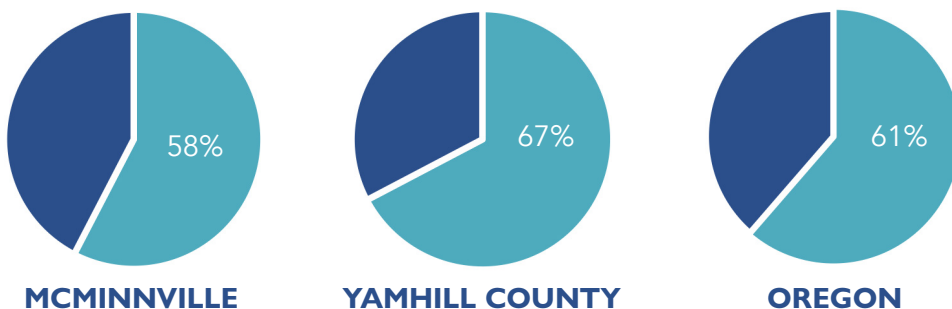
A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.
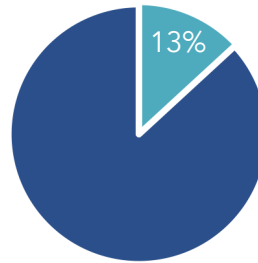
MCMINNVILLE'S HOUSING MARKET

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

A majority of renters in McMinnville live in multifamily housing.

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

29%

SINGLE-FAMILY DETACHED

13%

SINGLE-FAMILY ATTACHED

58%

MULTIFAMILY

The 2008 recession impacted McMinnville's housing market. McMinnville permitted about 1,300 fewer units between 2009-2017, compared to 2000-2008.
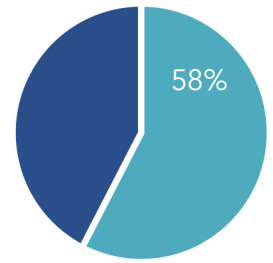
McMinnville issued about 3,000 permits for dwelling units between 2000 and 2017. Sixty-two percent of all permits issued were for single-family detached dwelling units, 8% were for single-family attached dwellings units, and 31% were for multifamily dwelling units.

BUILDING PERMITS ISSUED, 2000 TO 2017
Source: McMinnville Building Permit Database

SINGLE-FAMILY DETACHED

SINGLE-FAMILY ATTACHED

MULTI-FAMILY

Housing Affordability

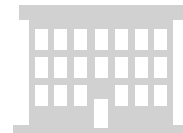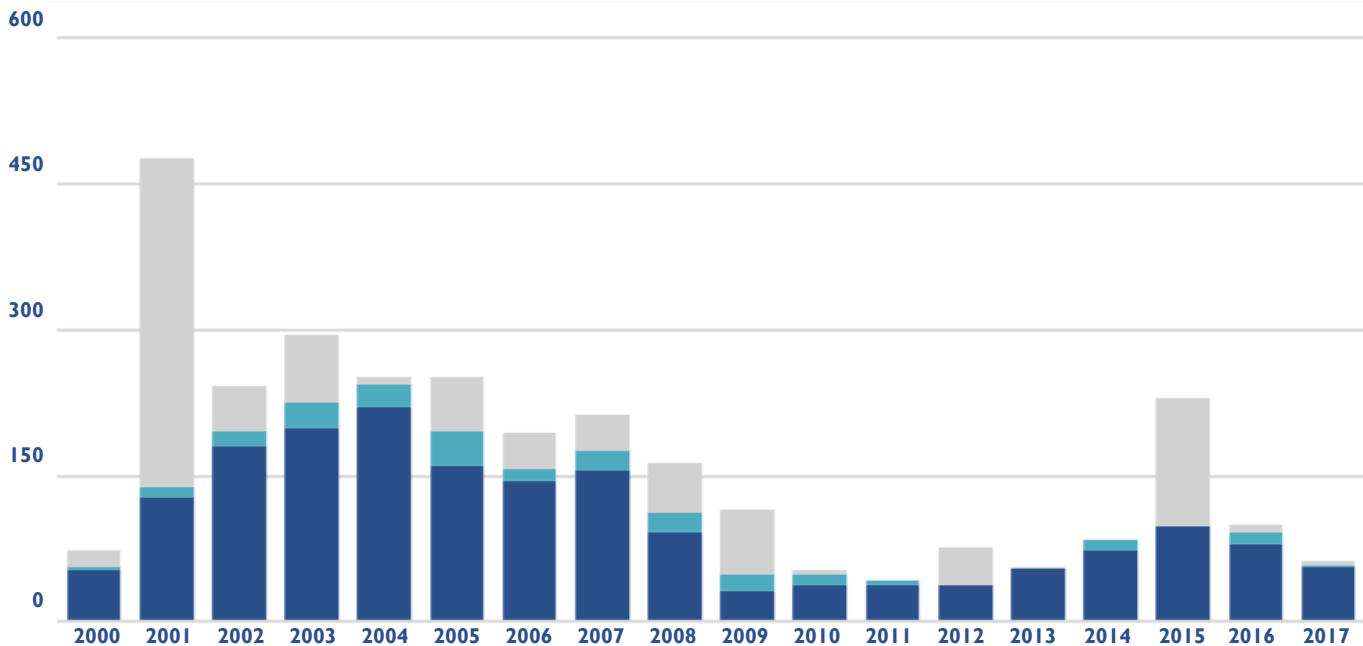The term affordable housing refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for McMinnville and the region. Low-income households have fewer resources available to pay for housing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

- McMinnville will have an ongoing need for housing affordable to households across the income spectrum.

- The City is planning for housing types for households at all income levels.

- Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth. It seems likely that without public intervention, housing will become less affordable in McMinnville.

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

	Cost Burdened	Severely Cost Burdened	Balance (Not Cost Burdened)
Oregon	20%	17%	63%
Yamhill County	20%	18%	64%
McMinnville	20%	18%	64%
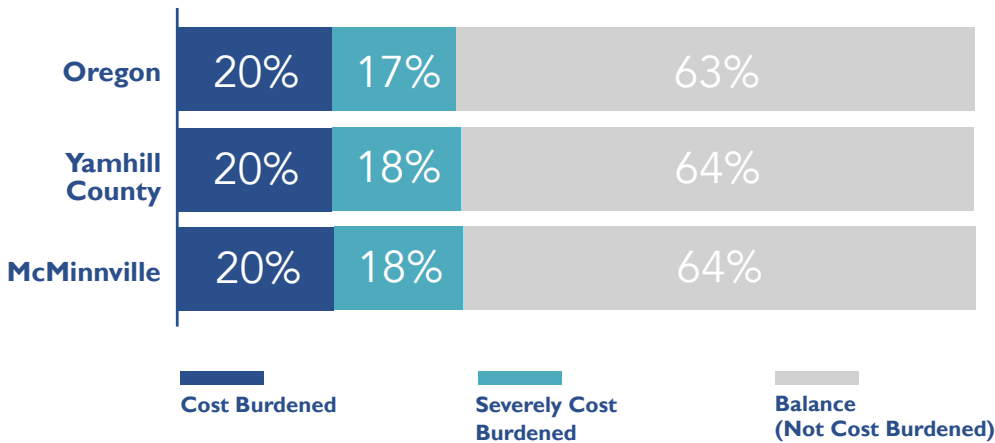
Cost-burdened households spend more than 30% of their gross income on housing.

HOUSING AFFORDABILITY

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

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

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

	Cost Burdened	Severely Cost Burdened	Balance (Not Cost Burdened)
Owner-Occupied Households	15%	10	75%
Renter-Occupied Households	28%	24%	48%
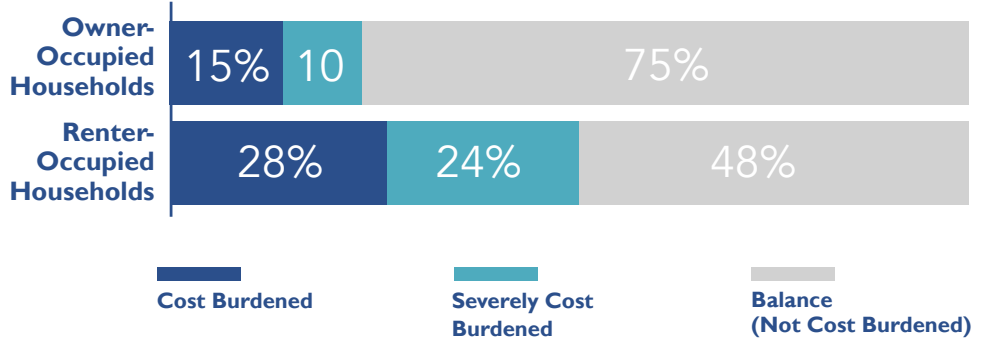
MEDIAN MONTHLY RENTS, 2016

McMinnville	$864
Yamhill County	$917
Oregon	$941

MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin

Newberg	$365,000
Yamhill County	$340,000
McMinnville	$315,000
Dallas	$295,000
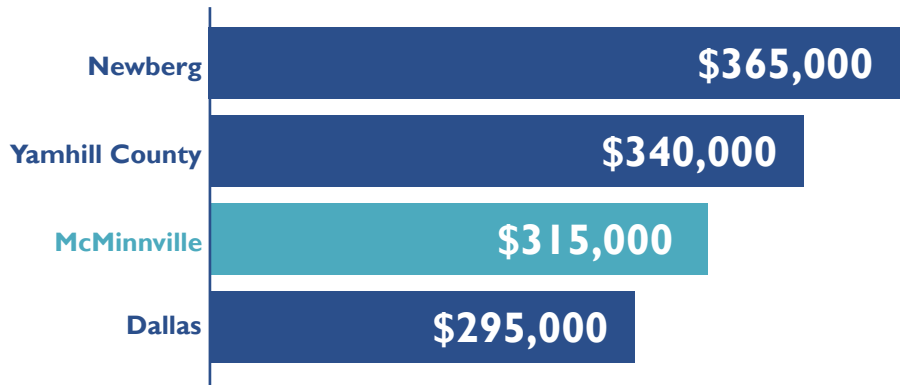
HOUSEHOLD INCOME DISTRIBUTION, 2016

McMinnville Households	22%	28%	18%	13%	19%
Yamhill County Households	18%	25%	19%	14%	24%

■ **Less than $25K**   ■ **$25K to $49K**   ■ **$50 to $74K**   ▢ **$75K to $99K**   ■ **$100K and above**
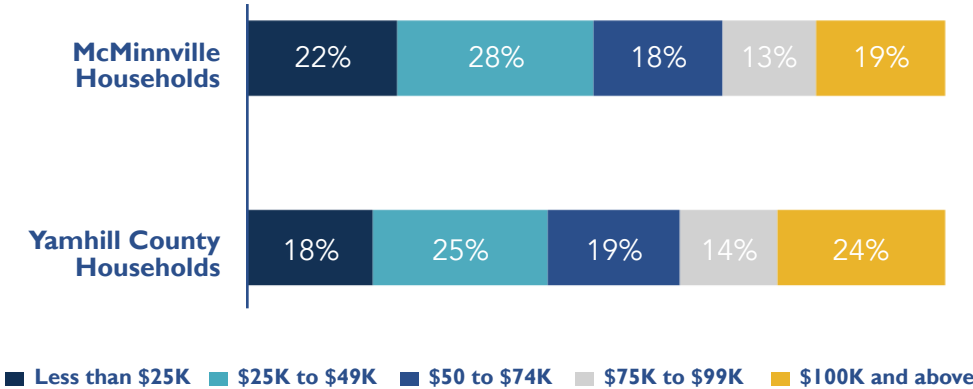
Households earning less than $25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

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

FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017
Source: Bureau of Labor Services

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

If your household earns....

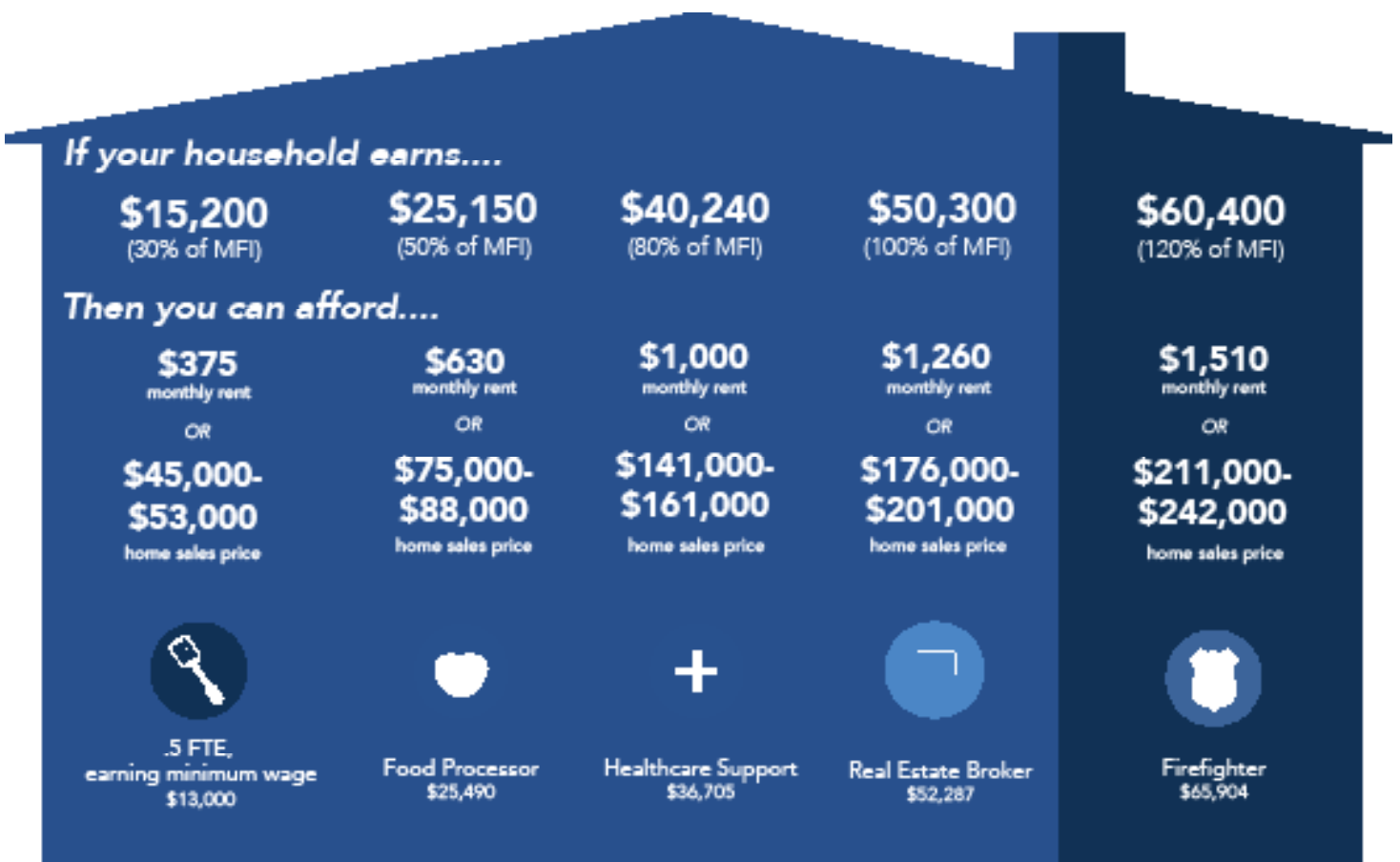| $15,200 (30% of MFI)	$25,150 (50% of MFI)	$40,240 (80% of MFI)	$50,300 (100% of MFI)	$60,400 (120% of MFI)

Then you can afford....

$375 monthly rent	$630 monthly rent	$1,000 monthly rent	$1,260 monthly rent	$1,510 monthly rent
OR	OR	OR	OR	OR
$45,000-$53,000 home sales price	$75,000-$88,000 home sales price	$141,000-$161,000 home sales price	$176,000-$201,000 home sales price	$211,000-$242,000 home sales price
.5 FTE, earning minimum wage $13,000	Food Processor $25,490	Healthcare Support $36,705	Real Estate Broker $52,287	Firefighter $65,904

HOUSING AFFORDABILITY

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

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

Extremely Low Income (<30% of MFI)	Very Low Income (30-50% of MFI)	Low Income (50-80% of MFI)	Middle Income (80-120% of MFI)	High Income (<120% of MFI)
1,352 HH	1,347 HH	1,912 HH	2,637 HH	5,128 HH
11%	11%	15%	21%	41%
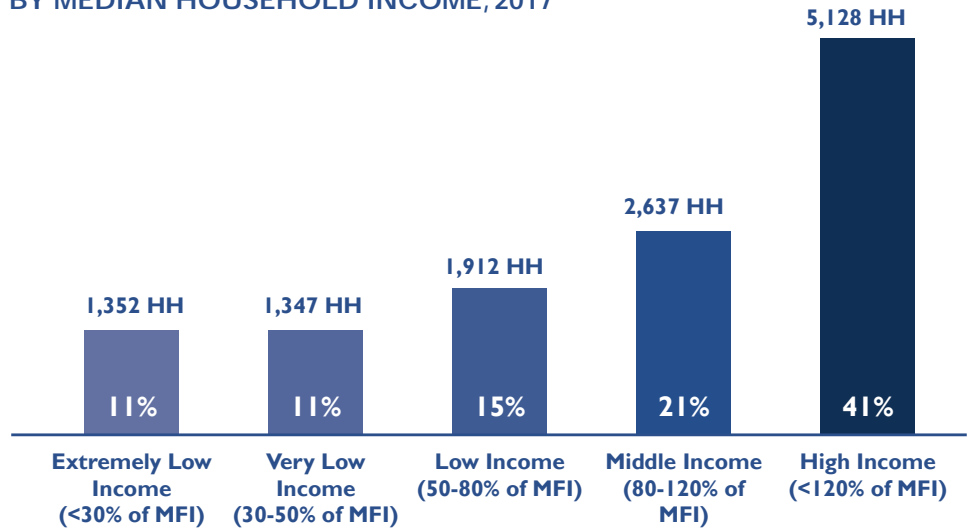
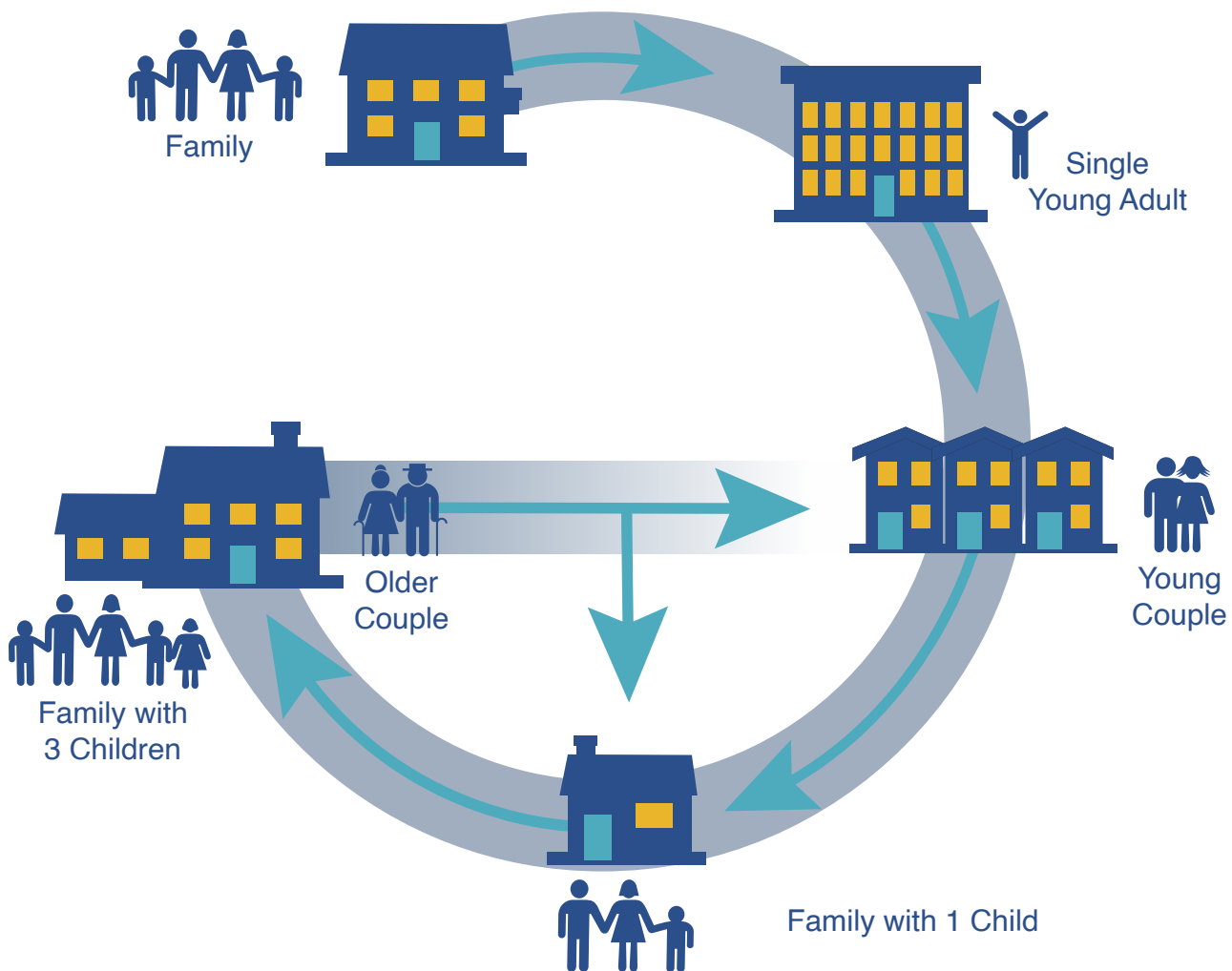## Factors Affecting Housing Need

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

- Housing needs change over a person's lifetime.

- Homeownership rates increase as income increases.

- Homeownership rates increase as age increases.

- Choice of single-family detached housing increases as income increases.

- Renters are much more likely to choose multifamily housing than single- family housing.

- Income is a strong determinant of tenure and housing-type choice for all age categories.

Family

Single Young Adult

Older Couple

Young Couple

Family with 3 Children

Family with 1 Child

FACTORS AFFECTING HOUSING NEED

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

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

Housing Implications for Boomers:

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

Aging of the Baby Boomers

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

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:

Household Sizes
(more 1 person households)

Homeownership Rates
(especially 75 years old)

Income

Housing Implications for Millennials:

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

Aging of the Millennials

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

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:

Household Sizes
(as they form families)

Homeownership Rates

Income

Housing Implications for Latinx Households:

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

Continued Growth of the Latinx Population

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

CHARACTERISTICS OF LATINX HOUSEHOLDS COMPARED TO NON-LATINX HOUSEHOLDS:

Household Sizes

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

Continued Lower-Than-Avg. Income
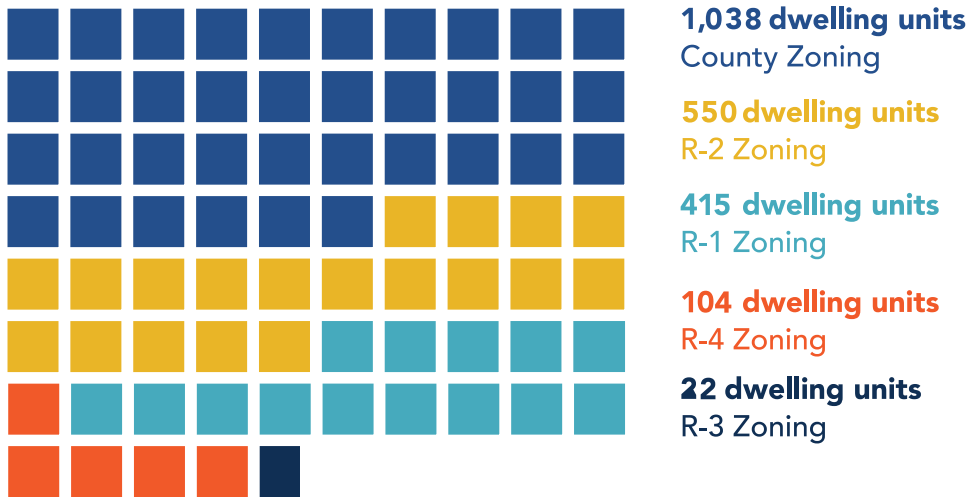
Development Capacity

The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way.
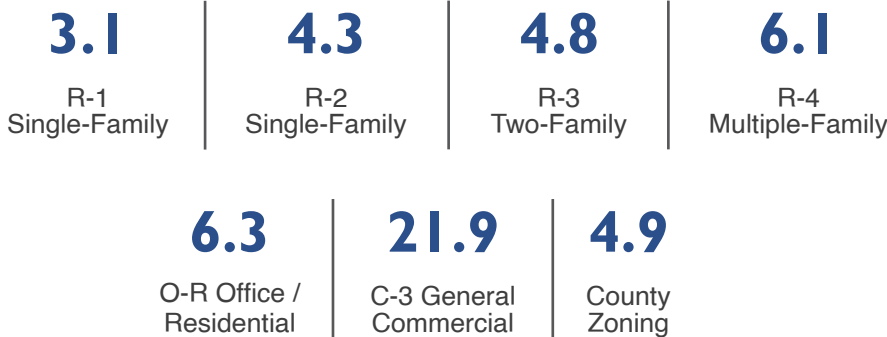
Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

2,129 total dwelling units   1 square represents 29 dwelling units

1,038 dwelling units
County Zoning

550 dwelling units
R-2 Zoning

415 dwelling units
R-1 Zoning

104 dwelling units
R-4 Zoning

22 dwelling units
R-3 Zoning

DENSITY ON MCMINNVILLE'S RESIDENTIAL LAND BASED ON HISTORICAL DENSITIES, DWELLING UNITS PER GROSS ACRE

3.1	**4.3**	**4.8**	**6.1**
R-1 Single-Family	R-2 Single-Family	R-3 Two-Family	R-4 Multiple-Family

6.3	**21.9**	**4.9**
O-R Office / Residential	C-3 General Commercial	County Zoning

Definitions

Capacity:

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

Housing Density:

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

ACCOMMODATING NEEDED HOUSING

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

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

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

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

Demand For Residential Land, By Housing Type

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

FORECASTED TOTAL POPULATION, MCMINNVILLE UGB

	2021	2041	2067
Population	36,238	47,498	62,803
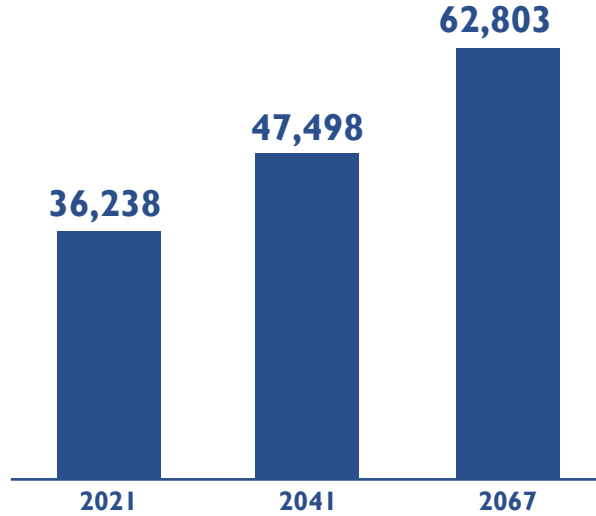
Population Increase 11,260 (2021-2041) and 15,305 (2041-2067)

McMinnville will need to accommodate growth for 4,657 new dwelling units over the 20-year period, or 10,986 over the 46-year period. The analysis of housing affordability, the factors affecting housing need, and demographic changes suggest that McMinnville needs more affordable housing types (e.g., lower cost) and a greater variety of housing types, including more small-scale single-family detached housing, townhouses, and multifamily housing.

	SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED	MULTIFAMILY
2021-2041	2,561 new dwelling units	559 new dwelling units	1,537 new dwelling units
2021-2067	6,042 new dwelling units	1,318 new dwelling units	3,626 new dwelling units

Comparison of Housing Capacity to Housing Demand

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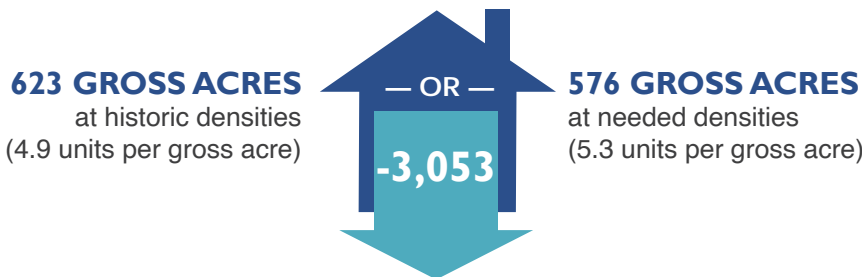
Deficit of Capacity for New Housing

At historic housing densities, McMinnville has capacity for 2,129 dwelling units on existing vacant and partially vacant lands. McMinnville's planning period begins in 2021 and it is forecast that about 563 dwelling units will be developed in McMinnville before the planning period begins. This results in a refined housing capacity estimate of 1,566 dwelling units in McMinnville in 2021.

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2041

A deficit of -3,053 dwelling units results in a deficit of:

623 GROSS ACRES
at historic densities
(4.9 units per gross acre)

— OR —

-3,053

576 GROSS ACRES
at needed densities
(5.3 units per gross acre)

DEFICIT OF LAND FOR NEW HOUSING, MCMINNVILLE UGB, 2067

A deficit of -7,749 dwelling units results in a deficit of:

1,581 GROSS ACRES
at historic densities
(4.9 units per gross acre)

— OR —

-7,749

1,462 GROSS ACRES
at needed densities
(5.3 units per gross acre)

Key Findings and Conclusions

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

McMinnville will need to accommodate an average of 233 new dwelling units annually over the 20-year planning horizon. From 2018-2041, McMinnville will need to accommodate 5,269 new dwelling units. McMinnville will accommodate 87 needed dwelling units through redevelopment and infill — these units will not require vacant or partially vacant lands. Accordingly, this will result in McMinnville needing to accommodate 5,182 needed new dwelling units on vacant or partially vacant buildable residential lands.

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

McMinnville is planning for slightly higher overall average density than it has in the past. As McMinnville shifts toward more single-family attached housing and multifamily housing, McMinnville's average housing density (for new dwelling units) will increase from 4.9 dwelling units per gross acre (historic average density) to 5.3 dwelling units per gross acre (needed average density) — an 8% increase.

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

- **1,016 of the forecasted new households will have incomes of $25,150 or less.** These households often cannot afford market-rate housing without government subsidy.

- **1,711 new households will have incomes between $25,150 and $60,359.** These households will need access to relatively affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and traditional), single-family attached housing (e.g., town homes), and multifamily products (particularly middle housing types such as duplexes, triplexes, quadplexes, and apartments/multifamily condominiums).

- **1,930 new households will have incomes over $60,359.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

McMinnville's UGB will not accommodate all of McMinnville's housing needs. Over the planning period through 2041, McMinnville has a deficit of capacity for 3,053 dwelling units, which means the City has an approximate deficit of about 576 gross acres by 2041 based on acheiving the "needed density" of 5.3 du/acre. At the historic density of 4.9 du/acre this deficit would be 623 acres.

HOUSING POLICY RECOMMENDATIONS

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

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

Land Use Strategy

Strategy 1. Growth Planning

1.1 Develop an Urban Reserve Area

1.2 Establish a Framework Plan for the URA

1.3 Identify an Expanded UGB per the URA

1.4 Develop Area Plans for UGB Lands Identifying Housing Opportunities

1.5 Conduct Infrastructure Planning for URA and UGB Areas (Update infrastructure plans for growth lands)

1.6 Update Goal 5 Natural Resource Planning & Policies, incl. Wetlands and Riparian Areas

1.7 Update Goal 7 Hazards Planning & Policies, incl. Landslide Susceptibility

1.8 Review and Update City/County Urban Growth Management Agreement (UGMA) if needed.

1.9 Implement Great Neighborhood Principles

1.10 Create a Diverse Housing Zone

1.11 Develop a High-Density Residential Zone

1.12 Develop Annexation Process to Mandate Housing Types Upon Annexation per Area Plans

Strategy 2. Housing Development in Existing UGB

2.1 Create a Diverse Housing Zone

2.2 Develop a High-Density Residential Zone

2.3 Provide Density Bonuses to Developers

2.4 Promote Infill Development, Allowing Flexibility in Existing Zones with Appropriate Design and Development Standards

2.5 Update Infrastructure Plans for Infill Development

2.6 Implement Great Neighborhood Principles

2.7 Re-designate or Rezone Land for Housing

Strategy 3. Infrastructure & Public Facilities Planning

3.1 Assess Infrastructure Capacity to Support Infill

3.2 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

3.3 Identity Issues and Plan for Water Zone 2 Infrastructure Improvements

3.4 Develop Infrastructure Allocation Policies

3.5 Identify Areas with Underutilized Infrastructure Capacity

3.6 Encourage "To and Through" Infrastructure Policies

Strategy 4. Special Area Planning

4.1 City Center Housing Strategy

4.2 Evaluate Three Mile Lane for Residential Development

4.3 Undertake a Highway 99W Corridor Study – Explore Opportunities for Higher Density Mixed-Use Development

Strategy 5. Land Use / Code Amendments

5.1 Allow Duplexes, Cottages, Townhomes, Row Houses, and Tri- and Quad-Plexes in Single-Family Zones with Appropriate Design & Development Standards

5.2 Implement Other Code Amendments Prioritized by the PAC.

5.3 Streamline Zoning Code and Other Ordinances

5.4 Implement the Great Neighborhood Principles

5.5 Repeal Outdated Policies Related to Old Sewer Treatment Capacity Limits

5.6 Evaluate Code for Fair Housing Act Best Practices

5.7 Advocate for Inclusionary Zoning Enablement – State Legislation and Annexation Processes

Other, Non-Land Use Strategies

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

6.1 Pursue Funds for Affordable Housing (City Influence).

6.2 Financial Incentives Supporting Inclusionary Zoning

6.3 Reduced or Waived Planning Fees, Permit Fees, SDCs for Affordable Housing

6.4 Vertical Housing Tax Abatement (Locally Enabled & Managed)

6.5 SDC Financing and Credits

6.6 Parcel assembly

6.7 Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)

6.8 Sole Source SDCs

6.9 Grants or Loans

6.10 Vacant Property Tax.

6.11 Fee for Demolition of Affordable Home for Expensive Home.

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

7.1 Support Partners Pursuit of Affordable Housing Funds

7.2 Community Land Trust (CLT)

7.3 Affordable Housing Property Tax Abatement

7.4 Land Banking

ECONOMIC OPPORTUNITIES ANALYSIS

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

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

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

This summary report presents the results of the McMinnville Economic Opportunities Analysis 2021 to 2041, which presents the full results of the EOA for McMinnville and is intended to comply with statewide planning Goal 9 (economy) and Oregon Administrative Rule (OAR) 660-009. The EOA presents an evaluation of McMinnville Comprehensive Plan policies related to economic development.
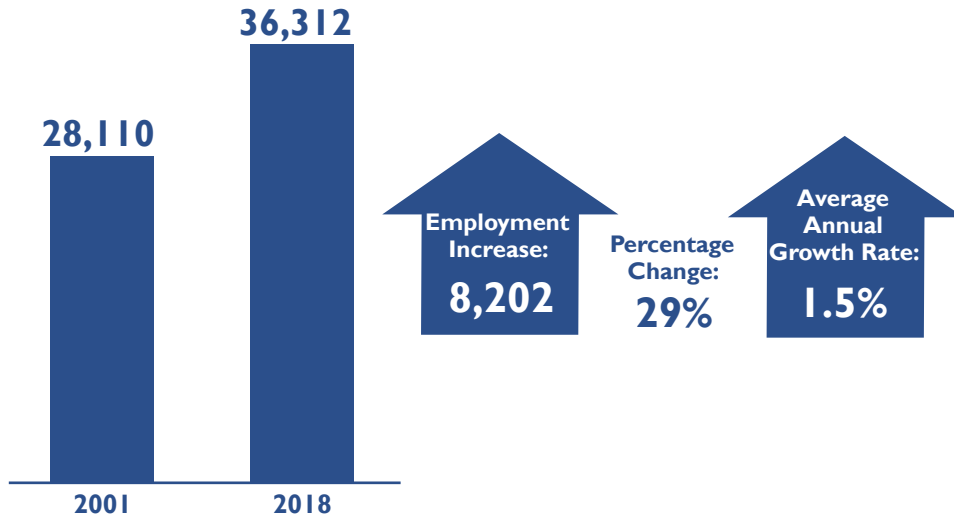
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

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

CHANGE IN COVERED EMPLOYMENT, YAMHILL COUNTY, 2001-2018
Source: U.S. Bureau of Labor Statistics.

36,312

28,110

Employment Increase: 8,202

Percentage Change: 29%

**Average Annual Growth Rate:** 1.5%

2001   2018

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

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

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

$57,265

$53,058

$42,315

$40,105

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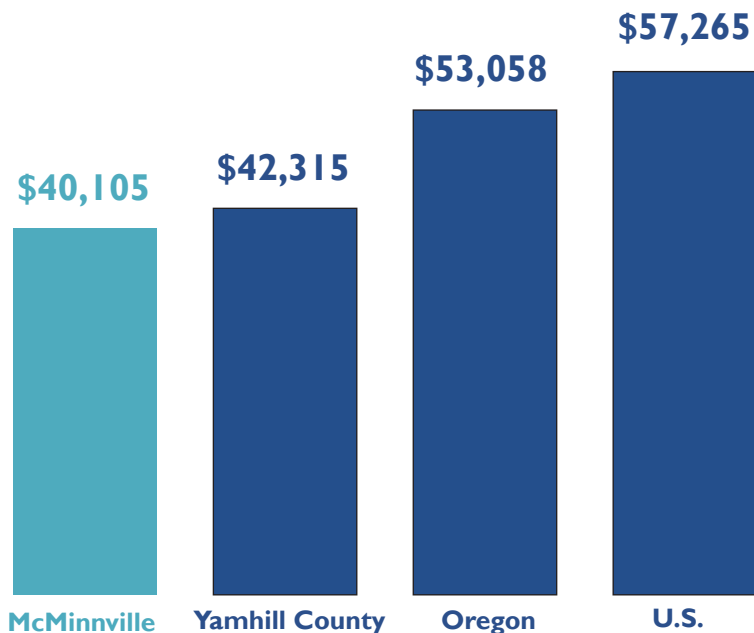
The average pay for jobs in McMinnville was $40,105 per job, below the County and State averages.

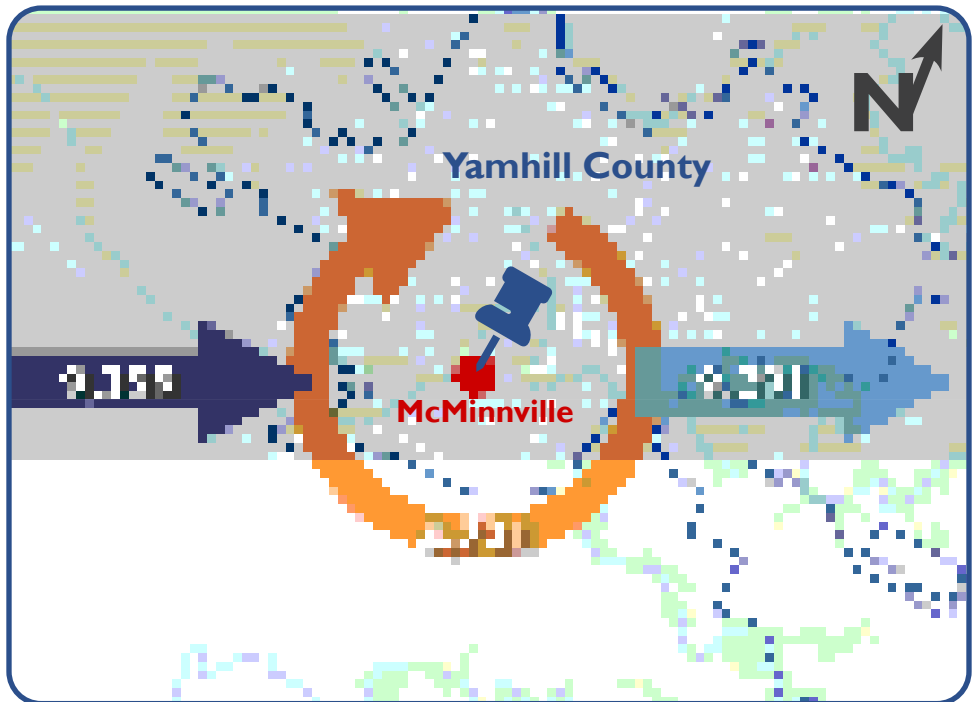# FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

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

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

McMinnville   **Yamhill County**   **Oregon**
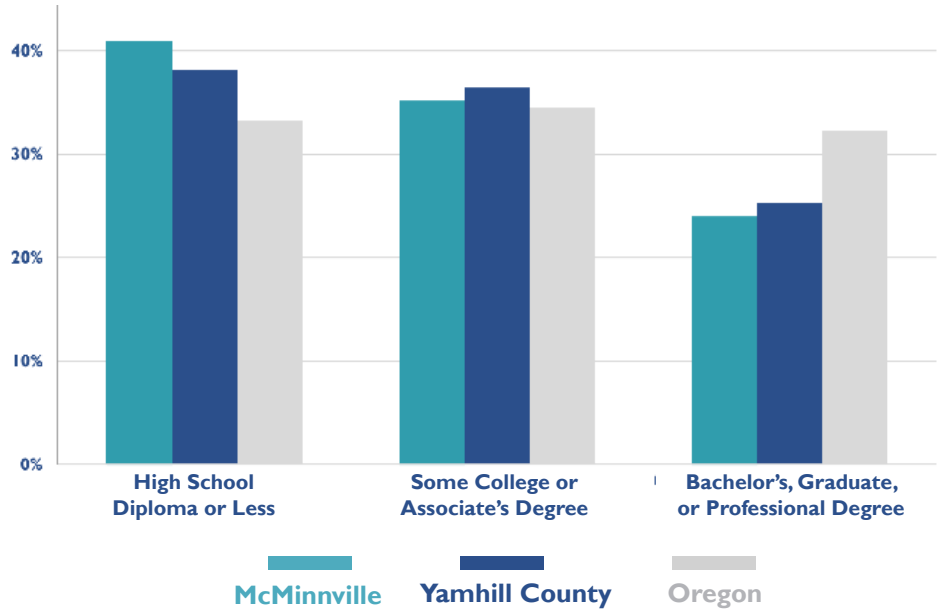
COMMUTING PATTERNS IN MCMINNVILLE, 2017

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

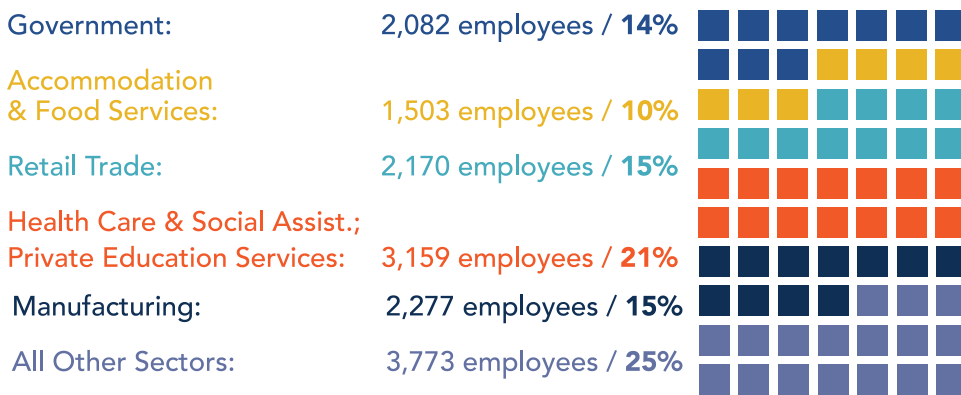| **5,721**	**9,359**	**9,291**
People live and work in McMinnville	People commute into McMinnville to work	People live in McMinnville and work elsewhere

Employment in McMinnville

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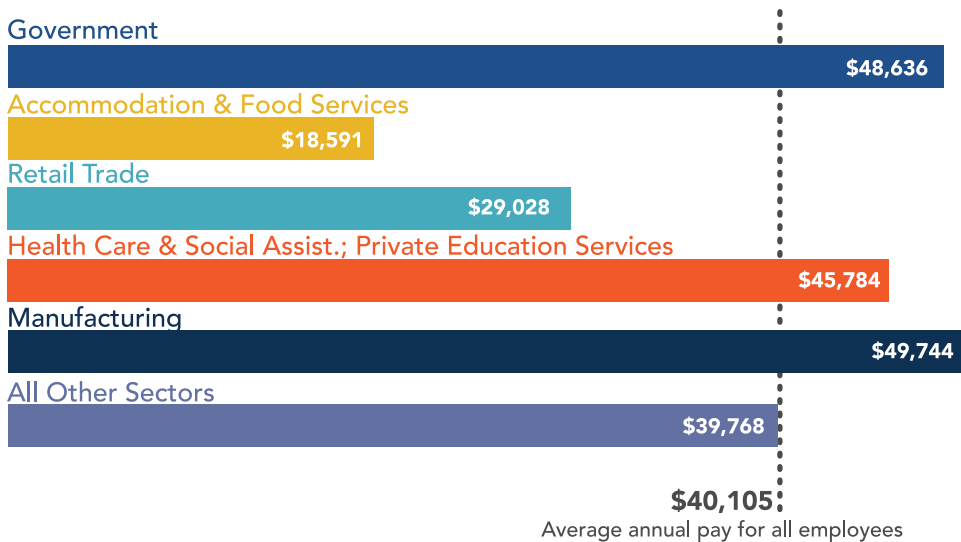
JOBS BY SECTOR, MCMINNVILLE, 2017

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

1square represents 500 jobs

Government:	2,082 employees / **14%**	
Accommodation & Food Services:	1,503 employees / **10%**	
Retail Trade:	2,170 employees / **15%**	
Health Care & Social Assist.; Private Education Services:	3,159 employees / **21%**	
Manufacturing:	2,277 employees / **15%**	
All Other Sectors:	3,773 employees / **25%**	

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

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017

Government — **$48,636**

Accommodation & Food Services — **$18,591**

Retail Trade — **$29,028**

Health Care & Social Assist.; Private Education Services — **$45,784**

Manufacturing — **$49,744**

All Other Sectors — **$39,768**

$40,105
Average annual pay for all employees

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

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

MCMINNVILLE'S COMPETITIVE ADVANTAGES AND TARGET INDUSTRIES

Target Industries

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

Traditional Industry & Advanced Manufacturing

Craft Beverages & Food Systems

Technology & Entrepreneurship

Education, Medicine & Other Sciences

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

- **Location and size.** McMinnville is located with proximity to Portland, Salem, and the Oregon Coast. McMinnville's central location serves the local community, regional employment, and commercial service needs, as well as serving tourism industries as a regionally recognized destination for Yamhill and Willamette Valley wineries.

- **Transportation.** McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 and Highway 22 (via 99W) also provide connections to the region. The McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel.

- **Low public utility rates.** McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide.

- **Access to labor pool and workforce training resources.** McMinnville employers have access to a county-wide labor market of nearly 50,000, as well as the larger regional Mid-Valley labor pool. McMinnville's access to education through Linfield College and Chemeketa Community College also provide direct connections for businesses and potential employees.

- **Quality of life.** McMinnville's small-town character, including a walkable downtown attracts workers and businesses to McMinnville, and is especially attractive for entrepreneurial and other individually owned, non-corporate enterprises.

**McMinnville's disadvantages for economic development include:**

- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.

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

The rate at which McMinnville's employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. McMinnville's employment forecast assumes that employment will grow at the same rate as population growth, at 1.36% average annual per year. Employment growth will result in growth of more than 6,800 new jobs and demand for 741 acres of land between 2021 and 2041, and demand for 954 acres of land between 2021 and 2067.

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

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

741 total acres   1 square represents 25 acres

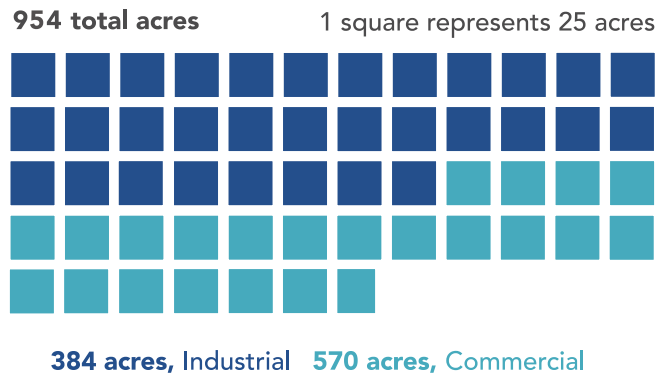**384 acres,** Industrial   **357 acres,** Commercial
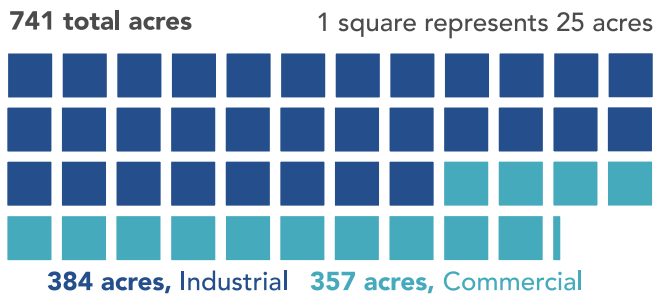
DEFICIT OF LAND FOR EMPLOYMENT LAND, MCMINNVILLE UGB, 2041

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 20 years. The City has a deficit of about 70 acres of industrial land and about 280 acres of commercial land.

70 GROSS ACRES of industrial land   **-70**   **-280**   **280 GROSS ACRES** of commercial land

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

954 total acres   1 square represents 25 acres

384 acres, Industrial   **570 acres,** Commercial

DEFICIT OF LAND FOR EMPLOYMENT LAND, MCMINNVILLE UGB, 2067

McMinnville does not have enough land to accommodate commercial and industrial employment growth over the next 46 years. The City has a deficit of about 70 acres of industrial land and about 494 acres of commercial land.

70 GROSS ACRES of industrial land   **-70**   **-494**   **494 GROSS ACRES** of commercial land

PUBLIC AND INSTITUTIONAL LAND NEEDS

PUBLIC AND INSTITUTIONAL USES INCLUDE:

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

Public and Institutional Land Needs

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

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

ESTIMATED PUBLIC AND INSTITUTIONAL LAND NEEDS

ORGANIZATION/SECTOR	ADDITIONAL LAND NEED (ACRES)		
	2019-2021	2021-2041	TOTAL (2019-41)
City of McMinnville			
• Parks	27	365	392
• Power & Light	0	21	21
• Other (non-parks)	0	7	7
Chemeketa Community College	0	0	0
Linfield College	0	0	0
McMinnville School District	0	10	10
Yamhill County	0	6	6
State of Oregon	0	1	1
Federal Government	0	2	2
Churches	6	32	38
Other	0	0	0
Total	**33**	**444**	**477**

HOUSING NEEDS ANALYSIS AND ECONOMIC OPPORTUNITIES ANALYSIS PROJECT ADVISORY COMMITTEE (PAC) (Members in **bold** participated in both the HNA and EOA PAC)

Marilyn Worrix	Alan Ruden	**Robert J. Banagay**	Doug Hurl	Ed Gormley
Kellie Menke	**Sid Friedman**	**Amanda Perron**	Scott Cooper	Kyle Faulk
Zack Geary	**Mark Davis**	**Matt Deppe**	Alan Amerson	Jody Christensen
Roger Lizut	Danielle Hoffman	Brad Bassitt	Kelly McDonald	
Susan Dirks	**Andrew Burton**	**Patty O'Leary**	Mike Morris	
Roger Hall	**Beth Caster**	Paul Davis	Jeff Knapp	
Sal Peralta	**Michael Jester**	Andrew Burton	Gioia Goodrum	

PUBLIC/INSTITUTIONAL LANDS WORK GROUP

PAC Members:
Paul Davis, Chemeketa
Susan Muir, Parks
Mike Bisset, City Infrastructure

John Dietz, MWL
Other Interested PAC Members

Additional Representatives:
Mary Ann Rodriguez, Linfield
Matt Johnson, Churches
Laura Syring, SD, Parks
Peter Keenan, SD

Ryan McIrvin, SD/Athletics
Steve Ganzer, Parks
Justin Hogue, County

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STATE OF OREGON

Angela Carnahan, Regional Representative – Oregon Department of Land Conservation and Development
Kevin Young, Housing Specialist – Oregon Department of Land Conservation and Development

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Heather Richards, Planning Director
Chuck Darnell, Senior Planner
Jamie Fleckenstein, Associate Planner
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Susan Muir, Parks Director

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