

**Planning Commission
Thursday, August 3, 2023
6:30 PM Regular Meeting**

HYBRID Meeting

IN PERSON – McMinnville Civic Hall, 200 NE Second Street, or ZOOM Online Meeting

Please note that this is a hybrid meeting that you can join in person at 200 NE Second Street or online via Zoom

ZOOM Meeting: You may join online via the following link:

<https://mcminnvilleoregon.zoom.us/j/84808603865?pwd=WE03Ukt3bDU5VkUwRUhldlJnb2w0QT09>

Meeting ID: 848 0860 3865

Meeting Password: 166748

Or you can call in and listen via zoom: 1 253 215 8782

Meeting ID: 848 0860 3865

Meeting Password: 166748

Commission Members	Agenda Items
Sidonie Winfield, Chair	6:30 PM – WORK SESSION
Gary Langenwalter Vice - Chair	1. Call to Order
Matthew Deppe	2. Work Session – Growing McMinnville Mindfully, Part II (Exhibit 1)
Sylla McClellan	3. Adjournment
Meg Murray	
Brian Randall	
Beth Rankin	
Dan Tucholsky	
Vacant, Ward 1	

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City’s website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.



EXHIBIT 1 – STAFF REPORT

DATE: August 3, 2023
TO: Planning Commission Members
FROM: Heather Richards, Community Development Director
SUBJECT: Work Session: Growing McMinnville Mindfully, Part II

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

Guide growth & development strategically, responsively & responsibly to enhance our unique character.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

This is a work session to review the draft results of a Housing Needs Analysis, Economic Opportunities Analysis and Public Land Need Analysis for the planning periods of 2021 – 2041 and 2041 – 2067.

Per HB 2003 (2019 Oregon Legislative Session), the City of McMinnville needs to adopt and submit a Housing Needs Analysis to the Department of Land Conservation and Development by December 31, 2023.

This work was started in 2018/2019 resulting in draft documents that needed to be updated to reflect the December 2020 (acknowledged by DLCDC April 2021) UGB amendment for the planning period of 2003 – 2023, and the recent mandates from the Oregon Legislature for missing middle housing code reforms as well as reduction of capacity analysis for rural residential lands within the UGB for more than 14 years.

That work was recently completed (partially funded by a DLCDC grant), and this work session will review the final results and next steps.

Background:

In 2018, the City of McMinnville initiated an effort to update its Housing Needs Analysis (HNA), Economic Opportunities Analysis (EOA) and Public Lands Analysis.

In Oregon Land Use planning cities must maintain a buildable land supply to support necessary population growth for twenty years. This is accomplished through a needs analysis process. It is a

highly regulated process governed by state legislation (Oregon Revised Statutes (ORS)) and rulemaking (Oregon Administrative Rules (OAR)). If the needs analysis identifies a need for additional land supply, cities must determine how they are going to meet that need, either by increasing density within the existing urban growth boundary or by expanding the urban growth boundary, or both. Cities typically will conduct an efficiency measures analysis to identify opportunities for growth and higher density within the city's urban growth boundary prior to expanding the urban growth boundary. If cities choose to expand their urban growth boundary, cities must then embark on a land analysis of land adjacent to the existing urban growth boundary to determine where it is appropriate to expand. Like the needs analysis, the efficiency measures analysis and urban growth boundary analysis are highly regulated with ORS and OARs.

In 2018, after realizing the negative effects of constrained land supply on the City of McMinnville's housing market and employment opportunities, the City elected to initiate the needs analysis with a mindset that it would lead eventually to an urban growth boundary amendment even after an efficiency measures analysis. City Council direct staff to plan for both a twenty-year growth horizon (2021 -2041) as well as a fifty-year growth horizon (2021 – 2067) in order to adopt a future Urban Reserve Area so that the City did not find itself in the same predicament in the future.

The last time the City had successfully adopted a Housing Needs Analysis was in 2001 and although the needs analysis and resulting efficiency measures indicated a need to expand the city's urban growth boundary for future growth, the city was not successful in adopting a new urban growth boundary that met the city's identified need due to legal challenges, eventually resulting in a Court of Appeals remand to the City in 2013.

Thus, the city engaged a consultant team and worked with a project advisory committee on a buildable lands inventory, housing needs analysis and economic opportunities analysis throughout 2018 and 2019.

At the same time, during the 2019 Oregon Legislative Session, two house bills were adopted, HB 2001 and HB 2003. Both bills impacted state legislation and eventually rulemaking relative to how cities implemented needs analyses. Knowing that the legislation and rulemaking would take some time to enact, the City put a pause on these efforts, and turned towards the 2013 urban growth boundary remand to see if that would lead to a quicker resolution to the city's land supply issues rather than a new effort. City staff worked on a response to the Court of Appeals remand in 2020 and in April, 2021 learned that the submittal had been approved by the Department of Land Conservation and Development and was not appealed.

In order to preserve their efforts from 2018 and 2019, in May 2020, the City of McMinnville submitted the following "PAPA" notices (Notice of Proposed Amendments) to DLCD:

- **HNA.** Housing Needs Analysis and Residential Buildable Land Inventory (June 2019 Draft).
- **Housing Strategy.** (June 2019 Draft).
- **EOA.** Economic Opportunities Analysis, Employment Land Buildable Land Inventory, and Other Land Needs (February 2020 Draft). The City subsequently completed additional updates to the February 2020 draft in June 2020 after the initial PAPA submittal to DLCD. The City subsequently submitted the updated draft as an amended PAPA notice in May 2021.

In addition to the HNA, Housing Strategy and EOA, the City prepared a Memo updating the HNA (Addendum 1 to the HNA) in June 2020 to address any new discoveries since the June 2019 draft was completed, and an Urbanization Study that served as a summary of the HNA/EOA analysis. All of which were provided as part of the PAPA notices.

As part of the PAPA notice for these documents in May 2020, the City needed to provide a specific date for a public hearing, and the City elected to select May 20, 2021, for the public hearing date to provide enough time for the HB 2001 and HB 2003 rulemaking to conclude.

On May 20, 2021, the Planning Commission opened and continued the public hearing to May 18, 2023. And then on May 9, 2023, the City noticed that the public hearing would be continued to September 7, 2023, to consider the final documents. This was done to preserve the work and investment that went into the 2018/2019 effort and to just focus on a limited update in 2023. Legal counsel and DLCD staff concurred with the process.

Since these documents were completed and noticed to the Department of Land Conservation and Development, there have been two significant developments that have occurred which impact the outcomes of these draft documents:

- The City’s successful completion of the McMinnville Growth Management and Urbanization Plan (MGMUP), which amended the existing urban growth boundary by adding 662.40 gross buildable acres to the urban growth boundary.
- HB 2003 rulemaking which mandated a calendar of when cities needed to adopt a new Housing Needs Analysis (OAR 660-008-0045). The City of McMinnville was assigned an adoption date of December 31, 2023. (Please see table below).
- New DLCD program for the development of a Housing Production Strategy to meet the mandates of HB 2003.

Housing Capacity Analysis Update Schedule for Oregon
Cities with a population above 10,000 (Required by ORS 197.296)

OAR 660, Division 8 – Exhibit A

Adopted by the Land Conservation and Development Commission November 12, 2020.

Updated November 23, 2020.

Cities to adopt updated Housing Capacity Analyses (HNA) by December 31st of the listed year.

	2022	2023	2024	2025	2026	2027
1	Grants Pass	Ashland	Bend	Springfield	Eugene	Central Point
2	Newport	Beaverton	Hermiston	The Dalles	Troutdale	Corvallis
3		Forest Grove	Sandy			Cottage Grove
4		Gresham				St. Helens
5		Happy Valley				
6		Hillsboro				
7		Lake Oswego				
8		McMinnville				
9		Medford				
10		Milwaukie				
11		Portland				
12		Tigard				
13		West Linn				
14		Wilsonville				

The City is able to preserve the work that has already been done thus far to meet the HB 2003 mandate, but it must be updated to reflect the new urban growth boundary amendment (buildable land inventory) and the application of the provisions of HB 2001 to the new urban growth boundary amendment. Then if the needs analysis shows additional land need for the 2021 – 2041 planning horizon, the City will need to conduct an efficiency measures analysis, and if there is still land need remaining, embark on a new urban growth boundary amendment.

Normally, the City would need to show how it will meet its identified land need when it adopts the HNA by December 31, 2023. However, anticipating that the analysis would more than likely show additional land need, the City has already been in discussion with DLCD about participating in their sequential UGB process (OAR 660-025-0040) which allows the City to submit the land need analysis and then work on how to meet the land need through land-use efficiencies to increase density within the current UGB (December 31, 2024) and a UGB amendment (December 31, 2025) in subsequent years.

Discussion:

The updated McMinnville Urbanization Report (attached) provides a summary of the key data and findings for the Housing Needs Analysis, Economic Opportunities Analysis and Public Land Needs Analysis.

Population Forecast Used:

McMinnville’s 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

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

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

(Note this is provided by Portland State University’s Portland Research Center and cities are required to use it per state law. It has been updated since the 2017 forecast was released, but the City made a policy decision to continue to use the 2017 population forecast so as not to rework the entirety of the documents to reflect new forecasts. This is allowed by state law and is a policy decision that was supported by DLCD staff.)

Land Deficiency Identified (gross buildable acres):

<i>Planning Period</i>	<i>Housing Land Need</i>	<i>Employment Land Need</i>	<i>Public / Institutional Land Need</i>	<i>Total</i>
<i>2021 – 2041 (Urban Growth Boundary)</i>	<i>202 Acres</i>	<i>29 Industrial 159 Commercial 188 Acres</i>	<i>94 Acres</i>	<i>484 Acres</i>
<i>2041 – 2067 (Urban Reserves Area)</i>	<i>1066 Acres</i>	<i>176 Industrial 237 Commercial 413 Acres</i>	<i>298 Acres</i>	<i>1626 Acres</i>

Next Steps:

- Adopt and submit the land needs analysis to DLCD - December 31, 2023.
- Evaluate land-use efficiencies – January 1 – December 31, 2024
- Adopt and submit a UGB amendment, if needed, to DLCD – December 31, 2025

Attachments:

- Draft Updated McMinnville Urbanization Report (2023)
- Draft Updated McMinnville Housing Needs Analysis (2023)
- Draft Updated McMinnville Economic Opportunities Analysis (2023)

Fiscal Impact:

Updating the Housing Needs Analysis and Economic Opportunity Analysis cost approximately \$50,000. DLCD provided a grant of \$25,000. Staff provided staff support at \$11,500.

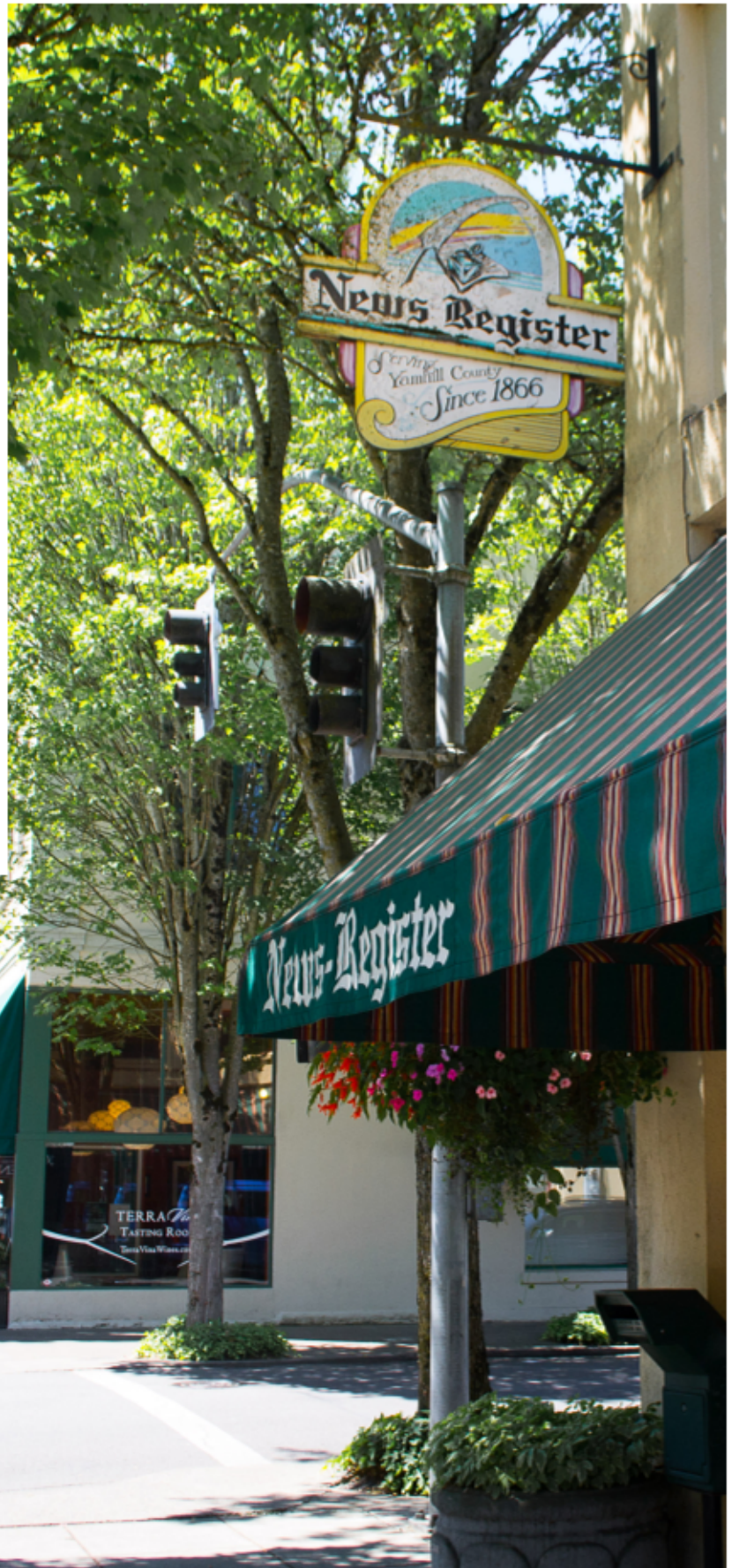


Updated McMinnville Urbanization Report:

Housing Needs Analysis and Economic Opportunities Analysis

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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, this report was updated in 2023 to account for development through 2021 and the 2020 UGB expansion.

This evaluation process requires several technical studies. These include:

- a Goal 10 compliant 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.



MCMINNVILLE NEEDS 484 ACRES TO ACCOMMODATE GROWTH THROUGH 2041

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 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross residential acres through 2041. For employment growth McMinnville will also need an additional 188 gross acres to accommodate employment needs for the 2021 to 2041 period (29 industrial acres and 159 commercial acres). Finally, McMinnville will need an additional 94 acres in the 2021 to 2041 period for public and institutional uses (e.g., parks, schools, infrastructure, churches, etc.)

LAND USE TYPE	SURPLUS (DEFICIT)	
	20-YEAR (2021-2041)	46-YEAR (2021-2067)
Residential	(202)	(1,268)
Public or Institutional	(94)	(397)
Industrial	(29)	(29)
Commercial	(159)	(416)
Total	(484)	(2,110)

Source: ECONorthwest

INTRODUCTION



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 and was updated in 2023 to account for changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluate 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 estimate 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 Strategy, and the Economic Opportunities Assessment Project Advisory Committee (EOAPAC) to review the results of the Economic Opportunities Analysis and public/institutional land needs. The report reflects updates completed in 2023 to account for: land added to McMinnville’s UGB in 2020, development in McMinnville through 2021, and to meet requirements of new State legislation.

This report is organized by the following sections:

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

Overview

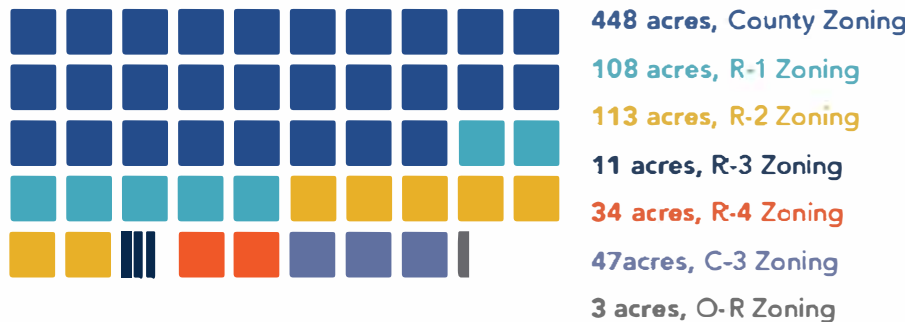
The buildable lands inventory (BLI) provides a basis for analysis of development capacity on residential, commercial, and industrial land in the City of McMinnville. Legal requirements govern the development of the BLI. The Housing Needs Analysis and Economic Opportunities Analysis provide detailed methods,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

Residential Buildable Land

McMinnville has 763 acres of residential land that is vacant or partially vacant. The majority of McMinnville's buildable land (448 acres) is county-zoned land, which are not available for urban densities until they annex. In addition, some of McMinnville's buildable land (131 acres) is in Water Zone 2 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, 2023

763 total acres 1 square represents 16 acres



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.

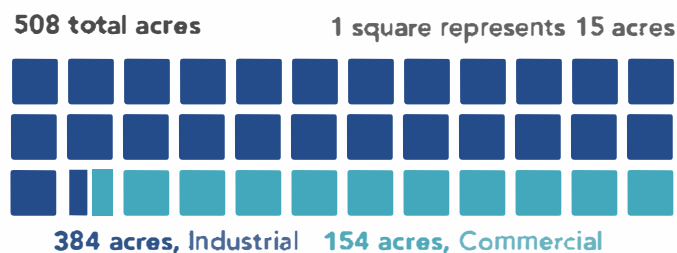
Constrained land:

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

Commercial and Industrial Buildable Land

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

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



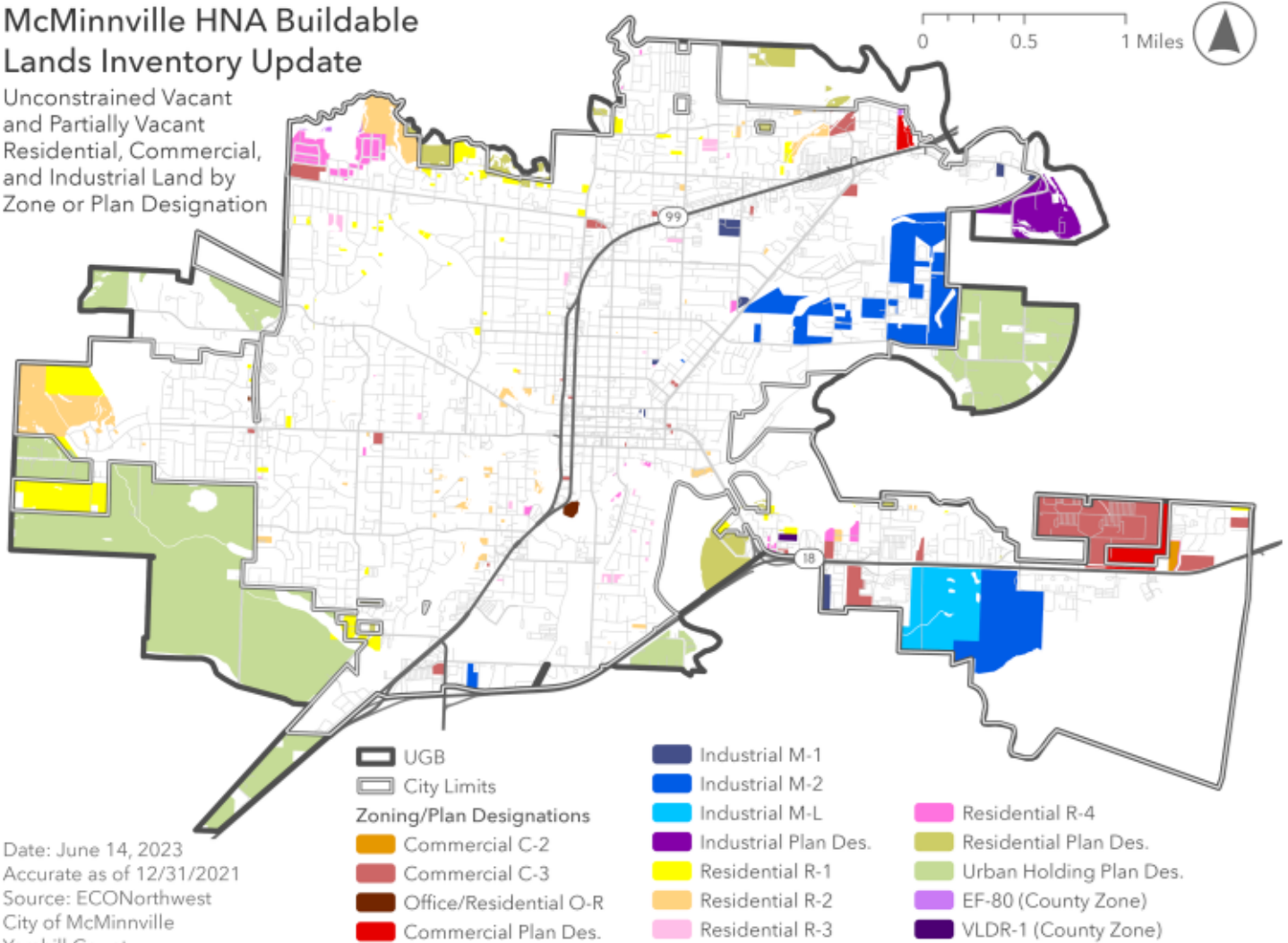
BUILDABLE LANDS INVENTORY

McMinnville Buildable Lands Inventory

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

McMinnville HNA Buildable Lands Inventory Update

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



Date: June 14, 2023
 Accurate as of 12/31/2021
 Source: ECONorthwest
 City of McMinnville
 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 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. In 2023, a PAC met twice to discuss the updates to the analysis.



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 AND HOUSEHOLDS



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

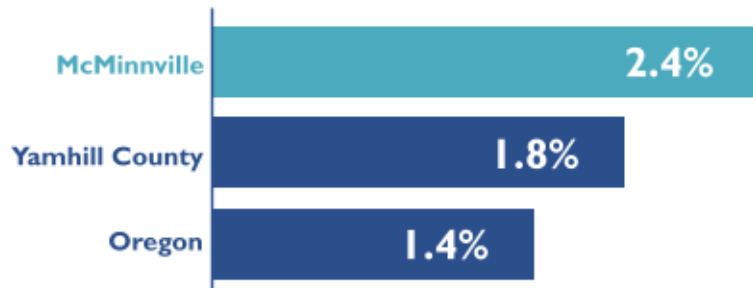
McMinnville's Population and Households

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



POPULATION, 2017

Source: Portland State University, Population Research Center



McMinnville's median population age is 35.

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

MEDIAN AGE, 2016

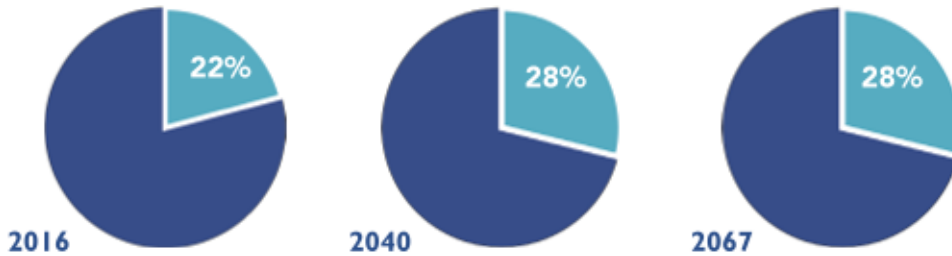
Source: Portland State University, Population Research Center



MCMINNVILLE'S POPULATION AND HOUSEHOLDS

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

Source: Portland State University, Population Research Center



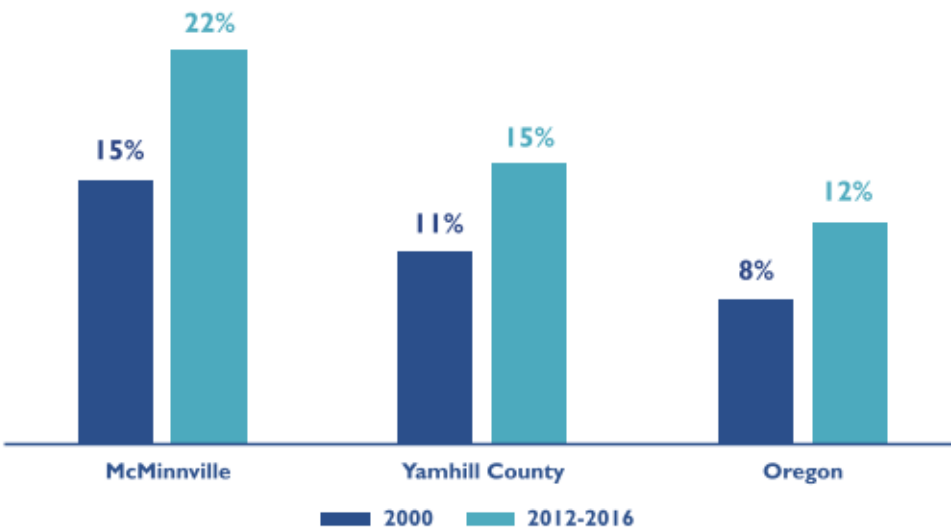
Population over 60 years of age is expected to increase.

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



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



McMinnville is ethnically diverse.

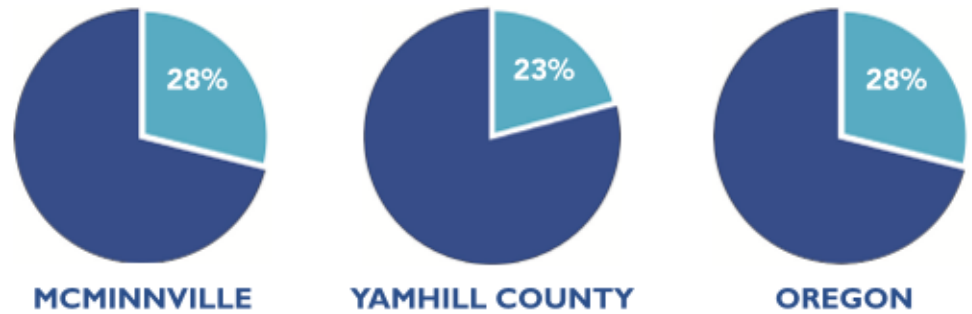
McMinnville's population is more ethnically diverse than Yamhill County and Oregon's population.

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

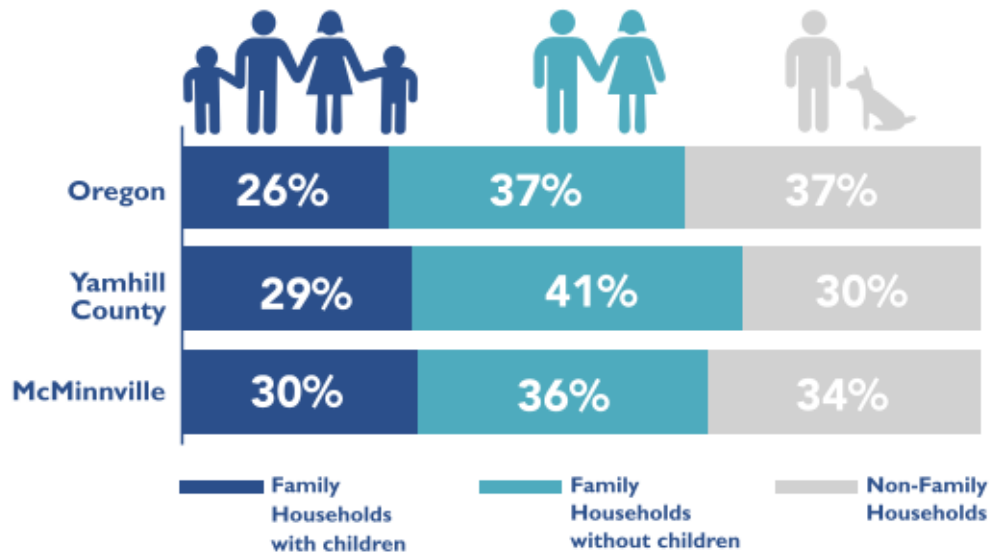


About a third of McMinnville's households were non-family.

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.



MCMINNVILLE'S HOUSING MARKET

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.



SINGLE-FAMILY DETACHED

(includes manufactured homes)



SINGLE-FAMILY ATTACHED

(townhouses)



MULTIFAMILY

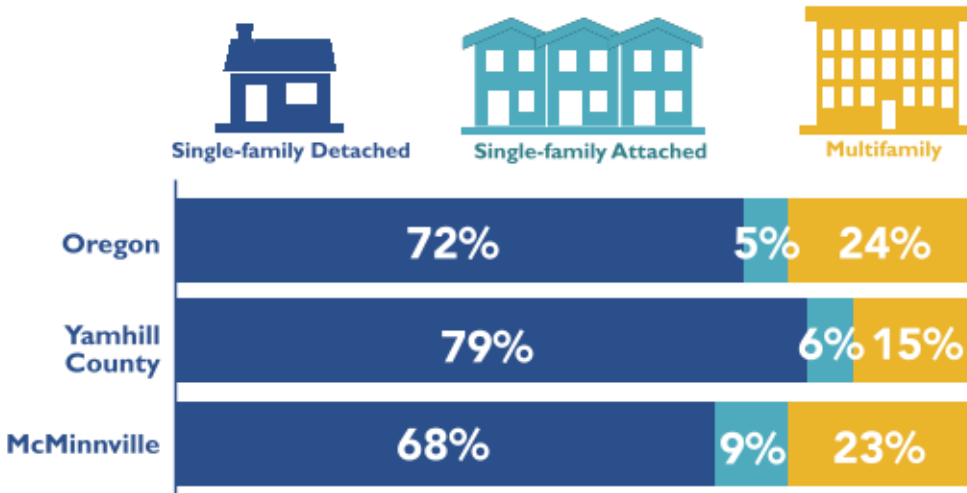
(duplexes, tri- and quad-plexes, buildings with 5+ units)

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

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

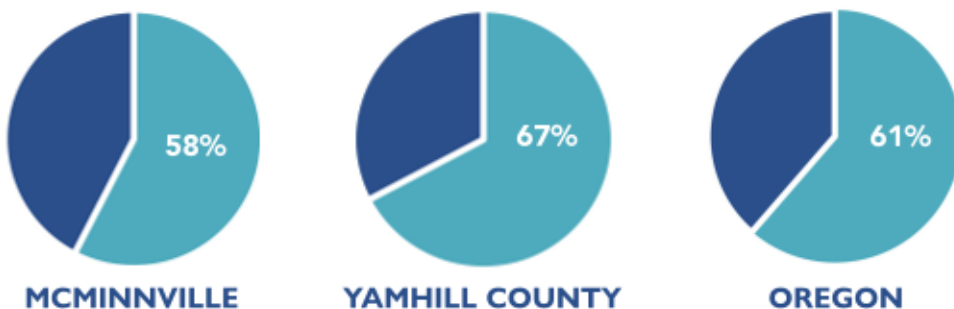
Since 2000, McMinnville mix of housing types has remained relatively unchanged, despite growth in total dwelling units. In McMinnville, government-assisted housing and housing for farmworkers can be any of the housing types listed above.

MIX OF HOUSING TYPES, 2017



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



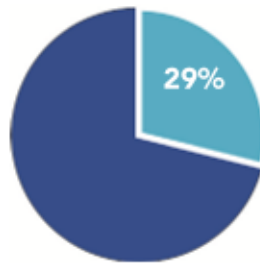
A majority of McMinnville's housing is owner-occupied. Most of McMinnville's homeowners (95%) live in single-family detached housing.

MCMINNVILLE'S HOUSING MARKET

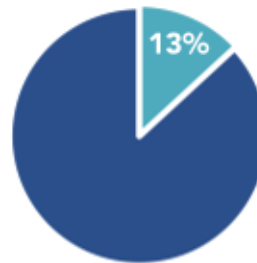
PERCENT OF MCMINNVILLE'S HOUSING UNITS THAT ARE RENTER-OCCUPIED BY TYPE OF HOUSING, 2016

A majority of renters in McMinnville live in multifamily housing.

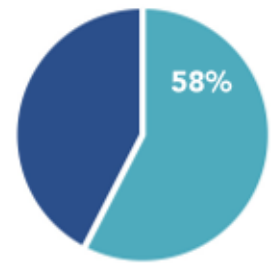
McMinnville has a larger share of renters than both the county and state.



SINGLE-FAMILY DETACHED



SINGLE-FAMILY ATTACHED



MULTIFAMILY

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.

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

BUILDING PERMITS ISSUED, 2000 TO 2017

Source: McMinnville Building Permit Database



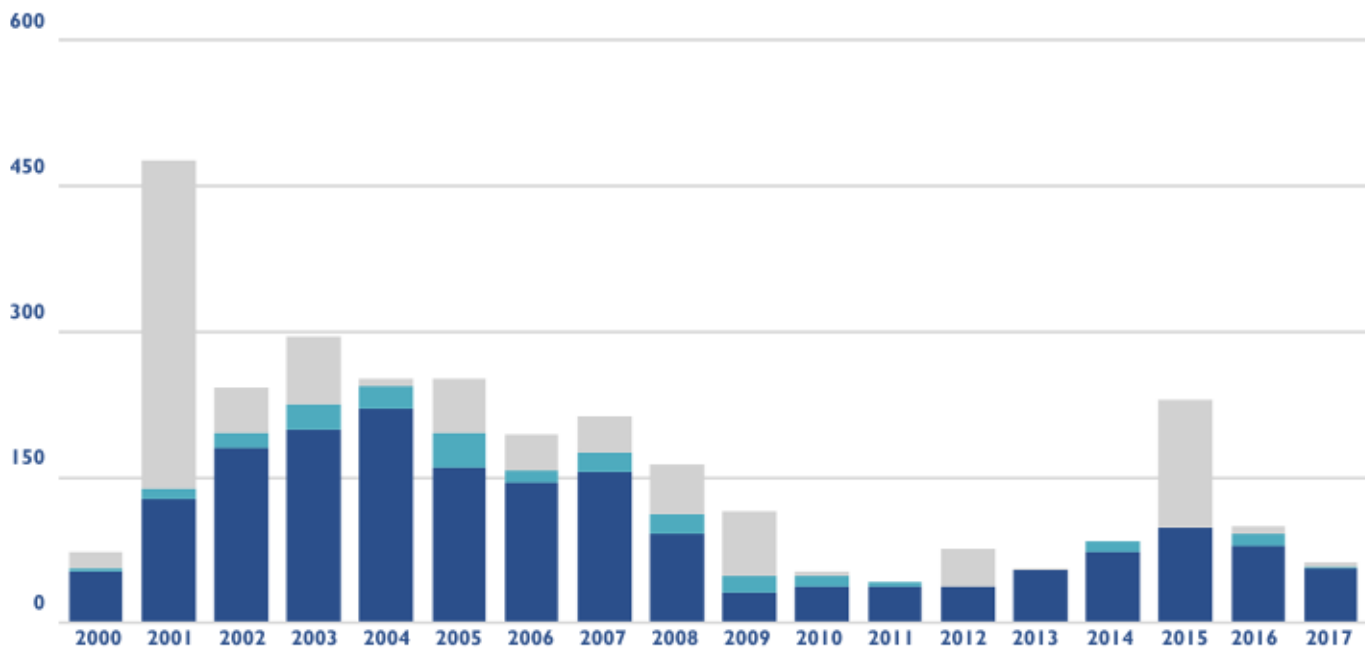
SINGLE-FAMILY DETACHED



SINGLE-FAMILY ATTACHED



MULTI-FAMILY



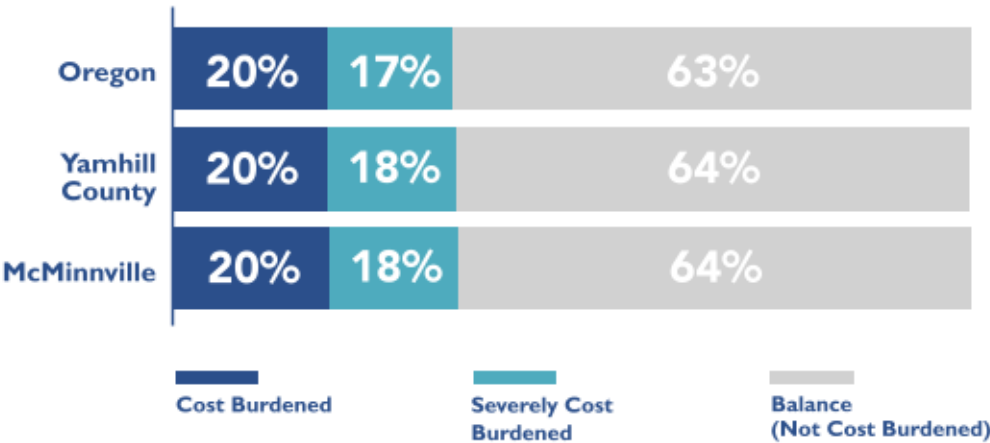
Housing Affordability

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

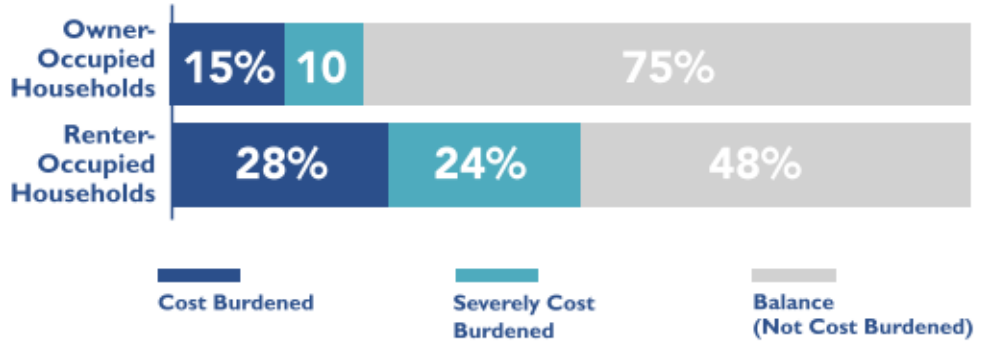
HOUSING AFFORDABILITY

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



MEDIAN MONTHLY RENTS, 2016



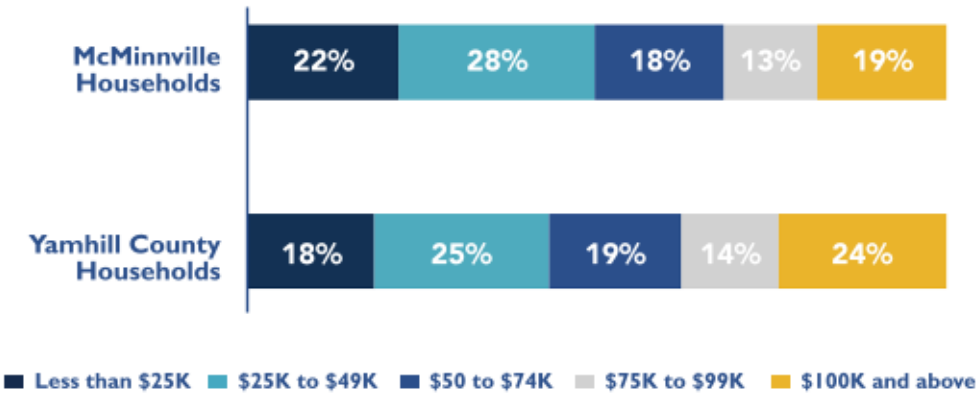
MEDIAN HOME SALES PRICES, FEBRUARY 2019

Source: Redfin



HOUSING AFFORDABILITY

HOUSEHOLD INCOME DISTRIBUTION, 2016



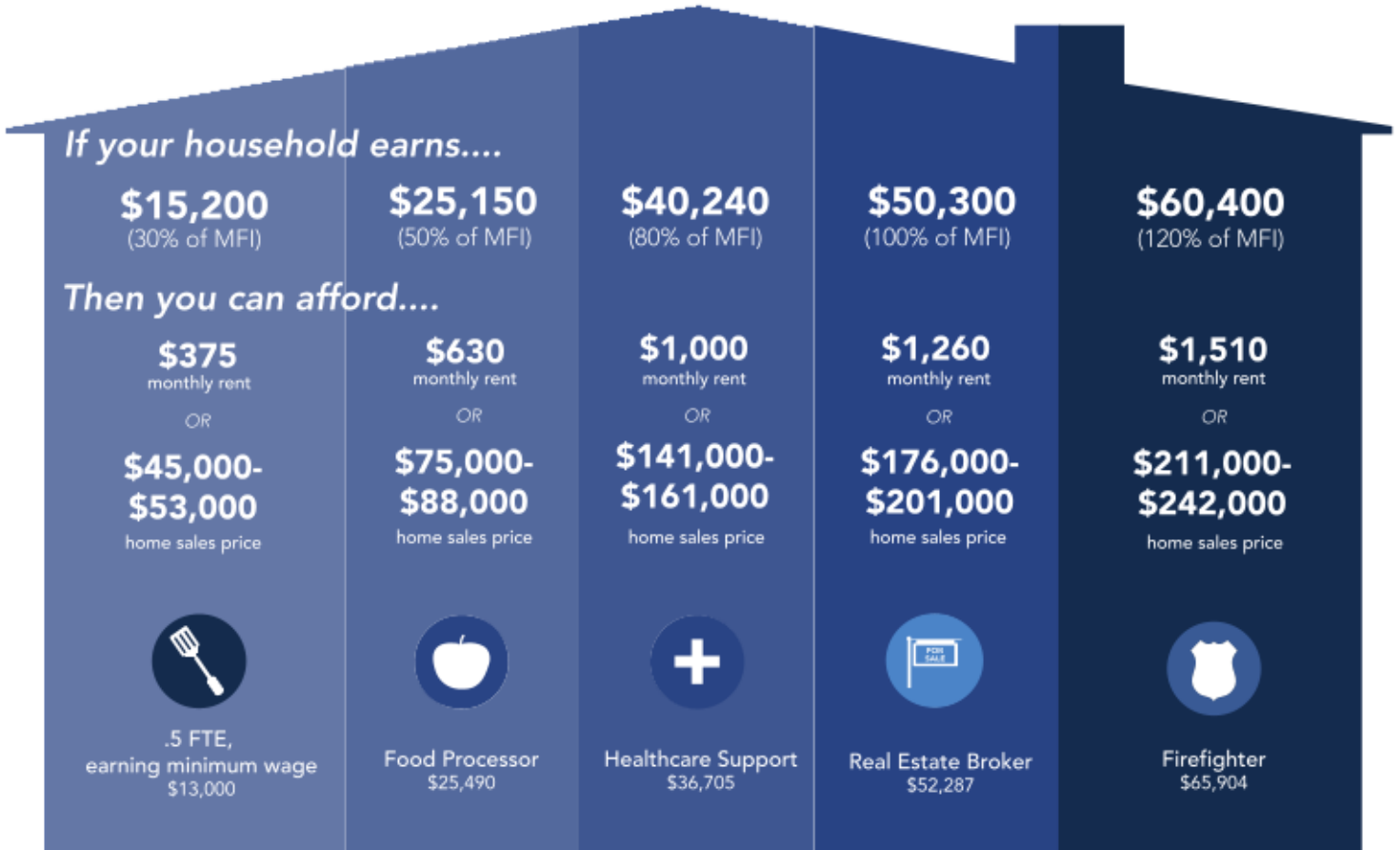
Households earning less than \$25,000 per year are considered Very or Extremely Low-Income. Compared to Yamhill County, more households in McMinnville fall into this category.

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.

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.

FINANCIALLY ATTAINABLE HOUSING BY MEDIAN HOUSEHOLD INCOME, 2017

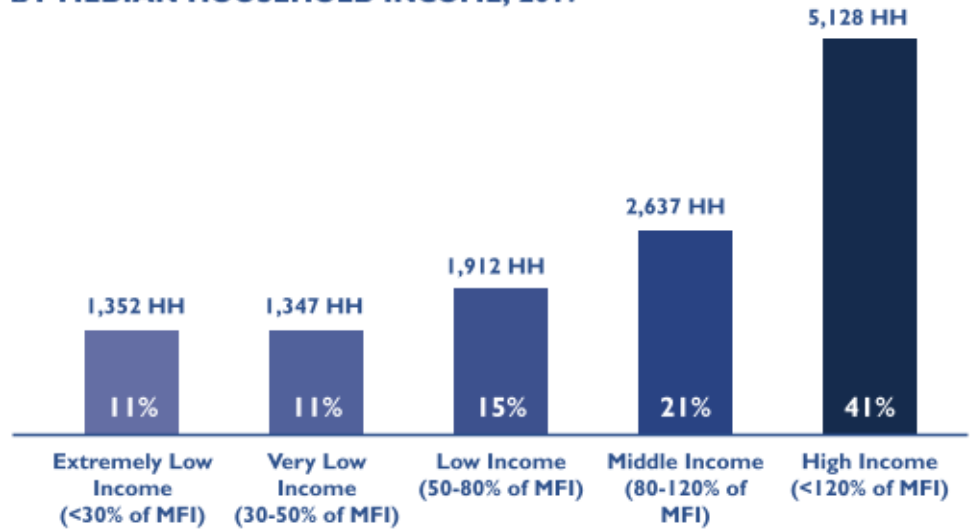
Source: Bureau of Labor Services



HOUSING AFFORDABILITY

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

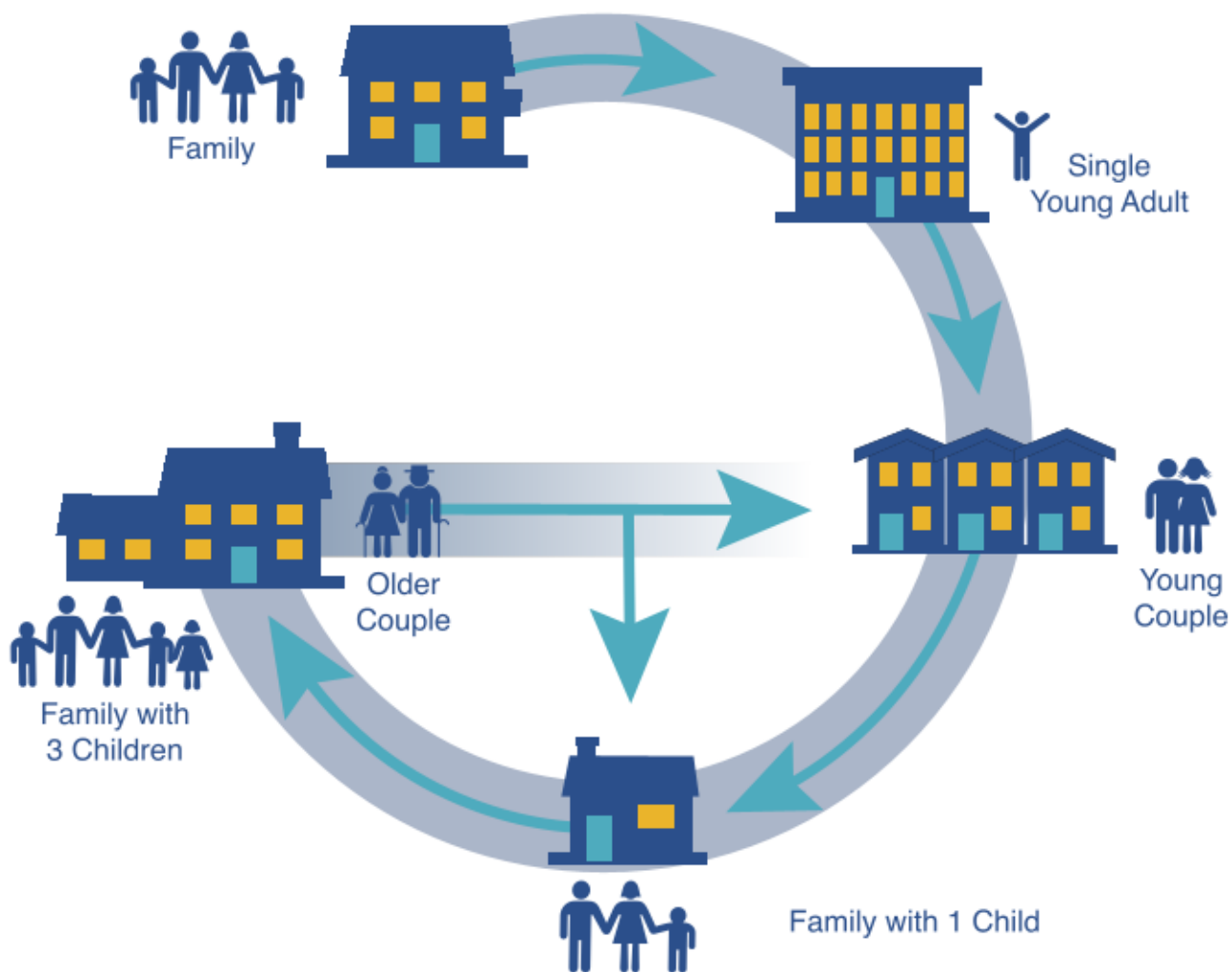
About 41% of McMinnville's households are high income, earning \$60,359 or more per year. About 37% of McMinnville's households earn 80% or less of MHI (about \$40,200 per year) and cannot afford a two-bedroom unit at Yamhill County's fair market rent of \$1,330.



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.



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:



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:



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:



Development Capacity

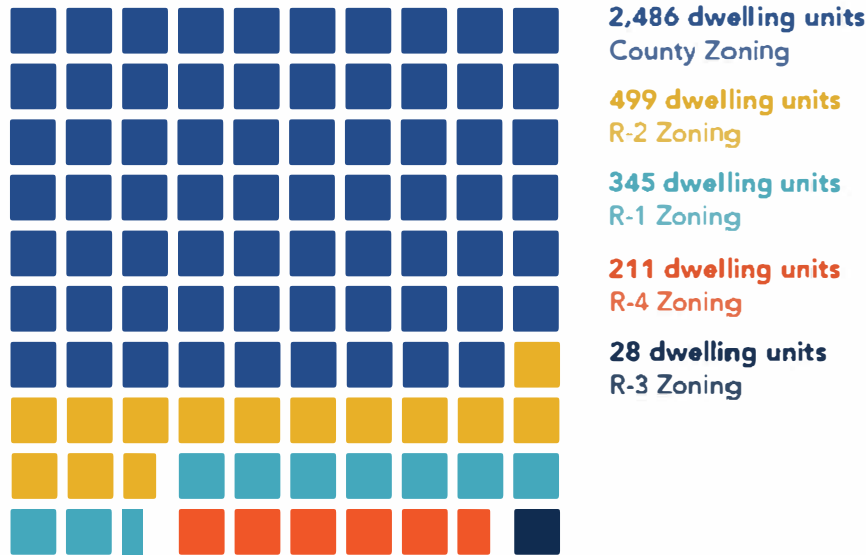
The capacity analysis estimates the number of new dwelling units that can be accommodated on McMinnville's buildable vacant and partially vacant residential land based on historical densities, with deductions for future rights-of-way. As part of the 2023 update, historical densities were increased by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



Capacity on Buildable Residential Land

CAPACITY ON RESIDENTIAL LAND, BY ZONING DISTRICT

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



Definitions

Capacity:

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

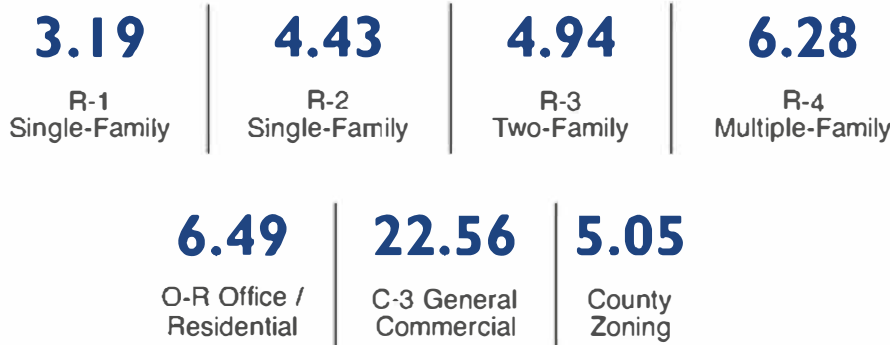
Housing Density:

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

Future Density:

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

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



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.

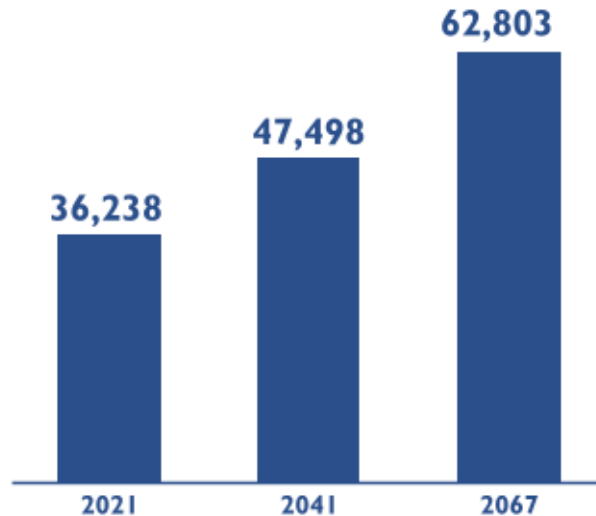
To accommodate growth between 2041-2067, McMinnville will add another 6,329 new dwelling units, for a total of 10,986 new units between 2021-2067. Some of these units will be accommodated through redevelopment or by accessory dwelling units and will not require buildable lands.

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



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

McMinnville will need to provide land for 4,284 new dwelling units over the 20-year period, or 10,107 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	2021-2067
SINGLE-FAMILY DETACHED	2,524 new dwelling units	5,954 new dwelling units
SINGLE-FAMILY ATTACHED	559 new dwelling units	1,318 new dwelling units
MULTIFAMILY	1,202 new dwelling units	2,835 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 (increased by 3% to account for the requirements of House Bill 2001 (2019) to allow more diverse housing types in residential areas), McMinnville has capacity for 3,611 dwelling units on existing vacant and partially vacant lands, including lands brought into the UGB in 2020.

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

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



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

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



KEY FINDINGS AND CONCLUSIONS

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. Over the 20-year planning period, McMinnville will accommodate 373 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 4,284 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 5.05 dwelling units per gross acre (historic average density) to 5.46 dwelling units per gross acre (needed average density) — an 11% 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 1,101 dwelling units, which means the City has an approximate deficit of about 202 gross acres by 2041.

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 Identify 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. The report reflects updates completed in 2023 to account for: land added to McMinnville's UGB in 2020 and development in McMinnville through 2021.

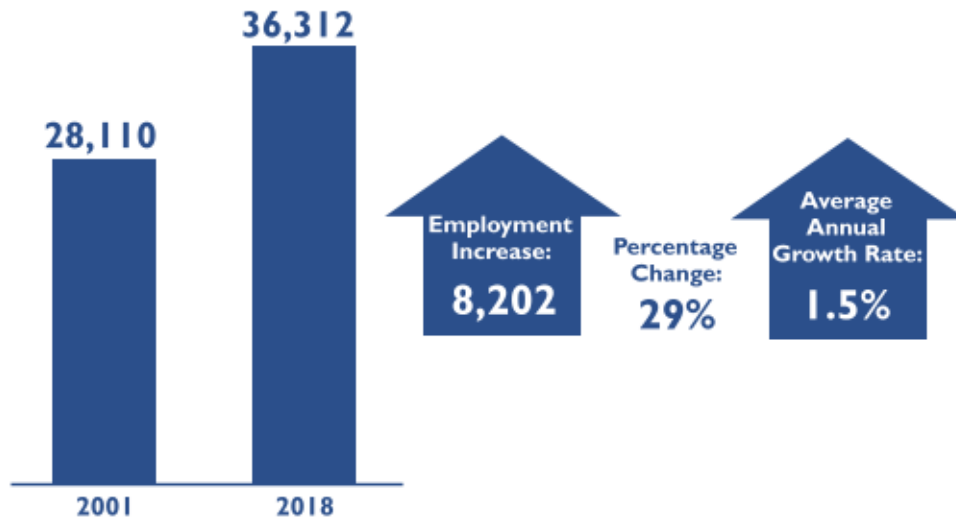
City staff and ECONorthwest staff worked with the Project Advisory Committee (PAC) to review the results of the EOA. In 2023, a PAC met twice to discuss the updates to the analysis.

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.

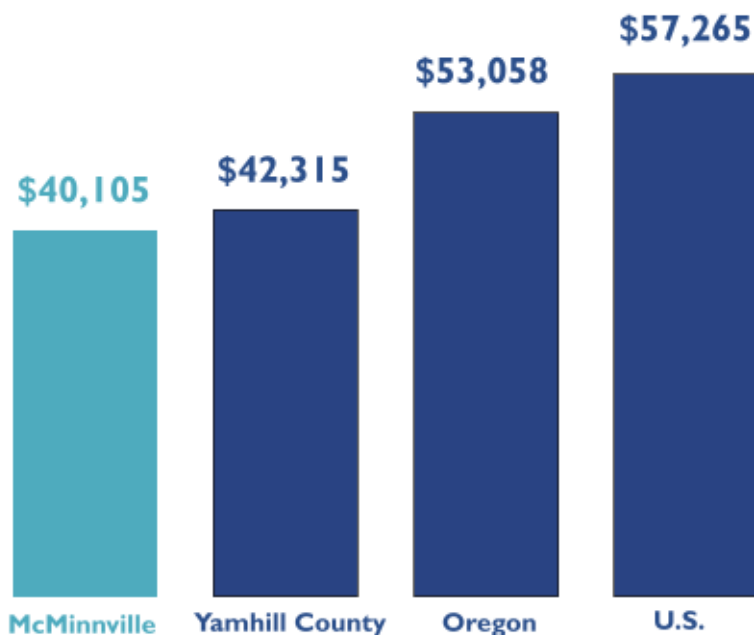


Industrial employment, including sectors such as manufacturing, grew in Yamhill County between 2001 and 2018

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

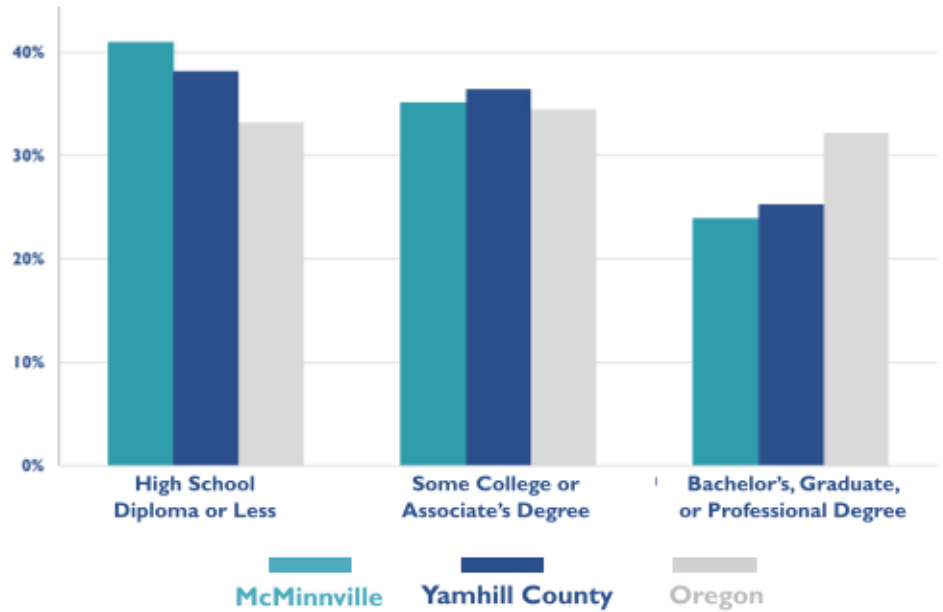


The average pay for jobs in McMinnville was \$40,105 per job, below the County and State averages.

FACTORS AFFECTING ECONOMIC GROWTH IN MCMINNVILLE

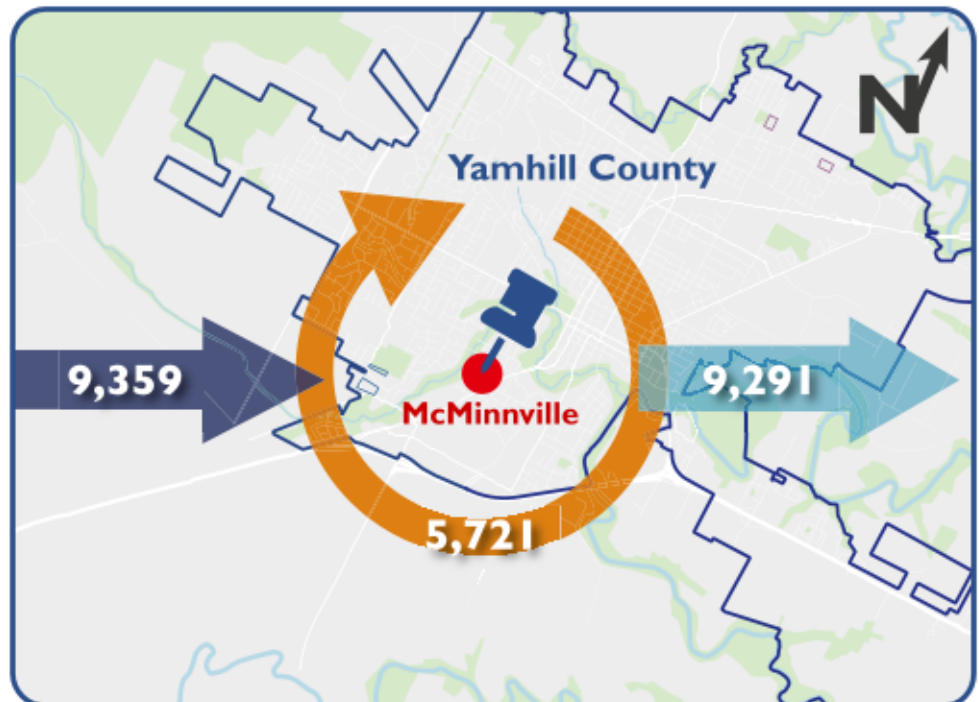
EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2017

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



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.



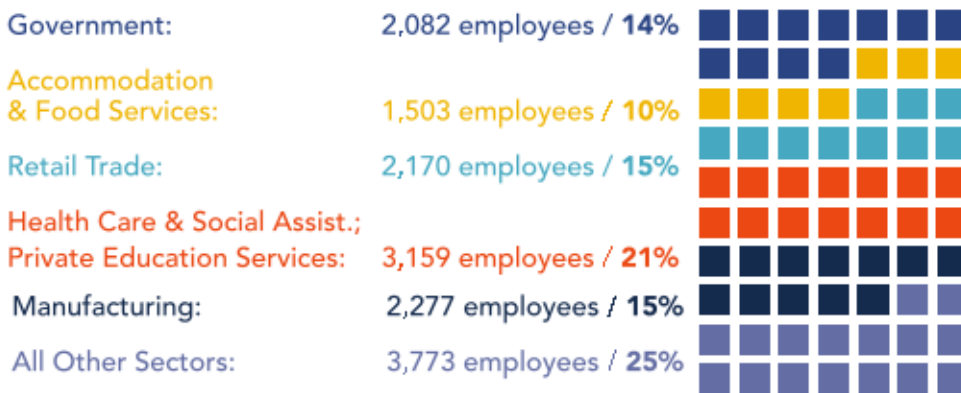
Employment in McMinnville

In 2017, McMinnville had about 14,964 covered employees¹ 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

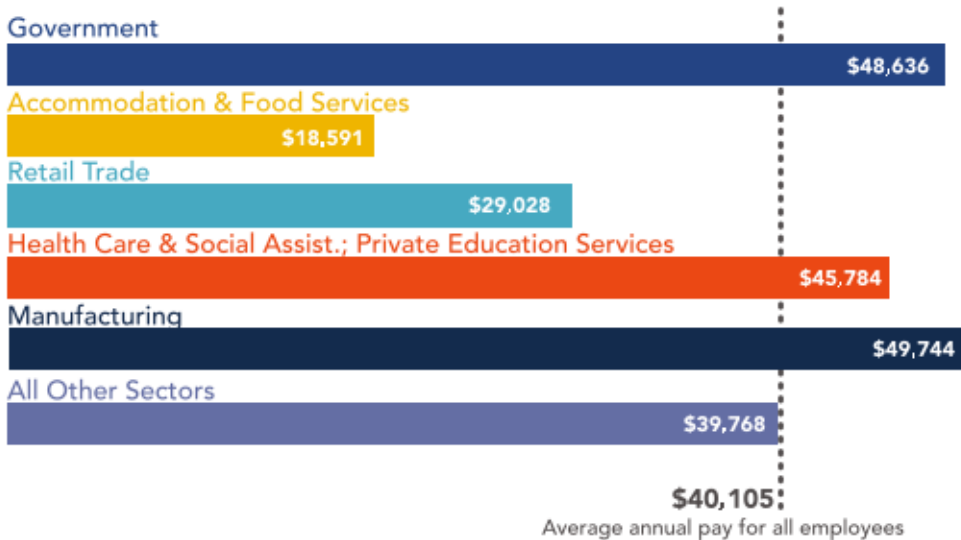
Source: Oregon Employment Department, Quarterly Census of Employment and Wages

1 square represents 500 jobs



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

AVERAGE PAY BY SECTOR, MCMINNVILLE, 2017



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:

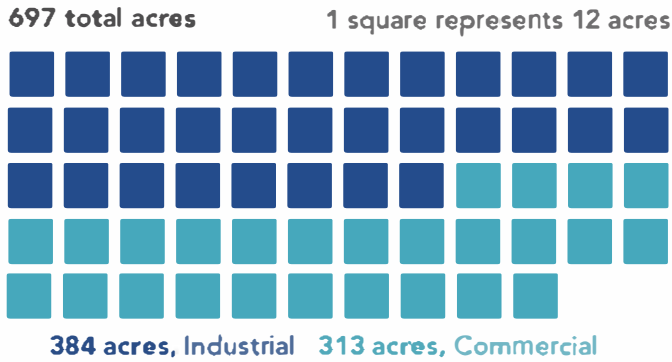
- **Transportation.** McMinnville's poor linkages to Interstate access and congestion on the 99W corridor present challenges to Transportation in McMinnville.
- **Land supply.** Since 2000, population has been increasing somewhat more rapidly than the state, at an average annual rate of 1.4%. In the 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.

FORECAST OF EMPLOYMENT GROWTH AND LAND SUFFICIENCY

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 697 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

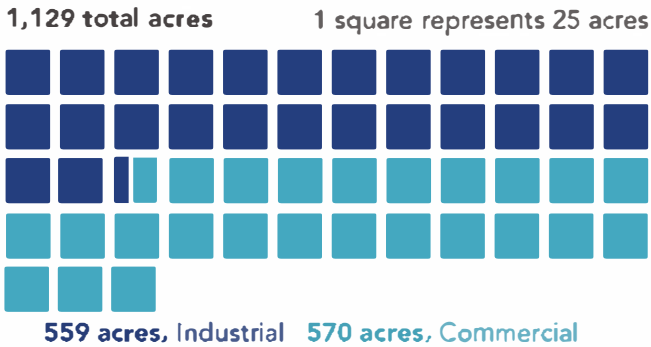


FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2041

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 29 acres of industrial land and 159 acres of commercial land.



FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067



FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2021-2067

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 205 acres of industrial land and 416 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.

The City expanded its UGB in 2020, including land for public and semi-public uses. McMinnville's UGB expansion added about 383 acres for public and semi-public uses, shown in the table below. The expansion included enough land to meet the estimated public land needs through 2041 except for an unmet park land need.

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

CATEGORY OF LAND NEED	ADDITIONAL LAND NEED (ACRES)		
	UGB EXPANSION FOR 2003-2023 PHASE 2	PUBLIC LAND NEED THROUGH 2041	SURPLUS OR (DEFICIT)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	383	477	(94)

ACKNOWLEDGMENTS

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

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City of McMinnville

Housing Needs Analysis

June 2023

Prepared for:
City of McMinnville

FINAL DRAFT REPORT

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Executive Summary

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

Background

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

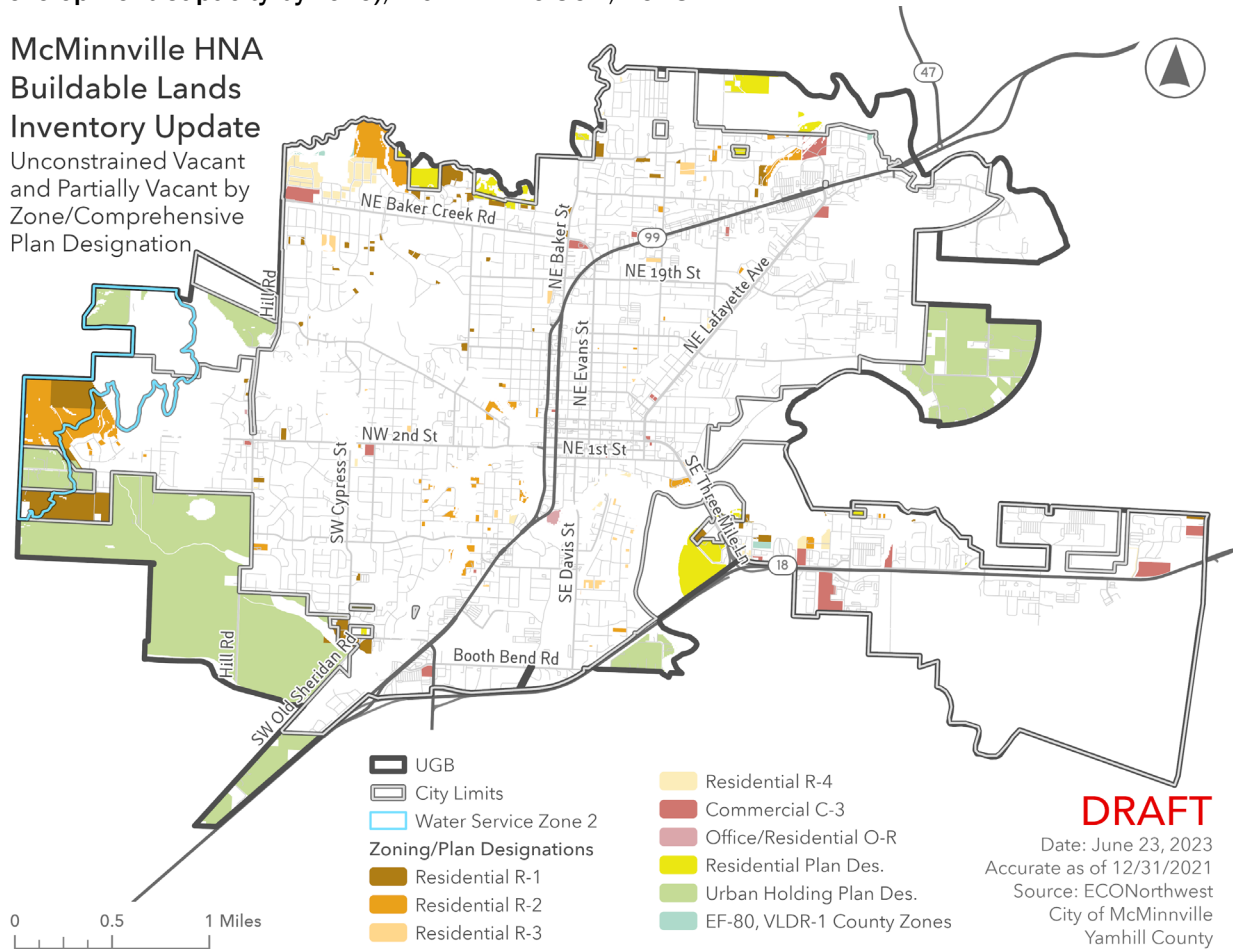
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions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

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

How much residential land does McMinnville currently have?

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

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



How much growth is McMinnville planning for?

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

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

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

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

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

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

Source: Calculations by ECONorthwest

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

How much land will be required for housing?

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

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

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

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

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

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

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

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

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

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.

*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for “All other land in County zoning”

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

Does McMinnville have enough land to accommodate growth?

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

1. Introduction

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

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

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

In 2023, the City updated the HNA to:

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

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

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

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

Background

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

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

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

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

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

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

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

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

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

Framework for a Housing Needs Analysis

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

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

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

Statewide Planning Goal 10 and Related Policies

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

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

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

ORS 197.303(1) defines “needed housing” as follows:

As used in ORS 197.307, “needed housing” means all housing on land zoned for residential use or mixed-residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the US Department of Housing and Urban Development under 42 U.S.C. 1437a. Needed housing includes the following housing types:

- (a) Attached and detached single-family housing and multifamily housing for both owner and renter occupancy;
- (b) Government-assisted housing;
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
- (e) Housing for farmworkers.

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

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

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

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

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

A Note About Housing Needs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Public Process

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

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met six times⁵ to discuss project assumptions, results, and implications. There was also a joint meeting of the Project Advisory Committee and City Council. The project relied on the Project Advisory Committee to:

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

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

Public Open House

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

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

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

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

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

Stakeholder Focus Group

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

Organization of This Report

The rest of this document is organized as follows:

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

2. Residential Buildable Lands Inventory

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

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

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

Categorizing Lands

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

Development Status

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

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

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

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

Development Constraints

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

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

⁶ Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots 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. Cities with populations greater than 25,000, including McMinnville, are not eligible for this safe harbor. However, other cities that ECONorthwest has worked with have successfully justified similar threshold assumptions, and the Public Advisory Committee (PAC) for this project considered this a reasonable method to address infill potential of developed residential lots in McMinnville.

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

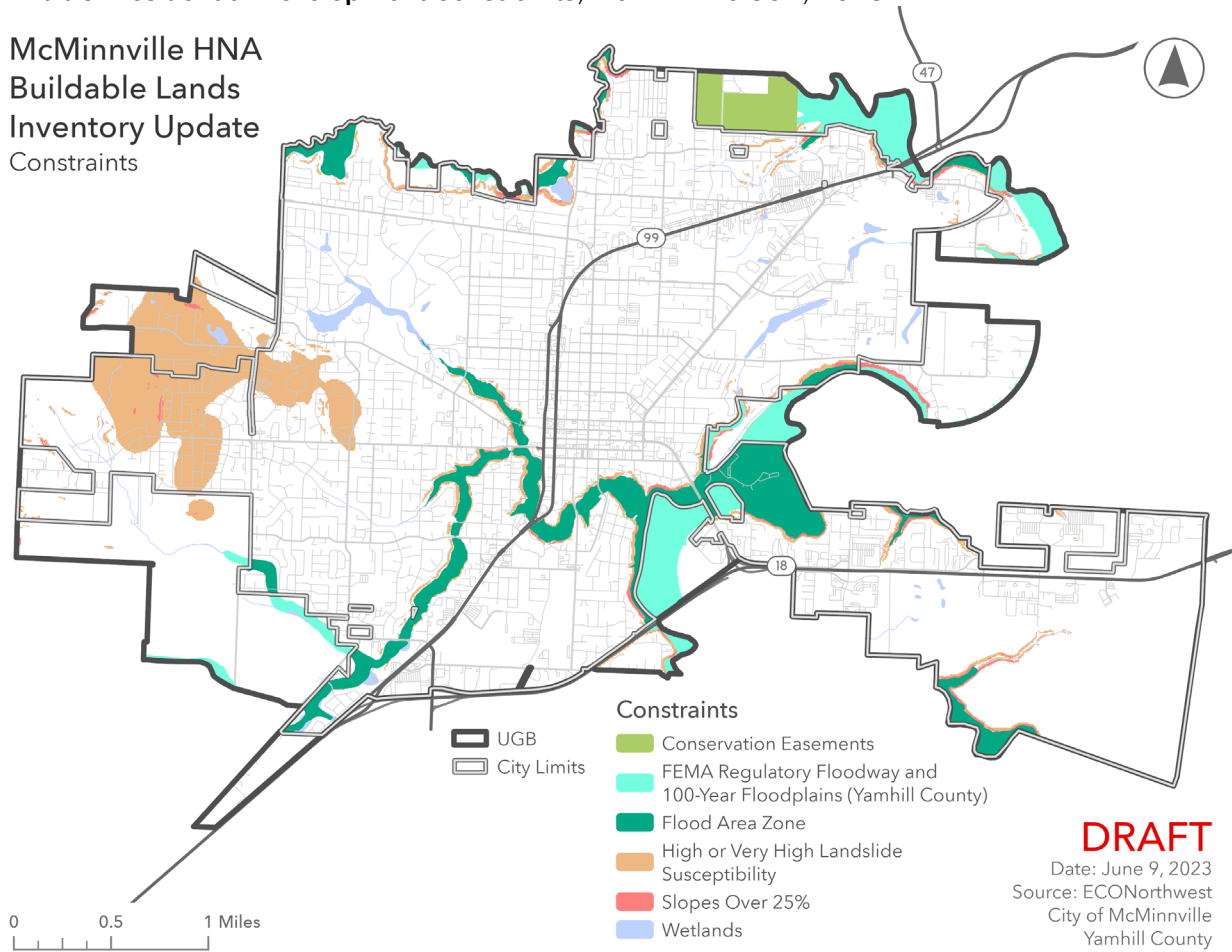
- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

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

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

Exhibit 6. Residential Development Constraints, McMinnville UGB, 2023

McMinnville HNA
Buildable Lands
Inventory Update
Constraints



Buildable Lands Inventory Results

Land Base

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

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

ECONorthwest also identified land in the Water Pressure Service Zone 2 contour due to additional considerations for capacity. Properties in Service Zone 2 are in the UGB but will be unable to develop until a water storage tank and associated water infrastructure are built to serve properties in Service Zone 2. The Zone 2 area covers properties within three zoning or plan designations: R-1 and R-2 (within City limits), as well as the Urban Holding plan designation (within the unincorporated UGB). Exhibit 7 shows the acreage in tax lots that is either completely within or partially within Zone 2, and the remaining acreage in tax lots not in Zone 2 is defined as Zone 1.⁹ Of the 5,418 acres in the land base, 279 acres (5%) are in Zone 2.

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

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

Exhibit 7. Land Base: Residential Acres by Classification and Zone, McMinnville UGB, 2023

Source: City of McMinnville, Yamhill Co., ECONorthwest. Note: The numbers in the table may not add up to the total as a result of rounding. Note: all lands in county zones are in the residential plan designation.

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

Development Status

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

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

Exhibit 8. Residential Land by Zone and Constraint Status, McMinnville UGB, 2023

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

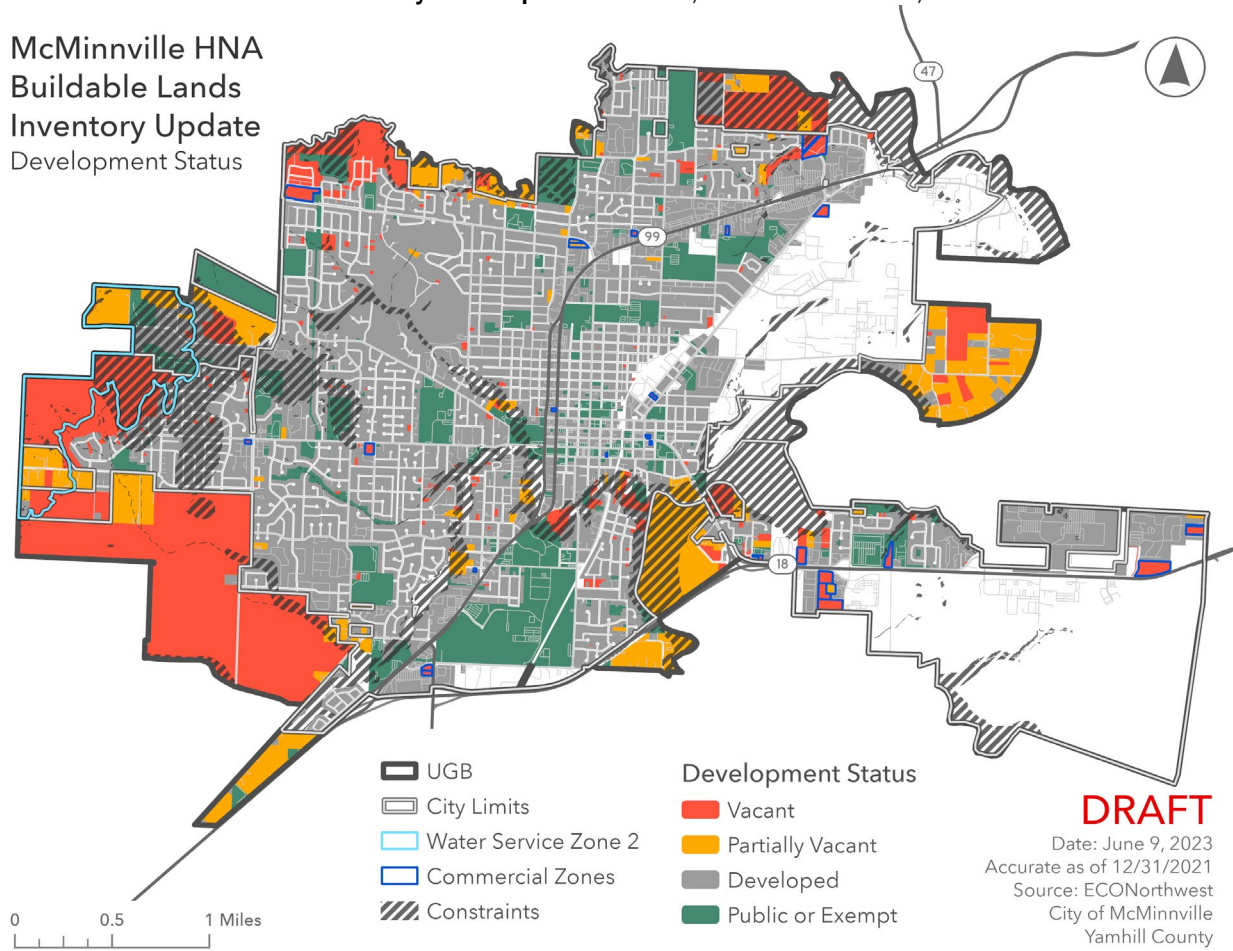
Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	920	630	3	633	148	30	179	75	33	108
Residential R-2	1,232	78	1,310	992	-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

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

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

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

McMinnville HNA
Buildable Lands
Inventory Update
Development Status



DRAFT

Date: June 9, 2023
Accurate as of 12/31/2021
Source: ECONorthwest
City of McMinnville
Yamhill County

Vacant Buildable Land

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

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

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

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

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

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

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

Exhibit 11. Buildable (Gross) Acres in Vacant and Partially Vacant Tax Lots by Zone for Residential Uses, McMinnville UGB, 2023

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

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

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

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

McMinnville HNA Buildable Lands Inventory Update

Unconstrained Vacant and Partially Vacant by Development Status with Constraints Overlaid

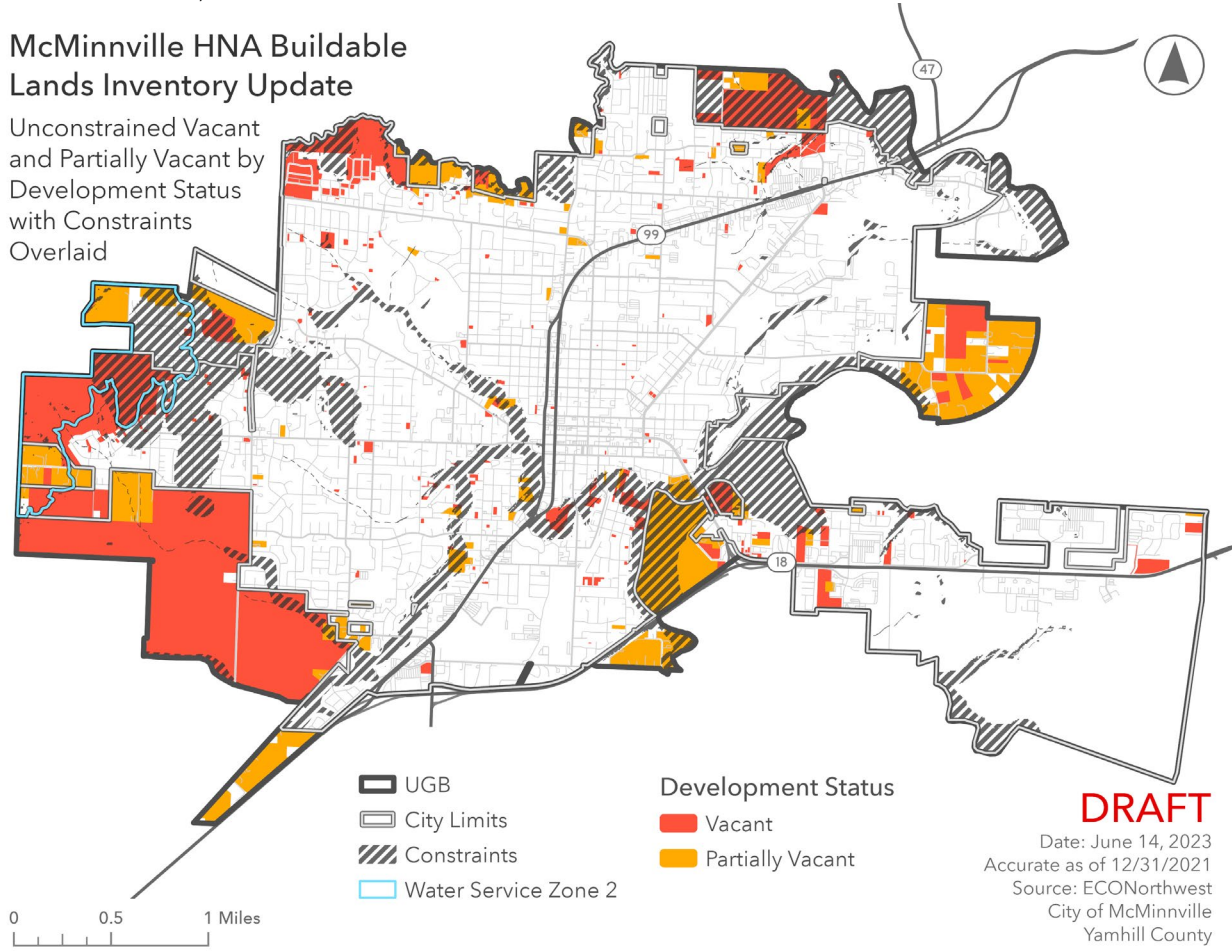
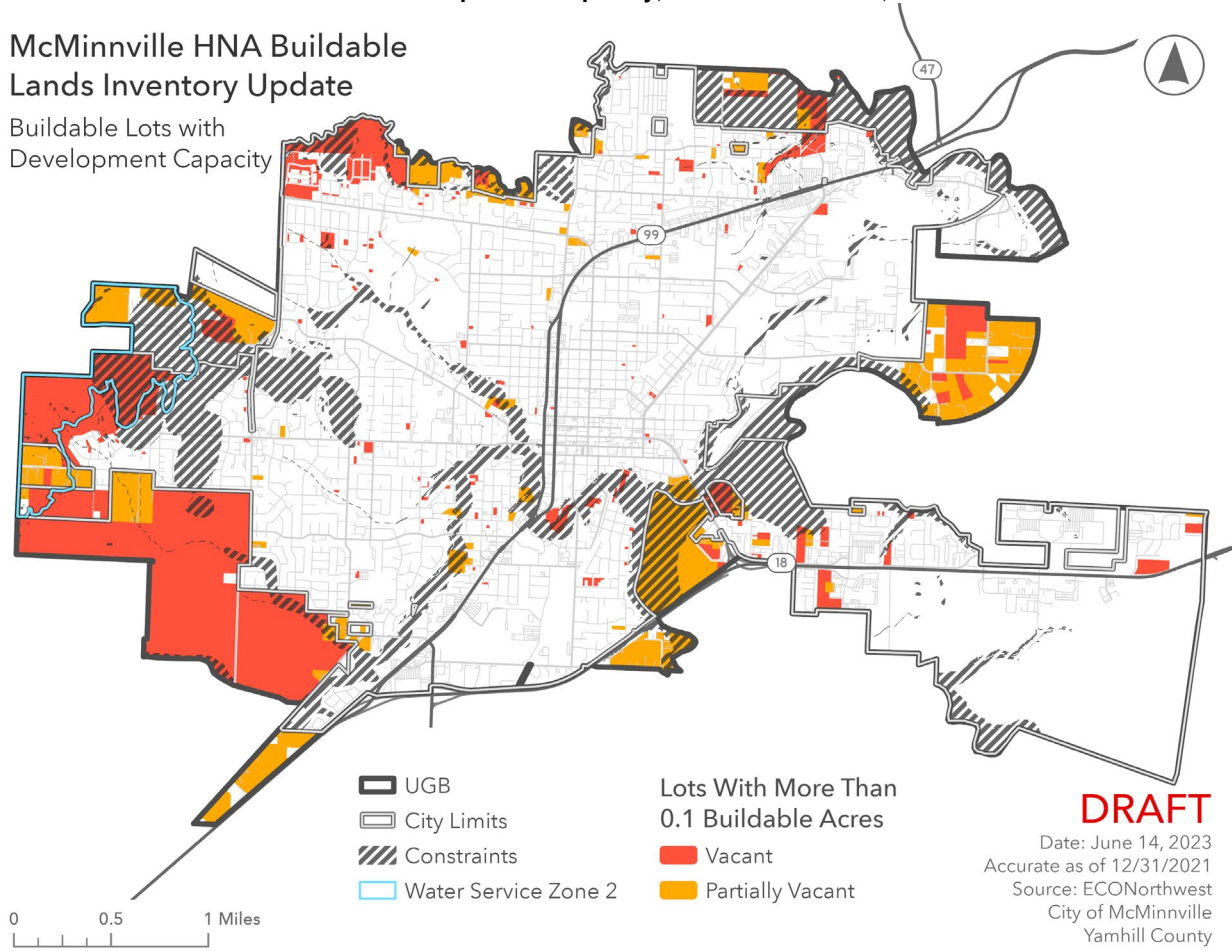


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

**McMinnville HNA Buildable
Lands Inventory Update**

Buildable Lots with
Development Capacity



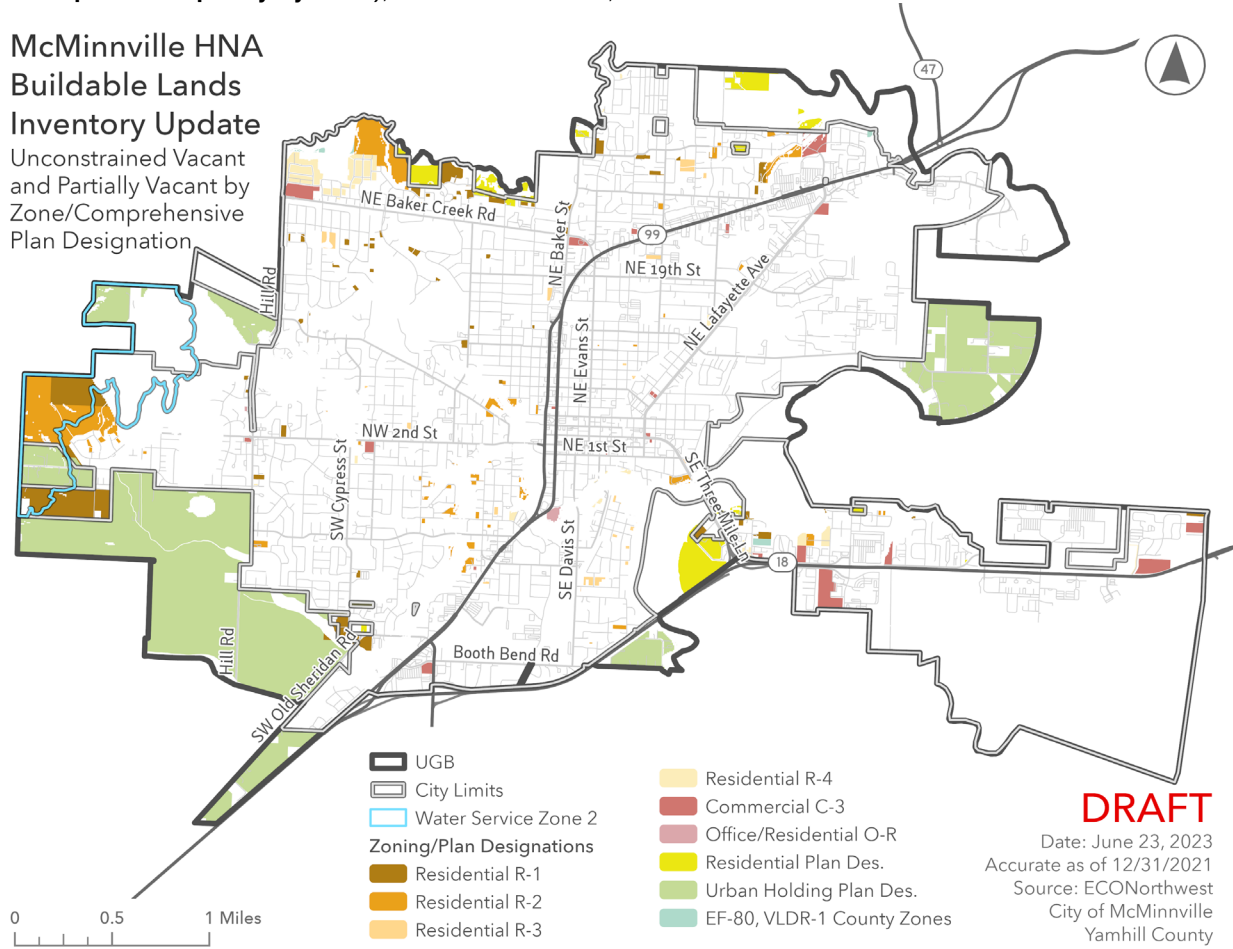
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Date: June 14, 2023
 Accurate as of 12/31/2021
 Source: ECONorthwest
 City of McMinnville
 Yamhill County

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

**McMinnville HNA
Buildable Lands
Inventory Update**

Unconstrained Vacant and Partially Vacant by Zone/Comprehensive Plan Designation



Infill and Redevelopment Potential

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

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

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

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

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

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

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

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

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

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

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

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

Recommendation on Infill

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

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

3. Historical and Recent Development Trends

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

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

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

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

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

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

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

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

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

Data Used in This Analysis

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

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

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

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

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

Trends in Housing Mix

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

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

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

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

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

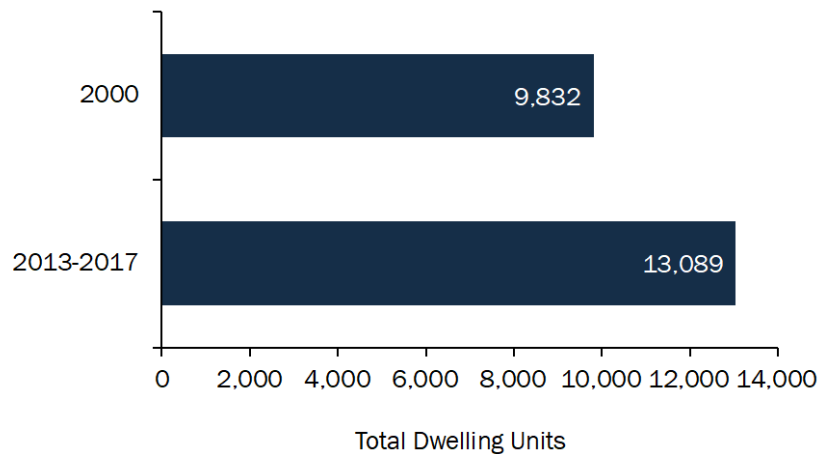
¹² A thorough description of the ACS can be found in the Census Bureau’s publication “What Local Governments Need to Know.” <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

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

Housing Mix

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

Exhibit 15. Total Dwelling Units, McMinnville, 2000 and 2013–2017
Source: US Census Bureau, 2000 Decennial Census, SF3 Table and 2013–2017 ACS Table B25024.

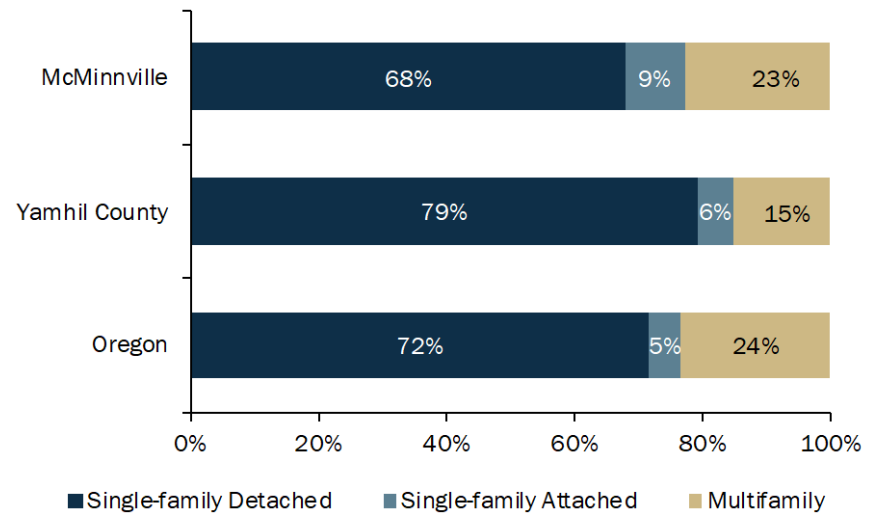


About two-thirds of McMinnville's total housing stock is single-family detached.

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

Exhibit 16. Housing Mix, 2013–2017

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

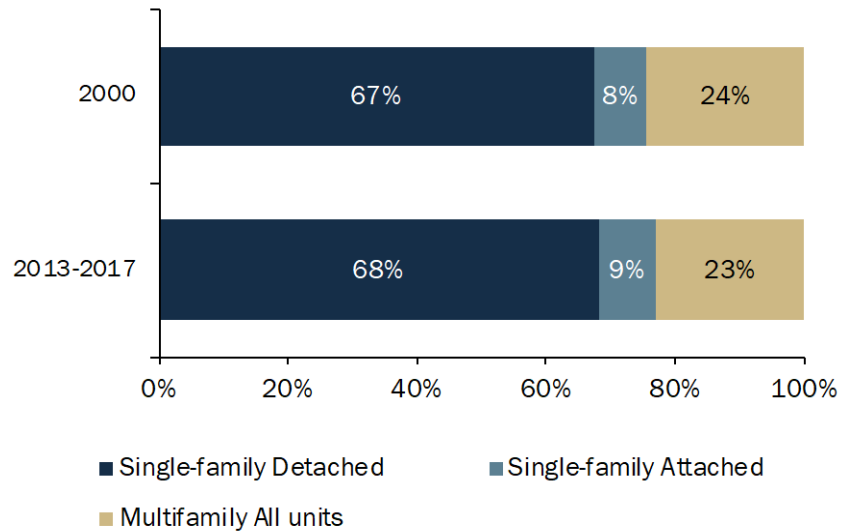


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

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

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

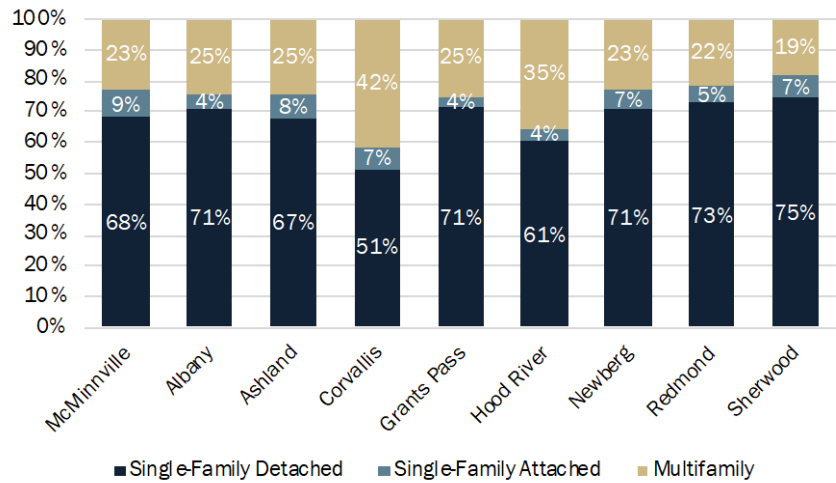
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



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

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

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

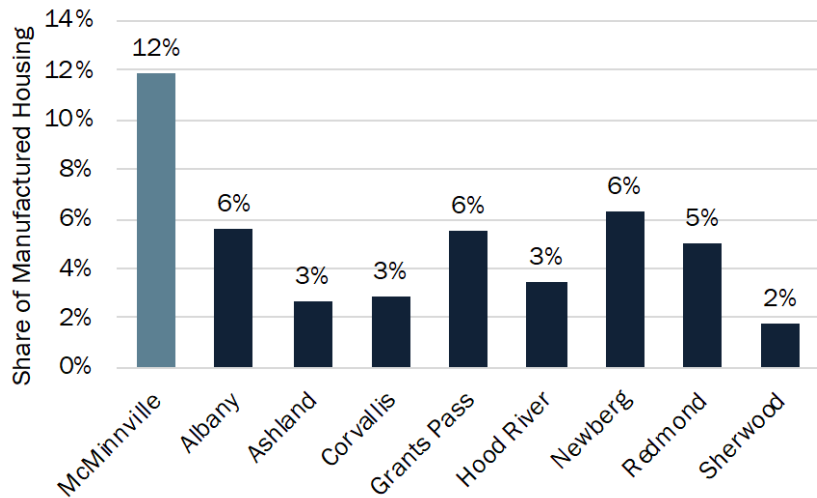


About 12% of McMinnville’s housing stock is manufactured housing.

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

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

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



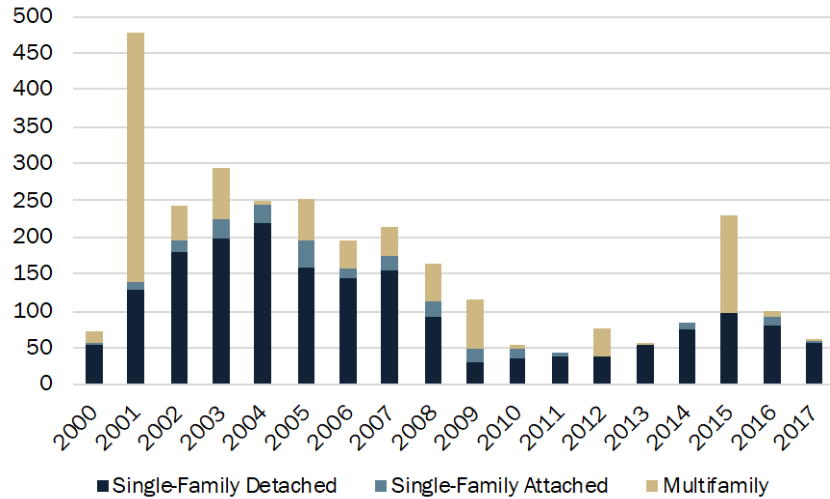
Building Permits

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

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

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

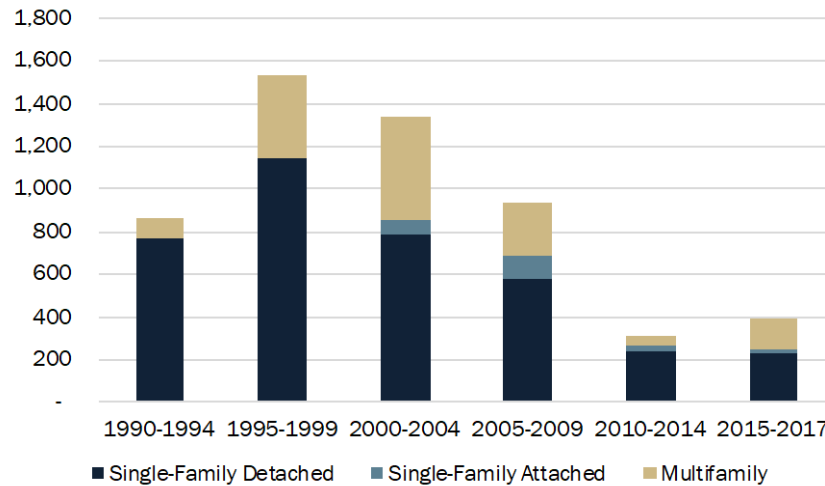
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepancy from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



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

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

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



Housing Density

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

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

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

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

Exhibit 22. Net Density by Unit Type and Zone, McMinnville, 2000 through July 2018

Source: City of McMinnville Building Permit Database.

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

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

Trends in Tenure

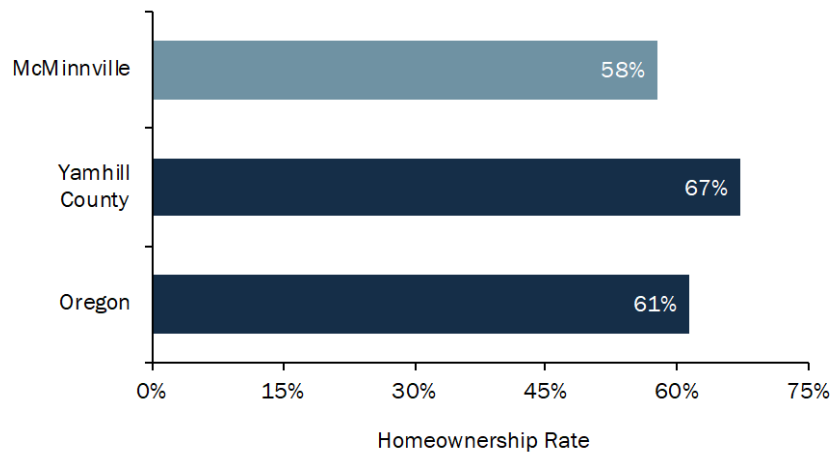
Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

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

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

Exhibit 23. Homeownership for Occupied Units, McMinnville, Yamhill County, and Oregon 2012–2016

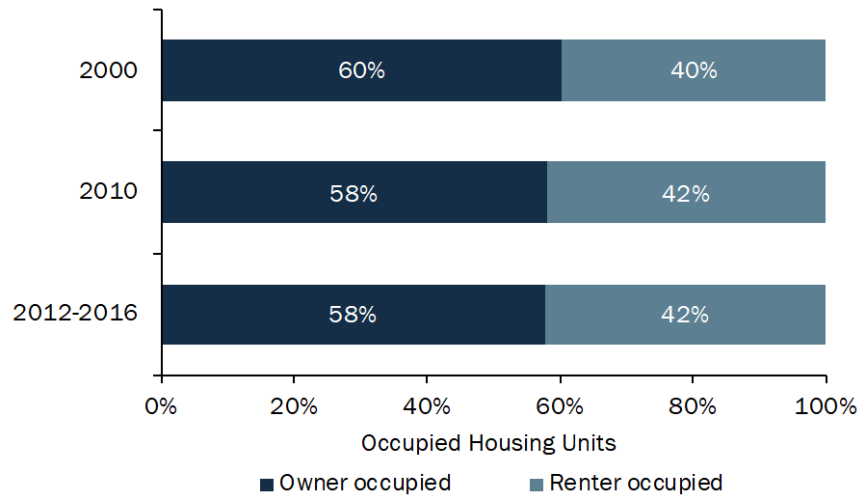
Source: US Census Bureau, 2012–2016 ACS Table B24003.



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

Exhibit 24. Tenure, Occupied Units, McMinnville 2012–2016

Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–16 ACS Table B24003.

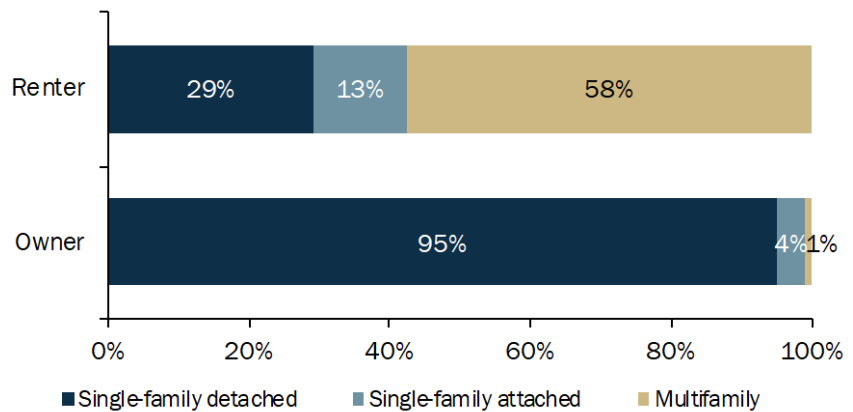


Nearly all homeowners and about a third of all renters lived in single-family detached housing.

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

Exhibit 25. Housing Units by Type and Tenure, McMinnville, 2012–2016

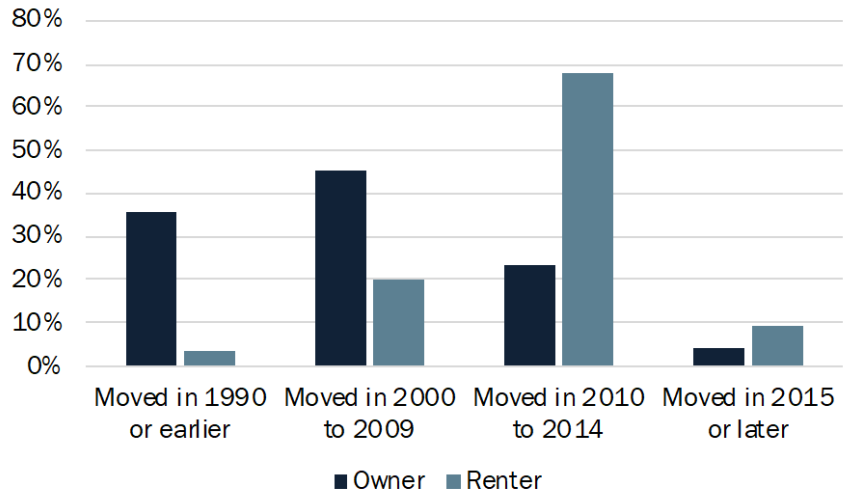
Source: US Census Bureau, 2012–2016 ACS Table B25032.



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

Exhibit 26. Tenure by Year Householder Moved, McMinnville, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B25026.



Vacancy Rates

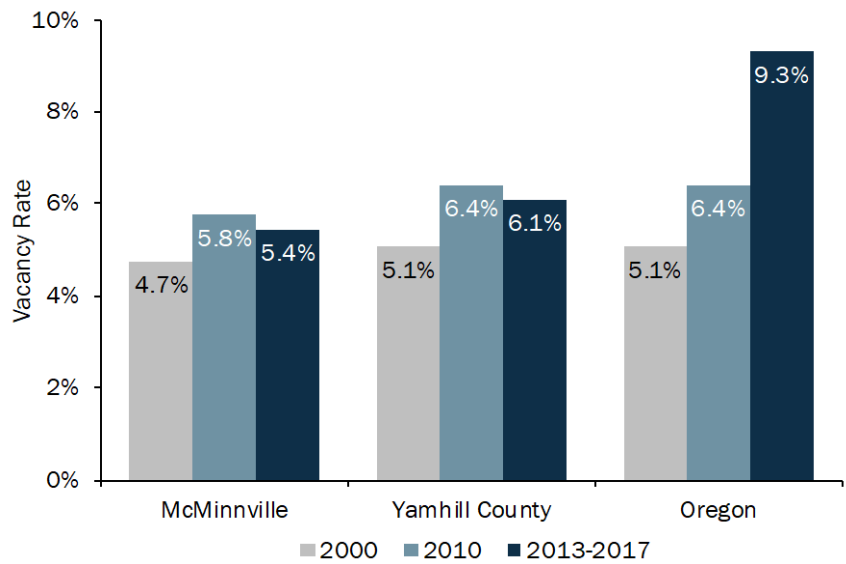
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal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

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

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

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

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



Short-Term Rentals and Seasonal Housing

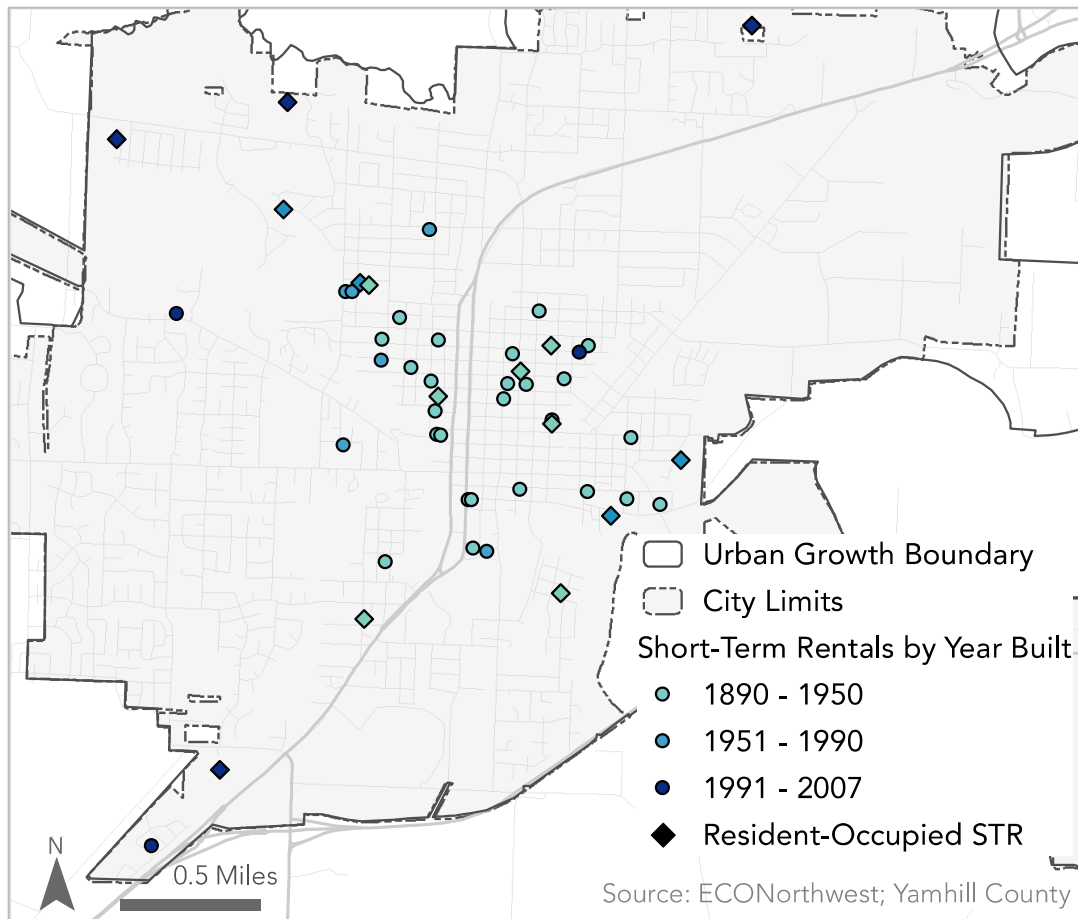
McMinnville defines a short-term rental as “the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May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

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

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

Exhibit 28. Short-Term Rentals, McMinnville, 2018 Point-in-Time

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

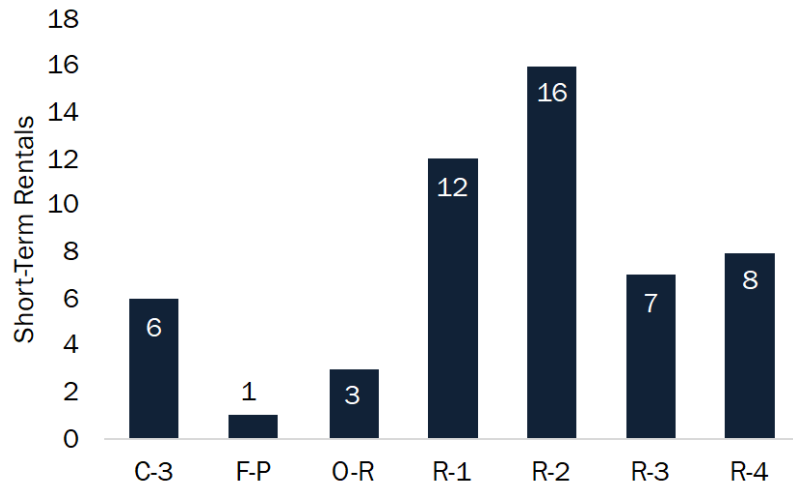


About 87% of McMinnville’s short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

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

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

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

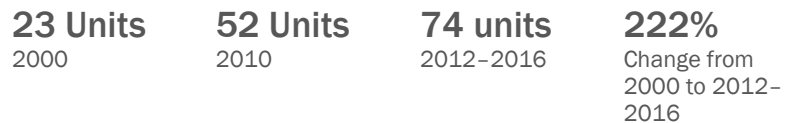


McMinnville has more vacant units categorized as “seasonal, recreational, or occasional use” than it did in 2000.

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

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

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



Government-Assisted Housing Projects

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

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

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

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

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

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

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

Manufactured Homes

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

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

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

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

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

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

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

4. Demographic and Other Factors Affecting Residential Development in McMinnville

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

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

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

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

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

Demographic and Socioeconomic Factors Affecting Housing Choice¹⁵

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

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

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

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

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

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

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

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

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

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

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

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

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

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

National Trends¹⁶

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

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

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

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

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

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

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

Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.
 - *Baby Boomers.* The housing market will be affected by the continued aging of Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their sixties, seventies, eighties, and beyond will require a range of housing opportunities. For example, “the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector” while new or near-retirees may prefer aging in place or active, age-targeted communities.¹⁹ Characteristics like

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

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

¹⁸ These findings are copied from the Joint Center for Housing Studies of Harvard University's “Improving America's Housing, 2019.”

https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

¹⁹ Urban Land Institute, “Emerging Trends in Real Estate, 2019.”

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

- Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.²¹ A broader definition exists, which explains that aging in place also means “remaining in the current community and living in the residence of one’s choice.”²² Therefore, some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”²³
- *Millennials*. Over the last several decades, young adults have been increasingly living in multigenerational housing—more so than older demographics.²⁴ Despite this trend, as Millennials age over the next twenty years, they will be forming households and families. In 2018, the oldest Millennials were in their late thirties and the youngest were in their late teens. By 2040, Millennials will be between 40 and 60 years old.

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

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

²⁰ C. Herbert and H. Molinsky, “Meeting the Housing Needs of an Aging Population.,” 2015.

https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

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

²² Ibid.

²³ American Planning Association, “Making Space for Tiny Houses,” Quick Notes.

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

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

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next ten years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanchied by the effects of the Great Recession. After a period of decline, however, the foreign born are again contributing to household growth. The Census Bureau’s estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks has risen by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.
- Changes in housing characteristics. The US Census Bureau’s *Characteristics of New Housing* report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the *New Housing* report:²⁶

²⁵ V. Srinivas and U. Goradia, “The Future of Wealth in the United States,” Deloitte Insights, 2015.

<https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html>

²⁶ US Census Bureau, “Highlights of Annual 2017 Characteristics of New Housing.”

<https://www.census.gov/construction/chars/highlights.html>.

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

State Trends

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

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

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

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

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

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

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, half of Oregon renter households pay more than one-third of their income toward rent, and one-third pay more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon’s economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinos, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of twenty, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon³⁰ was \$11.25, \$12.50 in the Portland Metro, and \$11.00 for nonurban counties.

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

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

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

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

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

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

- **Summary of the Issue:** Statewide, over 85,000 new units are needed to house those households earning below 30% of median family income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
- **2019–2023 Goal:** OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.
- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
 - **Summary of the Issue:** In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For white non-Hispanic Oregonians, the homeownership rate is 63%. For Hispanic and nonwhite Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
 - **2019–2023 Goal:** OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*
 - **Summary of the Issue:** While housing costs may be lower in rural areas, incomes are lower as well: median family income is \$42,750 for rural counties versus \$54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
 - **2019–2023 Goal:** OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

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

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

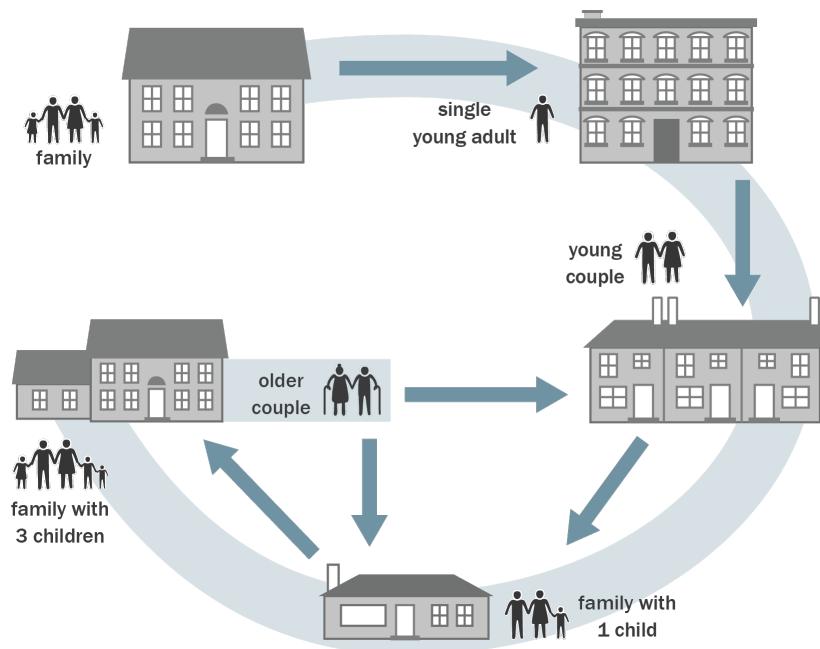
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages,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

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

Families of different sizes need different types of housing.

Exhibit 33. Effect of Demographic Changes on Housing Need

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



Growing Population

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

Exhibit 34. Population, McMinnville, 1990–2017

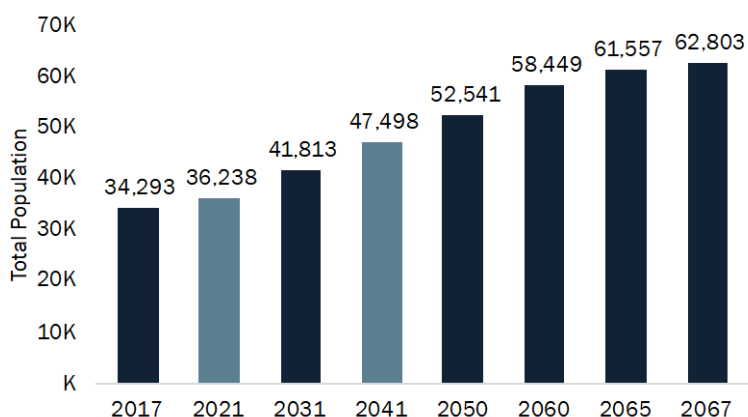
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

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

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

Exhibit 35. Population Forecast, McMinnville UGB, 2017 through 2067

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



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

Exhibit 36. McMinnville’s 5-, 10-, 20-, and 46-Year Population Forecast, McMinnville UGB, 2021, 2026, 2031, and 2067

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

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

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

Exhibit 37. Migrant Share of New Population, Yamhill County and Oregon, 2000–2016

Source: Population Research Center, Portland State University.

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

Aging Population

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

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

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

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

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

Linfield College offers a partial explanation for McMinnville’s age structure. Data provided by the college indicated that Linfield had 2,588 students enrolled as of May 2018.³⁴ Approximately 1,240 students (48% of the 2,588 students) were at the McMinnville campus as of February 2019.³⁵ As of 2016, the 1,240 students make up approximately 4% of the City’s total population, about 13% of the City’s population under age 20, and about 23% of the City’s population between the ages of 15 and 24. Linfield students are counted in PSU’s population forecast. Linfield requires students to live in campus housing for their first two years.

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

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

³⁴ <https://www.linfield.edu/about/facts-and-figures.html>

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

People who are currently between 18 and 38 years old³⁶ are referred to as the Millennial generation and account for the largest share of the population in Oregon.³⁷ By 2041, Millennials will be about 41 to 61 years of age. The forecast for Yamhill County shows growth in the number of Millennials from about 27,500 people in 2021 to 35,000 people in 2041 (about 28% change). The share of Millennials from 2021 to 2041 is forecast to remain the same (at about 25% of Yamhill County's total population).

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

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

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

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

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

³⁸ American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014. Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."

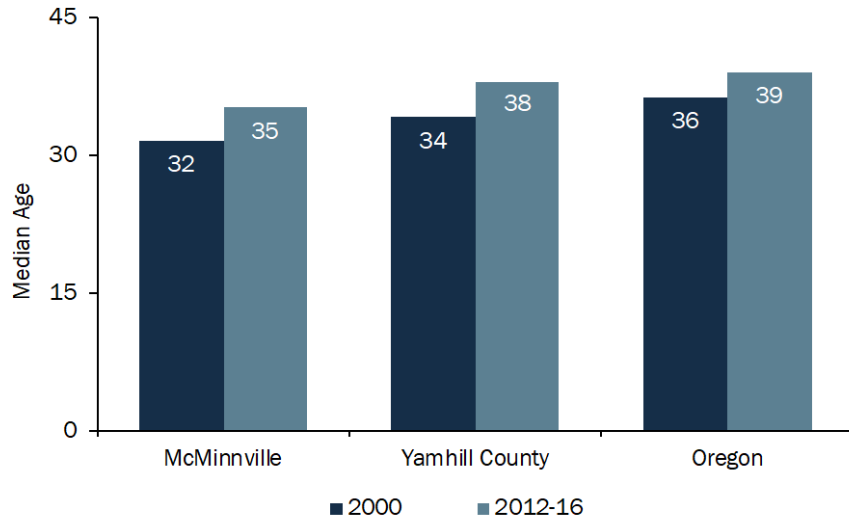
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

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

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

Exhibit 38. Median Age, Years, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

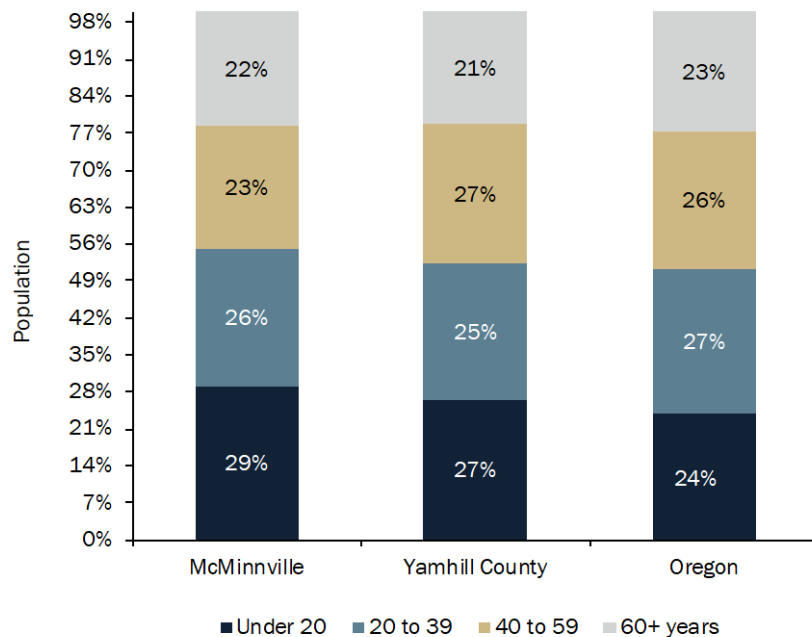
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



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

Exhibit 39. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2012–2016

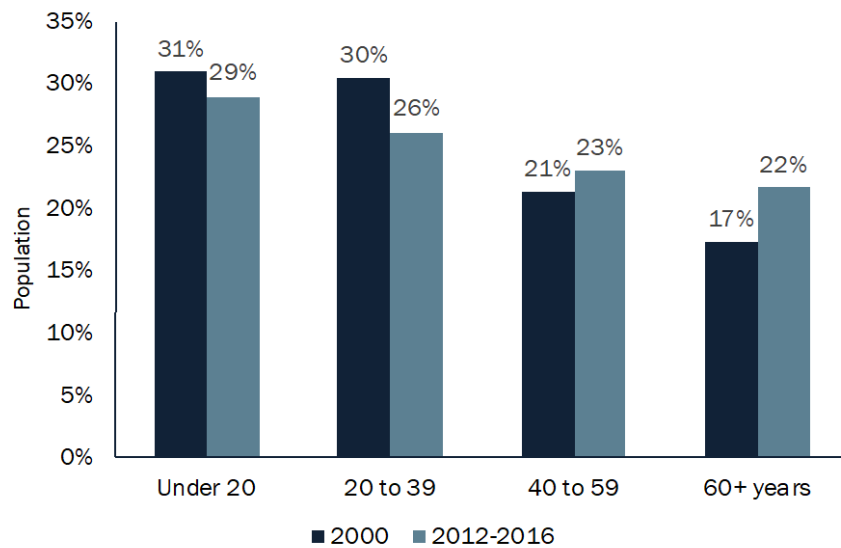
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



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

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

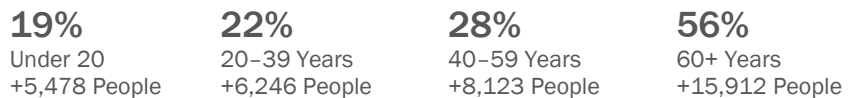
Source: US Census Bureau, 2000 Decennial Census Table P012, 2012-2016 ACS, Table B01001.



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

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

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

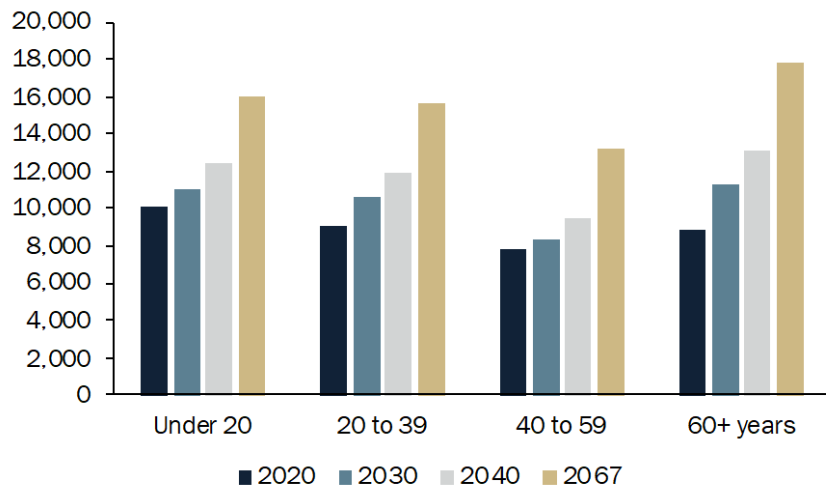


All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

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

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

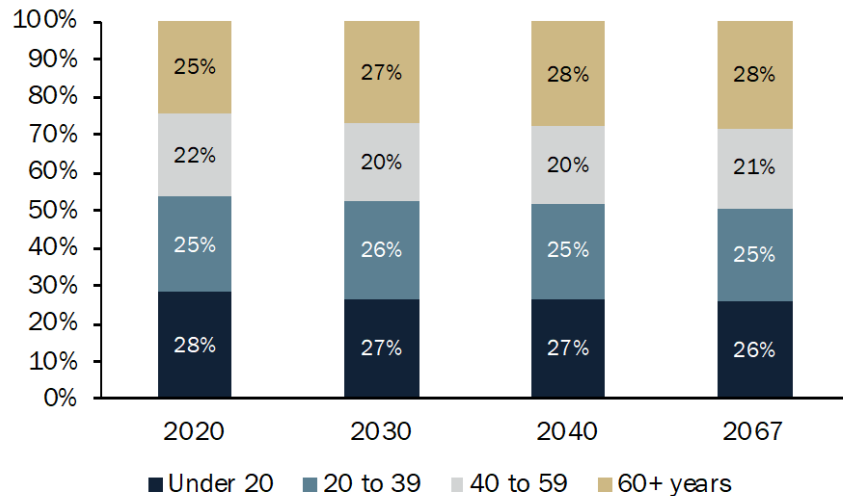
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



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

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

Source: Portland State University, Population Research Center.



Increased Diversity⁴⁰

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

The US Census Bureau forecasts that at the national level, the Hispanic and Latino population will continue growing faster than most other non-Hispanic populations between 2021 and 2041. The Census forecasts that the Hispanic and Latino population will increase 93% from 2016 to 2060 and the foreign-born Hispanic population will increase by about 40% in that same time.⁴¹ According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,⁴² Hispanics accounted for 28.6% of the nation's household formation in 2017. Household formations, for Hispanic homeowners specifically, accounted for 15% of the nation's net homeownership growth. The rate of homeownership for Hispanics increased from 45.4% in 2014⁴³ to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was Hispanics.

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

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

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

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

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

⁴³ Ibid.

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

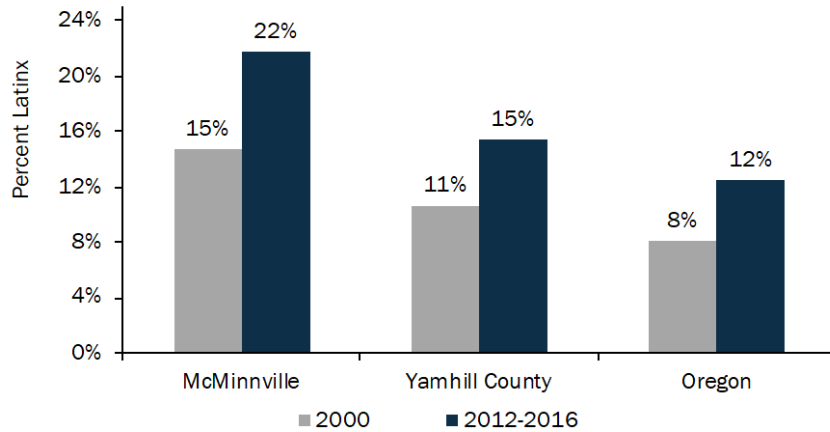
Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

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

The share of McMinnville’s population that identifies as Latinx increased by 7% from 2000 to 2012–2016. In this same time, the share of Yamhill County and Oregon’s Latinx population increased by 4%.

Exhibit 44. Latinx Population as a Percent of the Total Population, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016

Source: US Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



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

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

Exhibit 45. Race⁴⁵ as a Percent of the Total Population, McMinnville and Comparison Regions, 2012–2016

Source: US Census Bureau, 2012–2016 ACS Table B03002.

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

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

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

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

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

82% 3,708 Persons Latin America	11% 495 Persons Asia	7% 315 Persons Europe	0% 15 Persons Oceania	0% 10 Persons Africa
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About 40% of students in the McMinnville School District identify as Latino or another ethnicity.

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

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

61% White	35% Latino	5% Another ethnicity
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Household Size and Composition

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

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

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

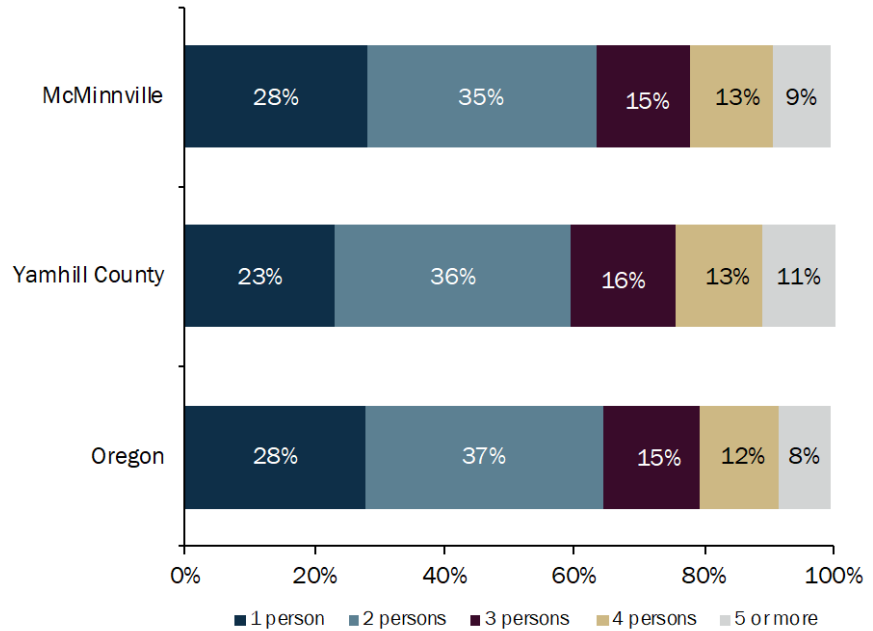
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

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

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

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

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

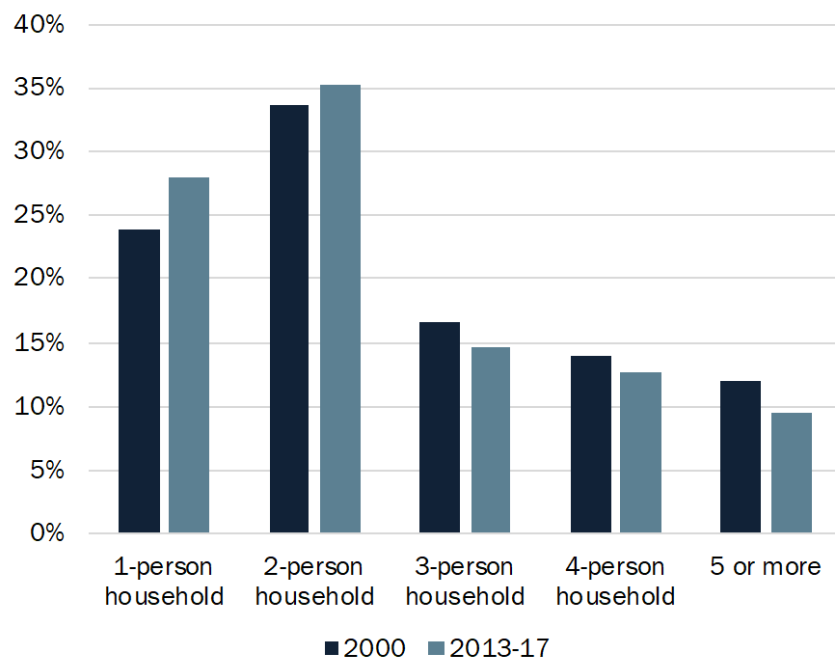


McMinnville’s household size composition stayed relatively constant from 2000 to 2013–2017.

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

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

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

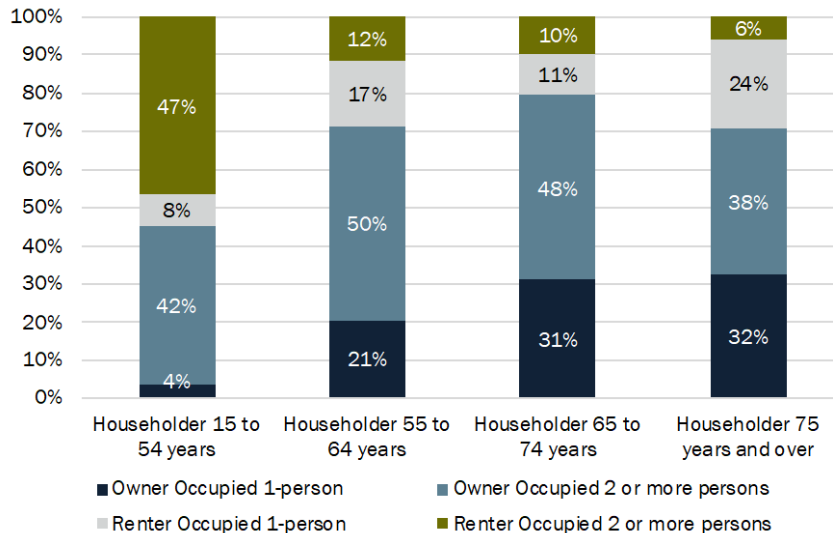


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

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

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

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

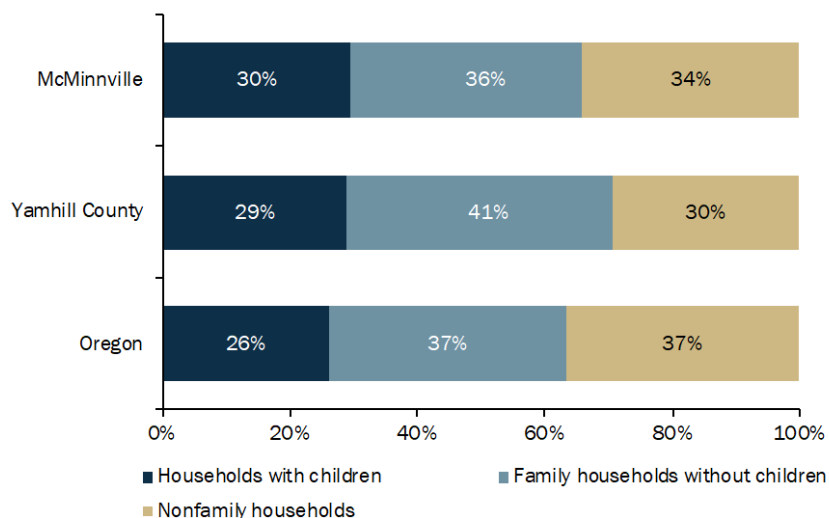


McMinnville and the County have a smaller share of nonfamily households than the State.

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

Exhibit 52. Household Composition, McMinnville, 2013–2017

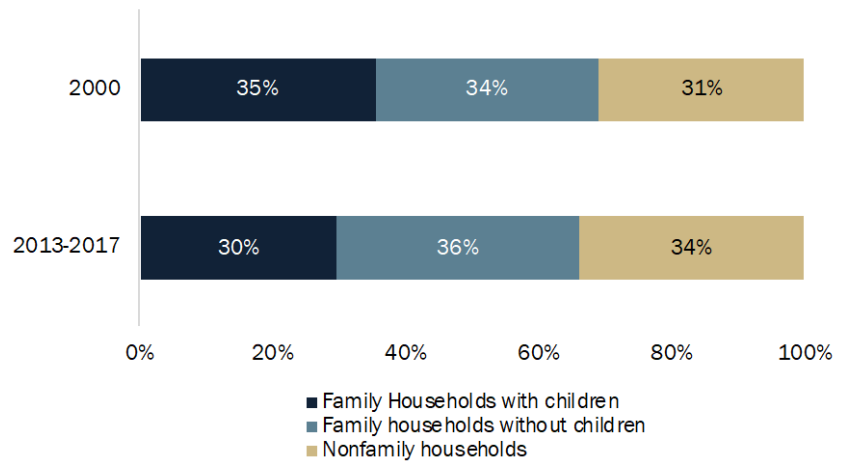
Source: US Census Bureau, 2013–2017 ACS, Table DP02.



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

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

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



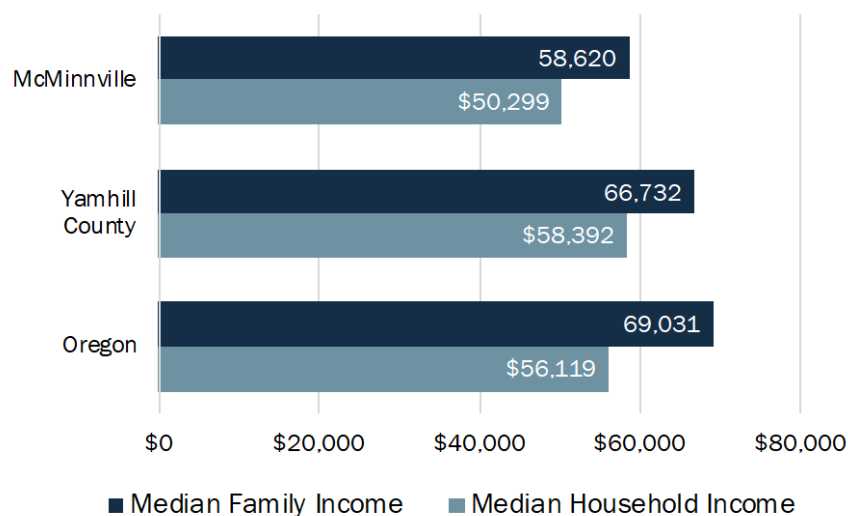
Income of McMinnville Residents

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

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

Exhibit 54. Median Household Income and Median Family Income, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25119 and B19113.

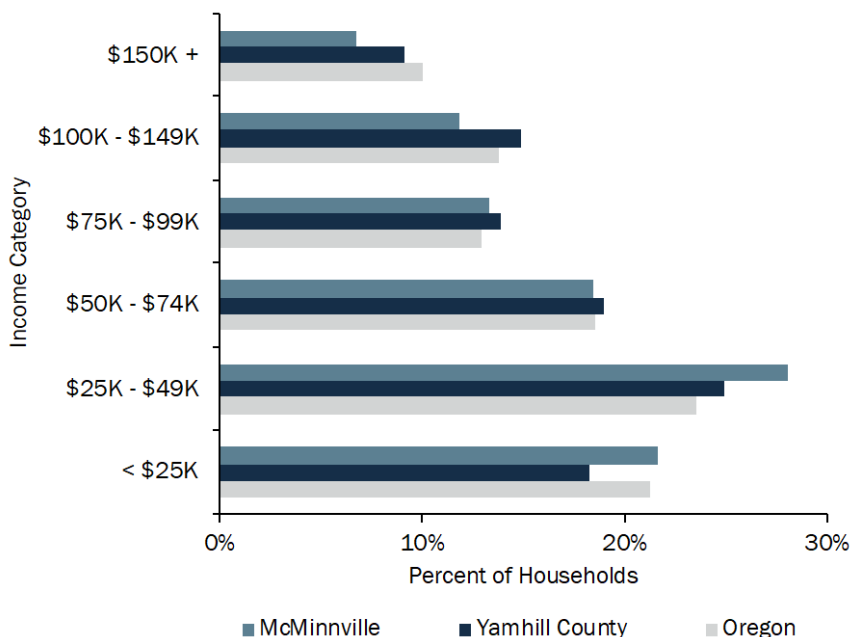


Fifty percent of McMinnville households make \$50,000 or less per year.

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

Exhibit 55. Household Income, McMinnville, Yamhill County, and Oregon, 2013–2017

Source: US Census Bureau, 2013–2017 ACS, Table B19001.

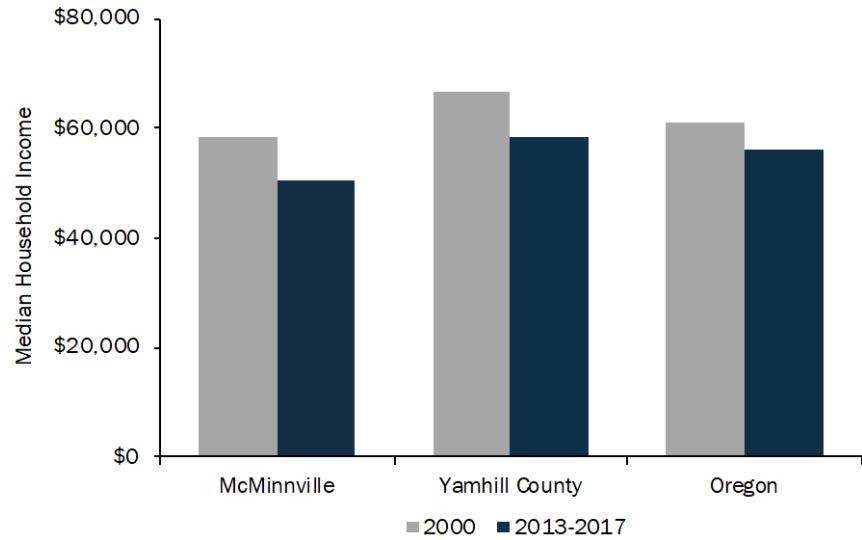


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from \$58,356 to \$50,299 per year.

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

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

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



Homelessness

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

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

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

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

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

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

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

Source: Oregon Department of Housing and Community Services.

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

Commuting Trends

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

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

Exhibit 59. Commuting Flows, McMinnville 2015

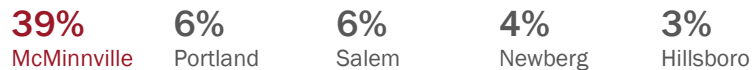
Source: US Census Bureau, Census On the Map.



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

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015

Source: US Census Bureau, Census On the Map.



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

Exhibit 61. Places Where Workers Who Are Employed in McMinnville Live, 2015

Source: US Census Bureau, Census On the Map.

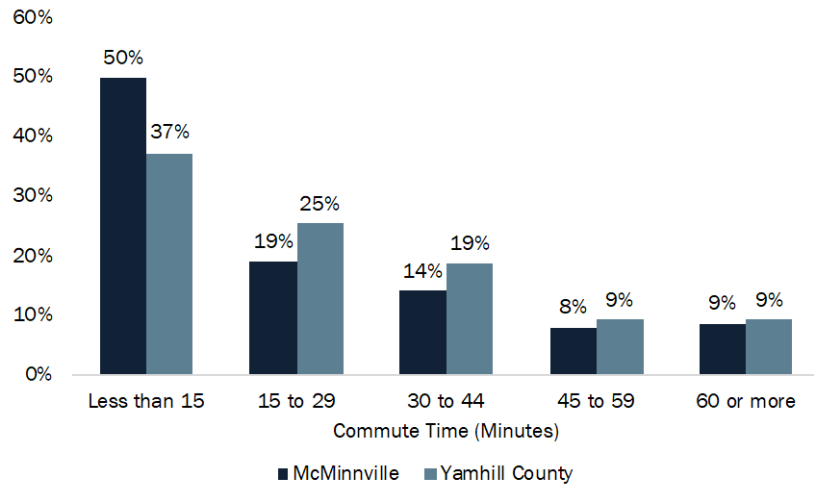


Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

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

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

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



Regional and Local Trends Affecting Affordability in McMinnville

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

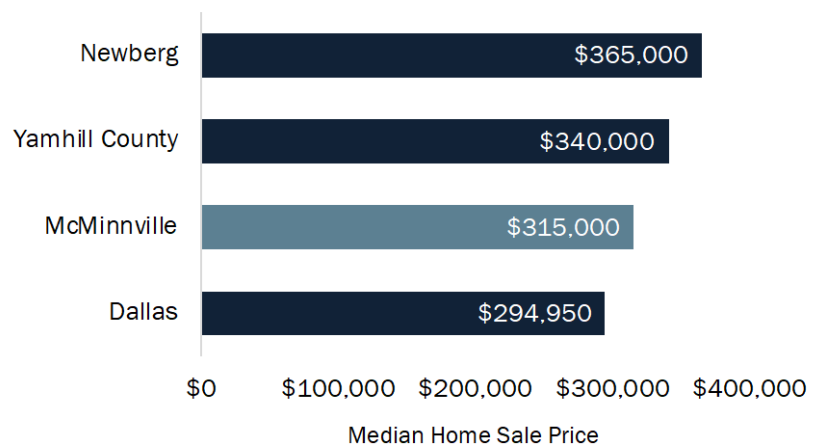
Changes in Housing Costs

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

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

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

Source: Redfin.

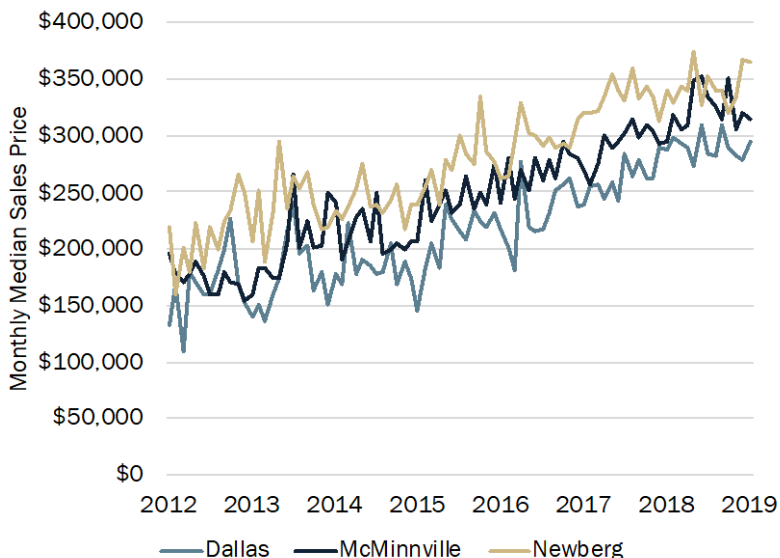


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from \$196,400 to \$350,000.

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

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

Source: Redfin Median Sales Data 2018.

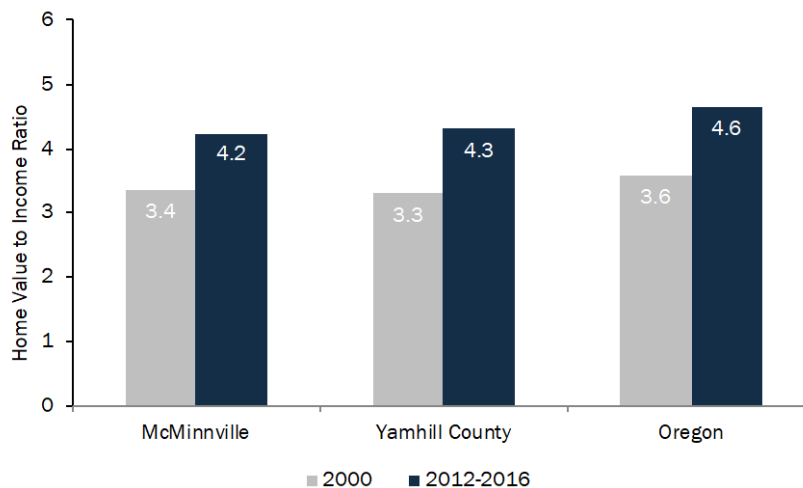


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

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

Exhibit 65. Ratio of Median Housing Value to Median Household Income, McMinnville, Yamhill County, and Oregon, 2000 to 2012–2016⁴⁶

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



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

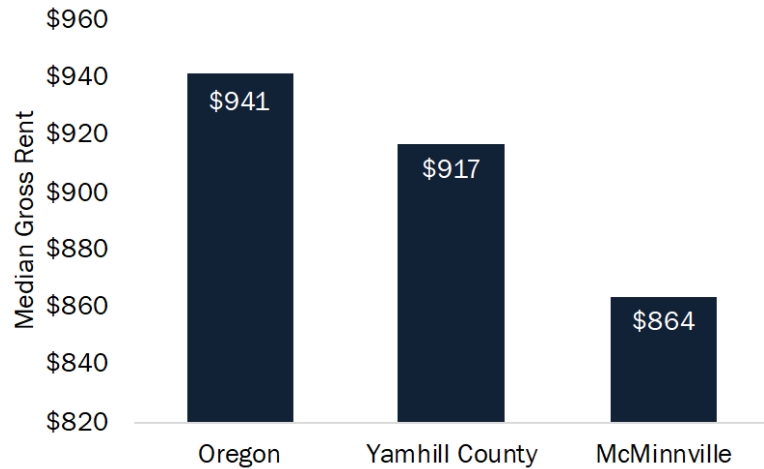
Changes in Rental Costs

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

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

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

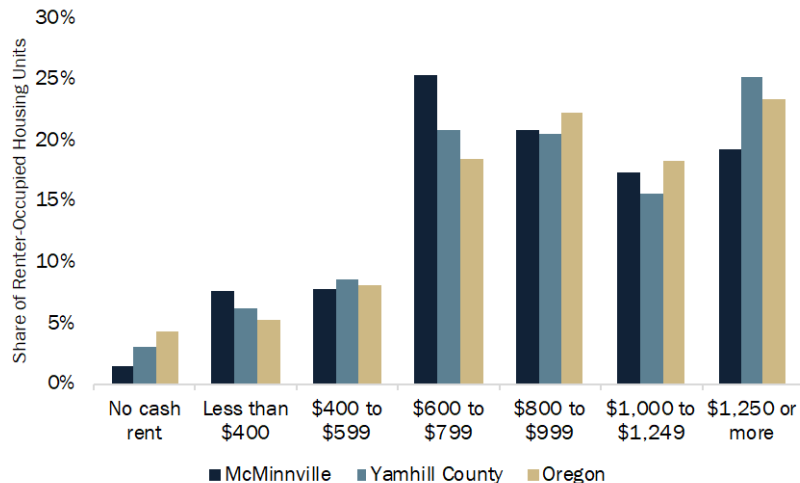
Source: US Census Bureau, 2012–2016 ACS Table B25064.



About 62% of renters in McMinnville pay less than \$1,000 per month. About 19% of McMinnville’s renters pay \$1,250 or more in gross rent per month, a smaller share than Yamhill County (25%) and Oregon (23%).

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

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



Housing Affordability

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

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

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

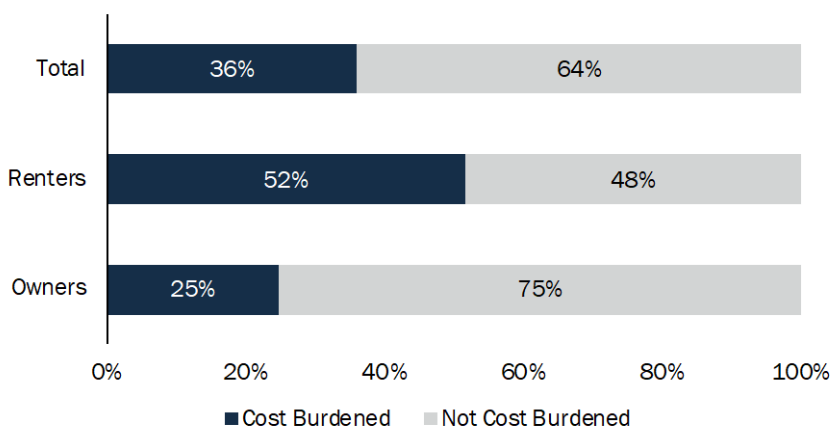
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

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

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

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

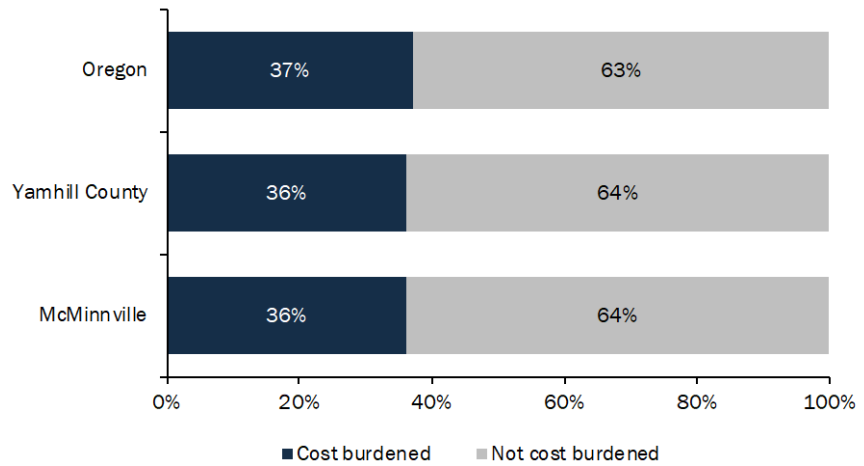
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



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

Exhibit 69. Housing Cost Burden, McMinnville and Comparison Regions, 2012–2016

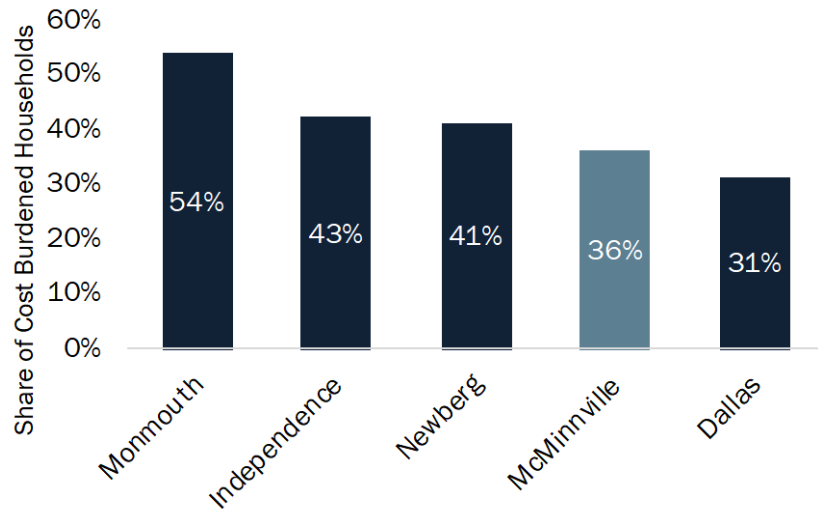
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



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

Exhibit 70. Cost-Burdened Households, McMinnville and Comparison Cities, 2012–2016

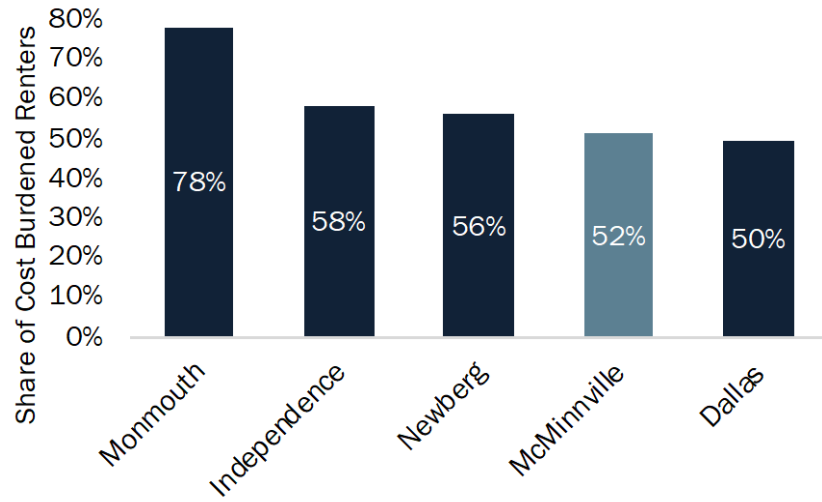
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



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

Exhibit 71. Cost-Burdened Renter Households, McMinnville and Comparison Cities, 2012–2016

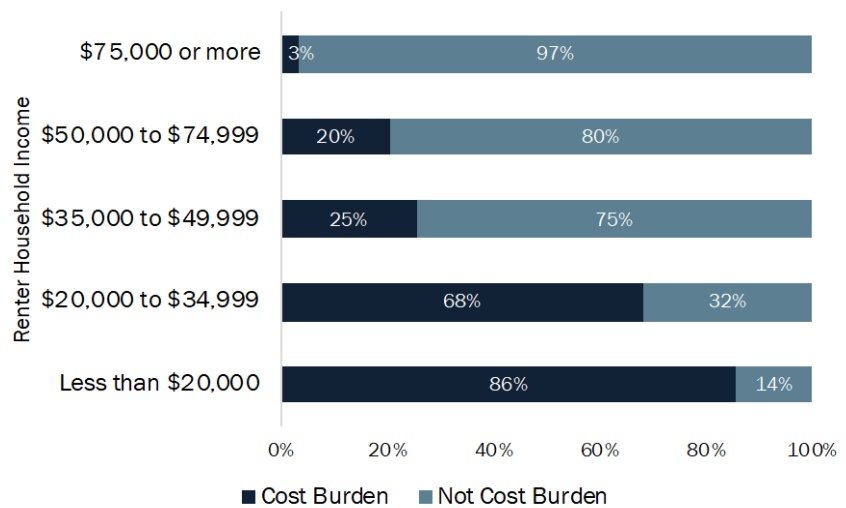
Source: US Census Bureau, 2012–2016 ACS Table B25070.



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

Exhibit 72. Cost-Burdened Households by Household Income, McMinnville, 2013–2017

Source: US Census Bureau, 2013–2017 ACS Table B25074.



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

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

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

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

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

Source: US Department of Housing and Urban Development.

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

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

Exhibit 74. Affordable Housing Wage, Yamhill County, 2018

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

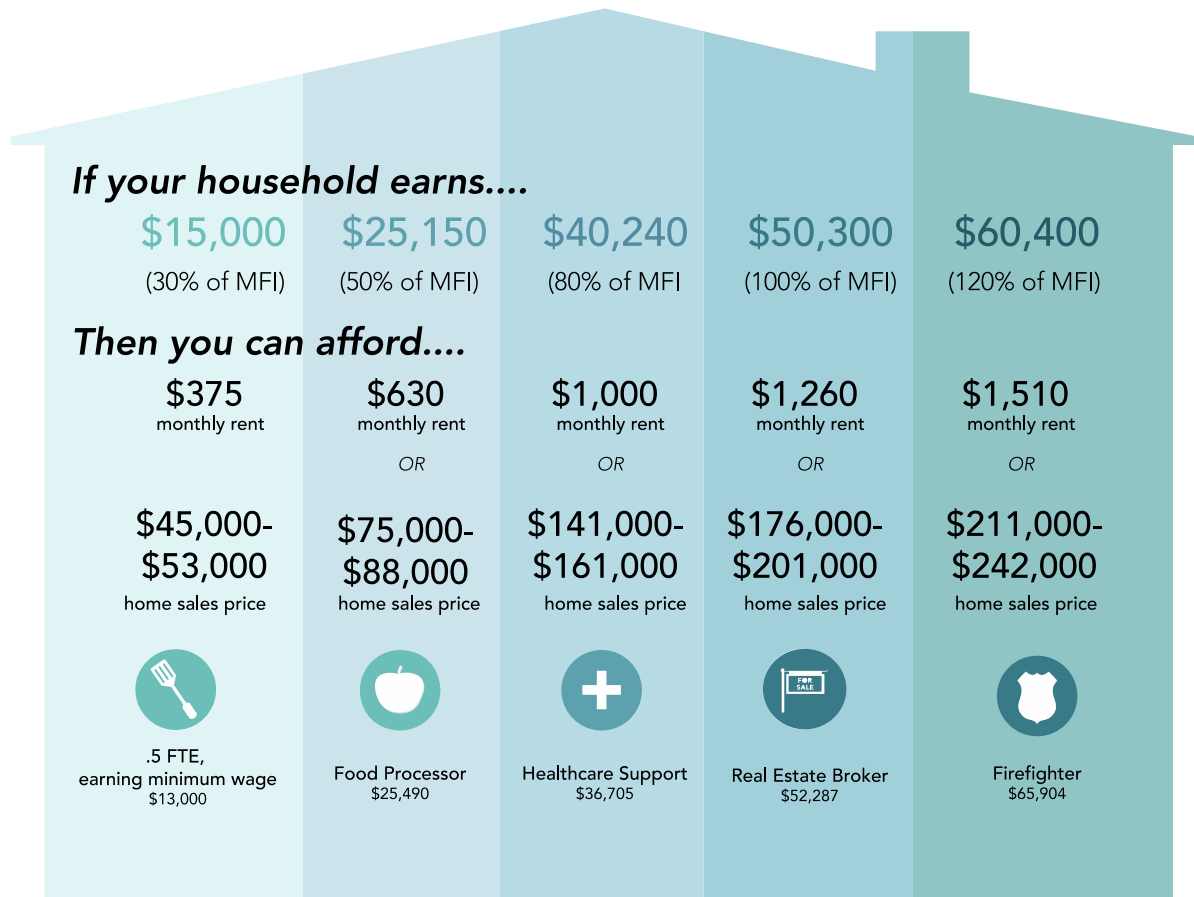
\$25.58/hour

Affordable Housing Wage for Two-Bedroom Unit in Yamhill County

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

Exhibit 75. Financially Attainable Housing, by Median Household Income (MHI), McMinnville (\$50,300), 2017

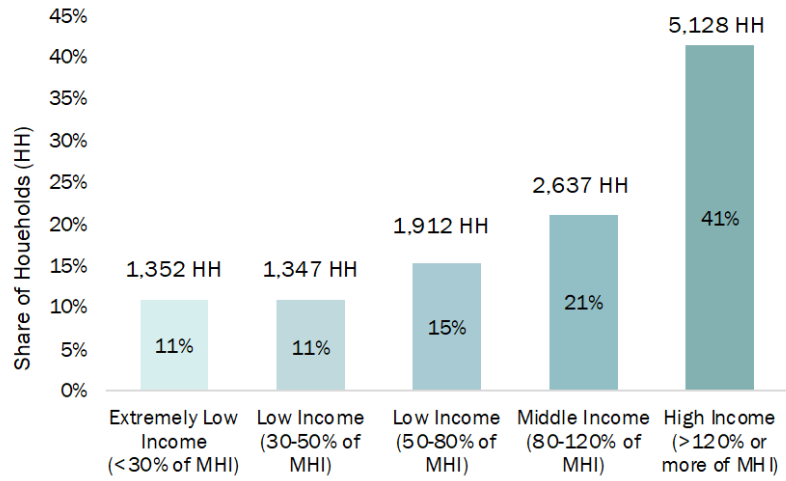
Source: US Census Bureau, 2013–2017 ACS Table B25119.



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

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

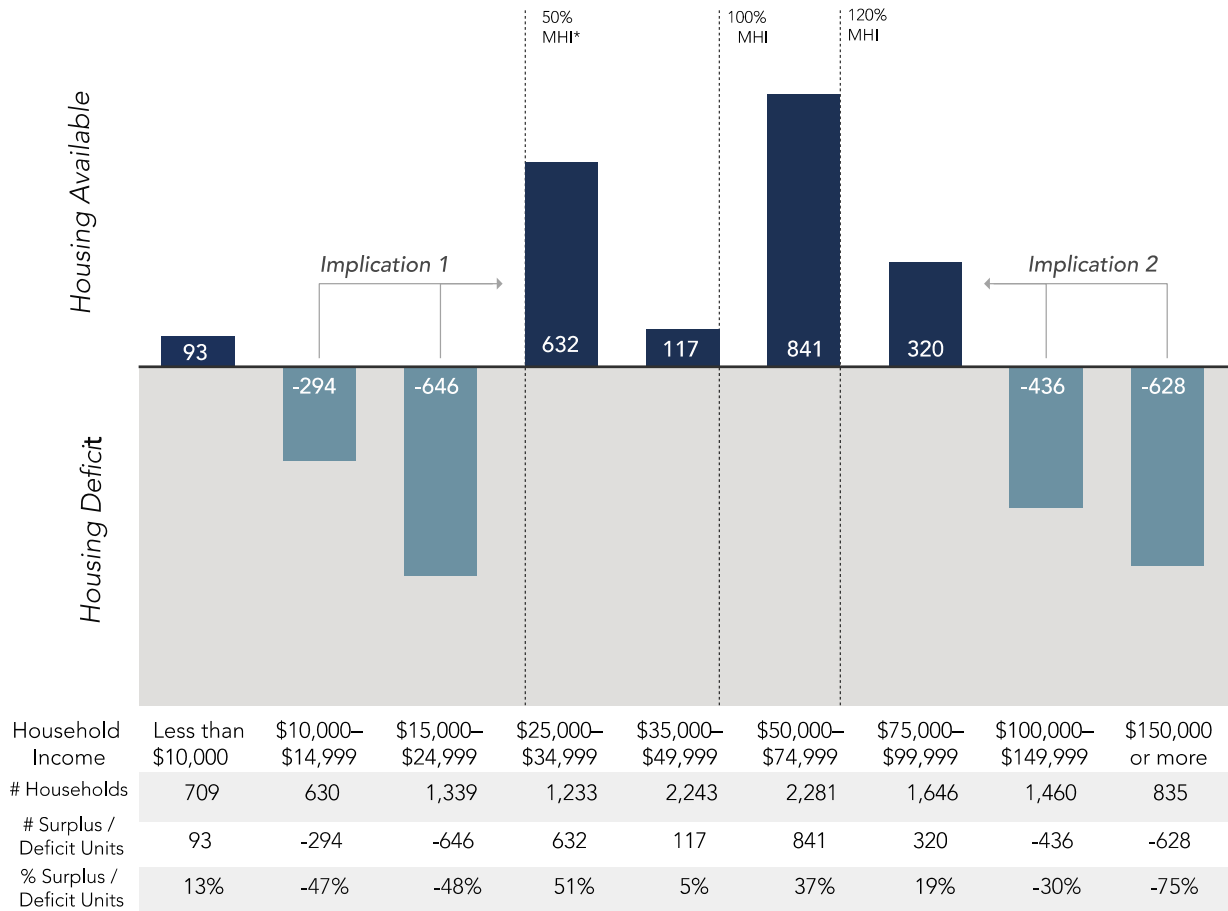
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



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

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

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



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

Implication 1

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

Implication 2

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

Summary of the Factors Affecting McMinnville's Housing Needs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- *Millennials will continue to age.* By 2041, Millennials will be roughly between about 41 years old to 61 years old. As they age, generally speaking, their household sizes will increase, and homeownership rates will peak by about age 55. Between 2021 and 2041, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on availability of affordable rental and ownership housing. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.⁵¹
- *The Hispanic and Latino population will continue to grow.* The US Census projects that by about 2041, the Hispanic and Latino population will account for about one-quarter of the nation's population. The share of the Hispanic and Latino population in the western United States is likely to be higher. The Hispanic and Latino population currently accounts for about 22% of McMinnville's population. In addition, the Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

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

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

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

⁵¹ Ibid.

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

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

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

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

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

5. Housing Need in McMinnville

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

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

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

Projection for Housing Growth

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

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

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

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

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

The 2013–2017 American Community Survey shows that 5% of McMinnville’s population was in group quarters. However, the population in group quarters, in total number, has declined over the last decade. City of McMinnville staff and the Project Advisory Committee considered three options⁵⁵ to address the population in group quarters. Staff recommended—and the majority of the Project Advisory Committee agreed—that for the purpose of this analysis, we assume that group quarters will be met through the same land needs as the net new population without allocating housing to group quarters separately (option 3). This assumption does not mean that we are assuming zero group quarters for the planning periods.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2013–2017 American Community Survey, the average household size in McMinnville was 2.55 people. Thus, for the 2021 to 2041 period, we assume an average household size of 2.55 persons.
- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

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

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

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

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

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

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

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

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

Exhibit 78. Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest

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

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

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

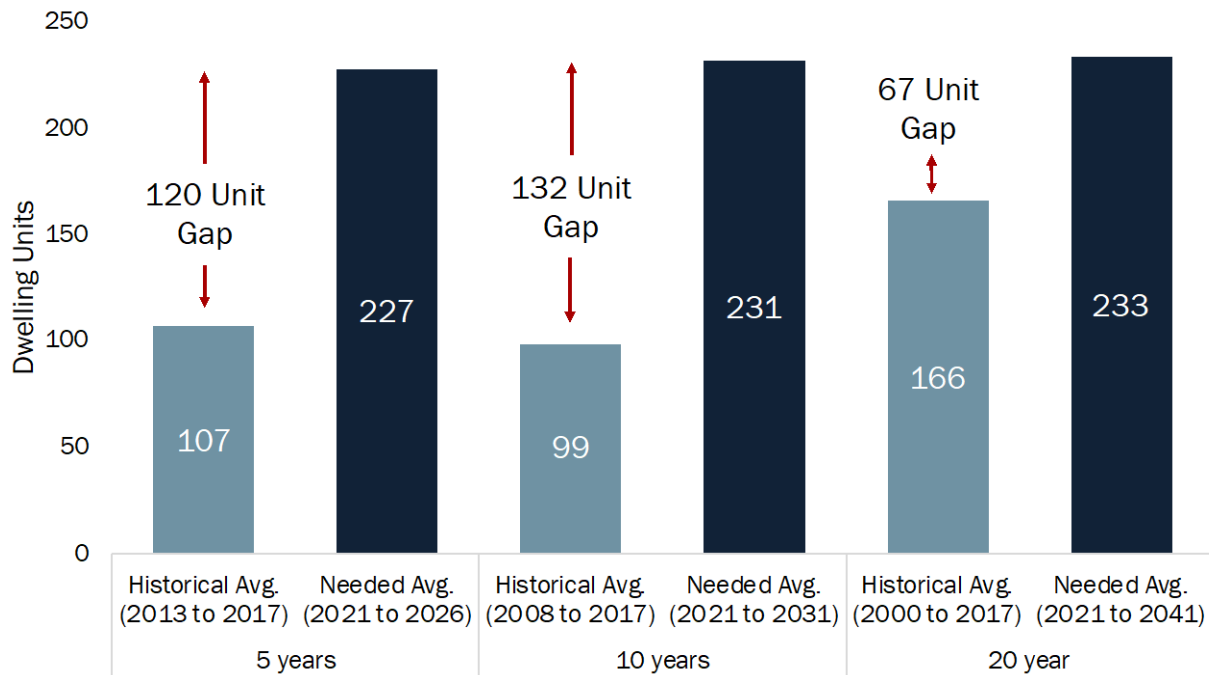
Source: Calculations by ECONorthwest

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

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

Exhibit 80. Comparison of Historical Production and Future Demand for Housing, McMinnville, 2000–2017 and 2021–2041

Source: City of McMinnville permit database. Calculations by ECONorthwest.



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

Projection for Housing Growth by Housing Type

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

Factors Influencing the Needed Mix and Density Determination

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

(4) A housing needs projection refers to a local determination, justified in the plan, of the mix of housing types, amounts, and densities that will be:

(a) commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;

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

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

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

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

- (a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section 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:
 - (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;

⁵⁶ ORS 197.296 (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.

- (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.

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

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

Exhibit 81. Historical Average Density and Mix, McMinnville, 2000 through July 2018

Source. City of McMinnville Permit Database.

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

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

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

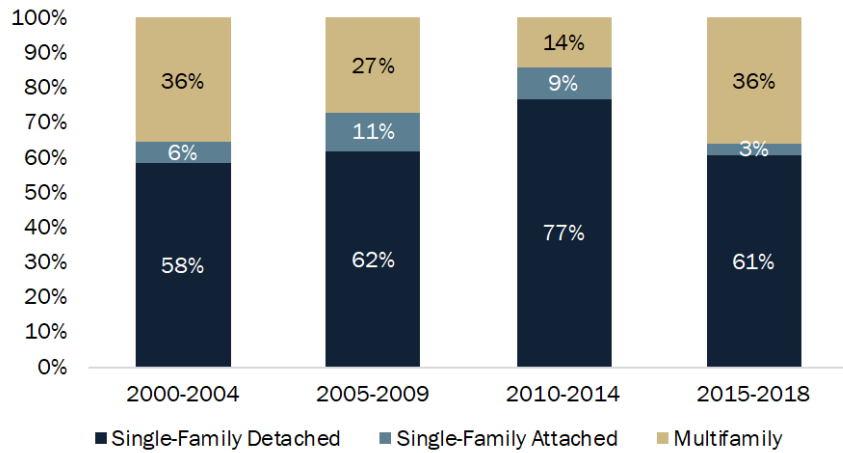
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

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

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

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

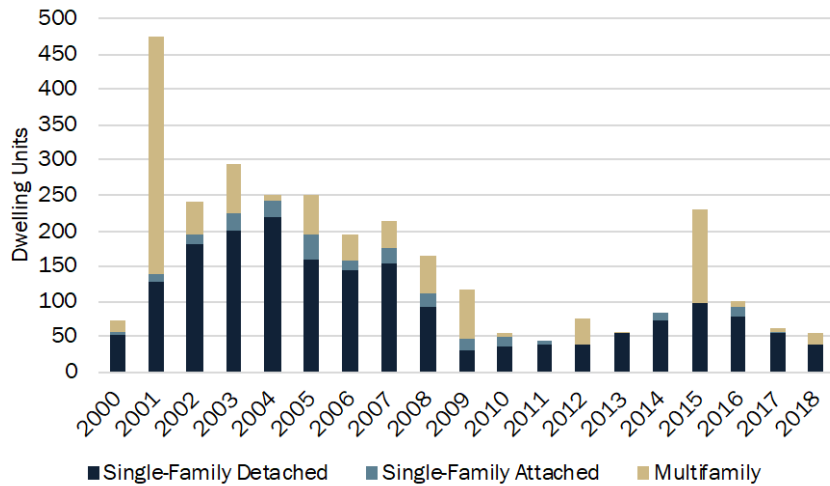
Source: McMinnville Building Permit Database.



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

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

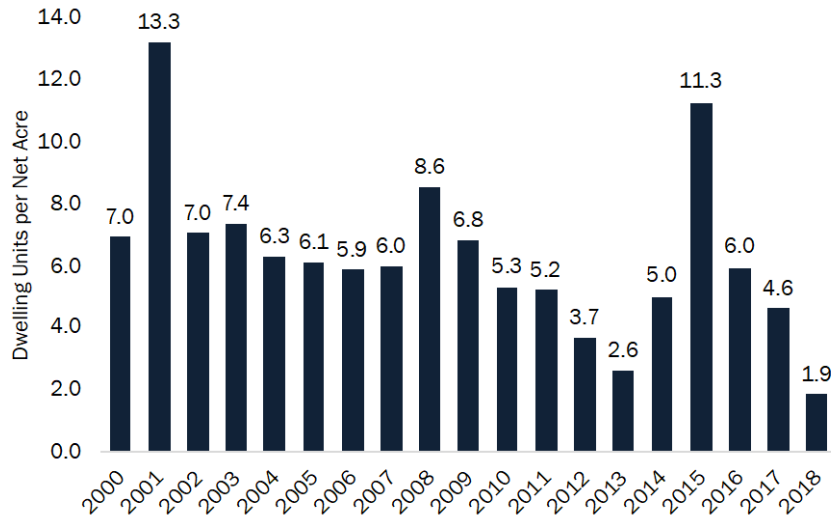
Source: McMinnville Building Permit Database.



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

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

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



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

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

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

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

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

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

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

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

- *The Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households, particularly those that are foreign-born (11% of McMinnville’s population as of 2016) are more likely to be larger than average, often having more children and living in multigenerational households. The housing types that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing.
- About 36% of McMinnville’s households are cost burdened. Fifty-two percent of McMinnville’s renters are cost burdened, compared to 25% of homeowners. These factors indicate that McMinnville needs more affordable housing types, especially for renters. A household earning median household income (about \$50,300) could afford a home roughly valued between \$176,000 and \$201,000, which is below the current 2018 median sales price for single-family housing in McMinnville (about \$349,000).

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

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

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

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

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

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

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

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

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

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

⁵⁸ *Ibid.*

⁵⁹ *Ibid.*

Housing Forecast by Housing Type

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

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

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

Exhibit 85. Forecast of Demand for New Dwelling Units by Type, McMinnville UGB, 2021 to 2041

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

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

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

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

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

Exhibit 86. Forecast of Demand for Infill and Redevelopment, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

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

Over the 20-year period, McMinnville will accommodate 373 needed new units through infill (including accessory dwelling units) and redevelopment. This results in McMinnville having demand for 4,284 new dwellings units on vacant or partially vacant land.

Exhibit 87. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, McMinnville UGB, 2021 to 2041

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

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

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

Exhibit 88. Summary of Resulting Mix of Units on Vacant and Partially Vacant Land, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Total Needed Dwelling Units		Dwelling Units Accomodated by Infill & Redevelopment On Developed Land			Dwelling Units Requiring Vacant / Partially Vacant Land		
	#	%	#	% 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%

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

The needed mix for new dwelling units is 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing. However, once dwelling units that are accommodated by infill/redevelopment are removed, the adjusted housing mix for housing requiring vacant/partially vacant land is 59% single-family detached housing, 13% single-family attached housing, and 28% multifamily housing.

Exhibit 89 though Exhibit 91 replicate the forecast of demand for new dwelling units (including infill/redevelopment) for housing demand in the 5-, 10-, 20-, and 46-year planning horizons.

Exhibit 89. Forecast of Demand for New Dwelling Units by Type in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units by Type			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Needed new dwelling units	1,136	2,305	4,657	10,986
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	55%	55%	55%	55%
<i>equals</i> Total new single-family detached DU	625	1,268	2,561	6,042
Single-family attached				
Percent single-family attached DU	12%	12%	12%	12%
<i>equals</i> Total new single-family attached DU	136	277	559	1,318
Multifamily				
Percent multifamily	33%	33%	33%	33%
<i>Total new multifamily</i>	375	760	1,537	3,626
<i>equals</i> Total new dwelling units	1,136	2,305	4,657	10,986

Exhibit 90. Forecast of Demand for Infill and Redevelopment, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: Calculations by ECONorthwest

Variable	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
New units accomodated through infill and redevelopment	91	184	373	879
Subset of total new dwelling units	91	184	373	879

Exhibit 91. Forecast of Demand for New Dwelling Units by Type through Infill and Redevelopment and on Vacant and Partially Vacant Lands, in 5, 10, 20, and 46 years, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: Calculations by ECONorthwest.

Variable	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
DUs Accomodated by Infill or Redevelopment				
Single-family detached	9	18	37	88
Single-family attached				
Multifamily	82	166	335	791
Total Units in Infill or Redevelopment	91	184	373	879
DUs Requiring Vacant / Partially Vacant Unconstrained Land				
Single-family detached	616	1,250	2,524	5,954
Single-family attached	136	277	559	1,318
Multifamily	293	594	1,202	2,835
Total DUs Requiring Vacant or Partially Vacant Land	1,045	2,121	4,284	10,107

McMinnville allows the following types of housing in zoning districts:

- **R-1 Single-Family Residential** will primarily accommodate new single-family detached housing, with some opportunities for single-family attached housing and duplexes on corner lots.
- **R-2 Single-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes on corner lots.
- **R-3 Two-Family Residential** will accommodate a mixture of new single-family detached and single-family attached housing, as well as duplexes.
- **R-4 Multifamily Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **O-R Office/Residential** will accommodate single-family detached and attached housing, as well as duplexes and multifamily housing.
- **Residential Plan Designations with County Zoning**⁶⁰ will accommodate single-family detached and single-family attached units, duplexes, and multifamily units.
- **C-3 General Commercial** will accommodate multifamily housing.

This analysis assumes that housing types will locate in zones that permit the dwelling unit outright. The City of McMinnville will be implementing Great Neighborhood Principles, which may affect the location and distribution of the dwelling units. Current zoning practices separate dwelling units by type and zoning district. If the principles are implemented, the same average mix and average density could be achieved, but in a different configuration that is consistent with the principles.

Needed Density

ORS 197.296(7) requires cities to “determine the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 20 years.” This section describes historic residential densities and needed residential densities for McMinnville’s planning period. Appendix B presents the scenario model that was presented to the Project Advisory Committee, which informed their recommendation for needed residential densities.

Densities in this section are presented in net acres and converted to gross acres⁶¹ to account for land needed for rights-of-way. Rights-of-way conversion factors are based on empirical analysis of existing rights-of-way by zone in McMinnville. For example, when developing a new area

⁶⁰ Residential plan designations with county zoning are lands with the City’s residential plan designation and county rural zoning that will need to be rezoned to urban zones prior to development.

⁶¹ OAR 660-024-0010(6) defines net buildable acre as land that “consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

such as a subdivision, it is necessary to account for land needed for roads, sidewalks, on-street parking, etc., which requires a gross density estimate. The conversion from net acres to gross acres in this analysis is based on the average amount of land in rights-of-way throughout the McMinnville UGB by zone.⁶²

Analysis of Historic Densities

ECONorthwest analyzed building permit data to determine historic densities. Exhibit 92 presents the assessment of historic densities for housing built in McMinnville over the 2000 to July 2018 period.

- **R-1 Single-Family Residential:** 4.1 dwelling units per net acre, with 24% of land used for rights-of-way, results in a gross density of 3.1 dwelling units per gross acre.
- **R-2 Single-Family Residential:** 5.8 dwelling units per net acre, with 26% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre.
- **R-3 Two-Family Residential:** 6.8 dwelling units per net acre, with 29% of land used for rights-of-way, results in a gross density of 4.8 dwelling units per gross acre.
- **R-4 Multiple-Family Residential:** 7.9 dwelling units per net acre, with 23% of land used for rights-of-way, results in a gross density of 6.1 dwelling units per gross acre.
- **R-5 High Density:** McMinnville added the R-5 zone as part of the process of expanding its UGB in 2020. This analysis does not examine development densities in R-5 because the zone did not exist prior to 2020 and no land is zoned in R-5 currently.
- **O-R Office/Residential:** 7.6 dwelling units per net acre, with 17% of land used for rights-of-way, results in a gross density of 6.3 dwelling units per gross acre.
- **Residential Plan Designations with County Zoning:** an assumed 6.6 dwelling units per net acre (of which the basis is the overall average density achieved in 2000–2018), with 25% of land used for rights-of-way, results in a gross density of 4.3 dwelling units per gross acre. The 25% factor is an average of all other rights-of-way conversion factors from each zone.
- **C-3 General Commercial:** 31.2 dwelling units per net acre, with 30% of land used for rights-of-way, results in a gross density of 21.8 dwelling units per gross acre.

⁶² The assumptions about land needed for rights-of-way is based on the historical percentages of land needed for rights-of-way, from empirical analysis of the 2021 McMinnville Buildable Lands Inventory.

Exhibit 92. Historical Densities and Land for Rights-of-Way by Zone for Housing Built in the McMinnville UGB, 2000 through July 2018

Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit. Note 2: Density listed for county zoning is historic average.

Zoning Districts	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	4.1	24%	3.1
R-2 Single Family Residential	5.8	26%	4.3
R-3 Two Family Residential	6.8	29%	4.8
R-4 Multiple-Family Residential	7.9	23%	6.1
O-R Office/Residential	7.6	17%	6.3
C-3 General Commercial	31.2	30%	21.9
County Zoning	6.6	25%	4.9
Average	6.6	25%	4.9

Exhibit 93. Historical Densities and Land for Rights-of-Way by Housing Type for Housing Built in the McMinnville UGB, 2000 through July 2018

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

Housing Type	Average Net Density (DU/Net Acre)	Percentage for Rights-of-Way	Average Gross Density (DU/Gross Acre)
Single-Family Detached	4.8	25%	3.6
Single-Family Attached	12.3	25%	9.3
Multifamily	18.2	25%	13.7
Total	6.6	25%	4.9

The average density observed in the 2002 McMinnville Housing Needs Analysis was 5.9 dwelling units per net acre. The density analysis in the 2002 HNA was based on permit data between 1988 and 2000. The net density observed for the 2000 through 2018 period was 6.6 dwelling units per net acre—a 12% increase in actual density. This increase in land-use efficiency saved 55 net acres during the 2000–2018 period.

Final Results: Needed Density

The assessment of needed densities was based on the five factors stated in ORS 197.296(5), discussed in greater detail in the previous subsection as well as McMinnville’s historical residential densities (2000 to July 2018).

Needed densities over the planning period will be driven by the recommended housing mix assumption. The PAC recommended a housing mix that increased the share of multifamily housing and single-family attached housing and decreased the share of single-family detached housing compared to the mix of new development that occurred between 2000 and 2018.

Exhibit 94 adds 3% to the Historical Densities in Exhibit 92 consistent with the density changes allowed for complying with HB 2001 (2019).⁶³ If single-family detached, single-family attached, and multifamily housing develop at densities consistent with historic average densities (5.05 dwelling units per gross acre), McMinnville’s overall residential density will increase to 5.46 dwelling units per gross acre over the twenty-year planning period—an 11% increase in gross residential density.

Exhibit 94. Needed Densities for Housing Built in the McMinnville UGB

Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Zoning Districts	Average Gross Density (DU/Gross Acre)
R-1 Single Family Residential	3.19
R-2 Single Family Residential	4.43
R-3 Two Family Residential	4.94
R-4 Multiple-Family Residential	6.28
O-R Office/Residential	6.49
C-3 General Commercial	22.56
County Zoning	5.05
Average	5.05

Exhibit 95 adds 3% to the Historical Densities in Exhibit 93 consistent with the density changes allowed for complying with HB 2001 (2019).

Exhibit 95. Needed Densities for by Housing Type Housing Built in the McMinnville UGB

Source: Calculations by ECONorthwest. Note 1: DU is dwelling unit.

Housing Type	Average Gross Density (DU/Gross Acre)
Single-Family Detached	3.71
Single-Family Attached	9.58
Multifamily	14.11
Total	5.05

This document is a baseline analysis. The density results are based on McMinnville’s current zoning and land-use regulations, accounting for a 3% increase in historical densities to account for changes resulting from new middle housing regulations (HB 2001 (2019)). Efficiency measures enacted as part of the housing strategy could affect final density.

⁶³ The City of McMinnville complied with the requirements of HB 2001 (2019) by adopting middle housing regulations in April 2022.

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of needed housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. The estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

This analysis is based on American Community Survey data about income levels of existing households in McMinnville. Income is categorized into market segments using McMinnville’s median household income (MHI) of \$50,300. The analysis uses current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

Twenty-two percent of McMinnville’s future households will have incomes at or below 50% of McMinnville’s median household income (MHI).

Thirty-six percent will have incomes between 50% and 120% of McMinnville’s MHI.

Forty-one percent will have incomes greater than 120% of McMinnville’s MHI.

Exhibit 96. Future (New) Households, by Median Household Income (MHI) for McMinnville (\$50,300), McMinnville UGB, 2021 to 2041

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

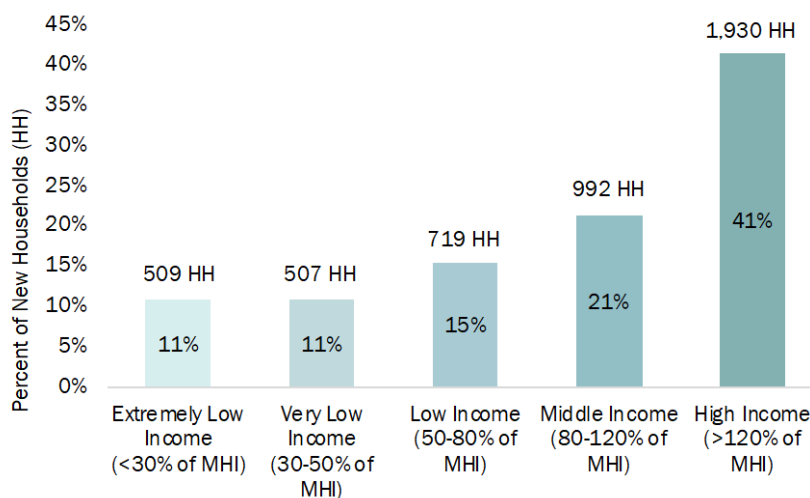


Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville (\$50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Source: US Department of Housing and Urban Development and US Census Bureau, 2012–2016 ACS Table 19001 and B25119.

Market Segment by Income	New Households				% of Households
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)	
High Income (>120% of MFI)	471	955	1,930	4,552	41%
Middle Income (80-120% of MFI)	242	491	992	2,340	21%
Low Income (50-80% of MFI)	176	356	719	1,697	15%
Very Low Income (30-50% of MFI)	124	251	507	1,196	11%
Extremely Low Income (<30% of MFI)	124	253	509	1,200	11%
Total New Households	1,137	2,306	4,657	10,985	100%

Need for Government-Subsidized, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-subsidized housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, single-family attached, and multifamily). McMinnville allows development of government-assisted housing in all residential zones, with the same development standards for market-rate housing. This analysis assumes that McMinnville will continue to allow government housing in all of its residential zones. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
 - Homelessness is a growing concern in McMinnville and Yamhill County. Between 2017 and 2018, homelessness grew by about 30% in Yamhill County. To alleviate this issue, government subsidized housing (including shelters) is needed for individuals and households earning 0% to 30% of McMinnville’s median household income (less than \$15,000 per year). While a separate forecast for government-subsidized housing is not needed, the City may need to exert specialized effort in planning for shelters and other housing types that will meet the needs of those at risk of homelessness or who are experiencing homelessness.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones with the same development standards as market-rate housing. This analysis assumes that McMinnville will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** McMinnville allows manufactured homes on lots in the R-1 and R-2 zones, which are the zones where single-family detached housing is allowed. McMinnville also allows single-family detached housing in R-3, R-4, and O-R zones, but manufactured housing on lots are not permitted in those zones. McMinnville does not have special siting standards for manufactured homes on lots, so it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Manufactured Dwelling

Park Directory,⁶⁴ McMinnville has twelve manufactured home parks within the UGB, with 1,014 spaces. One manufactured park (separate from manufactured housing subdivision) is within the O-R zone, two are within the C-3 zone, four are within the R-3 zone, and five are within the R-4 zone.

ORS 197.480(2) requires McMinnville to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned, zoned, or generally used for commercial, industrial, or high-density residential development.

- The housing forecast showed that McMinnville will need 4,657 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 22% of McMinnville's new households will be extremely low income or very low income, earning 50% or less of McMinnville's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 8% (about 1,014 dwelling units) of McMinnville's current housing stock.
- National, State, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

⁶⁴ Oregon Housing and Community Services, "Oregon Manufactured Dwelling Park Directory."
<http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

- Households most likely to live in manufactured homes in parks are those with incomes between about \$15,000 and \$25,150 (30% to 50% of McMinnville’s median household income), which includes 11% of McMinnville’s households. However, households in other income categories may also live in manufactured homes in parks.

Manufactured home park development is an allowed use in the R-3 and R-4 zone. The national and State trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in over the last fifteen years, demonstrate that development of new manufactured home parks in McMinnville is unlikely.

Our conclusion from this analysis is that development of new manufactured home parks in McMinnville over the 2021 to 2041 planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in McMinnville. The forecast of housing assumes that no new manufactured home parks will be opened in McMinnville over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next twenty years (or longer) one or more manufactured home parks may close in McMinnville as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of manufactured home park closures designed to lessen the financial difficulties of this closure for park residents,⁶⁵ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City’s primary role is to ensure that there is sufficient land zoned for new multifamily housing, or other housing meeting the same need, and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing (e.g., cottages or missing-middle housing types) in the R-1 and R-2 zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary

⁶⁵ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord give at least one year’s notice of park closure and pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

zoning policy, or partnering with a developer of government-subsidized affordable housing.

Other Needs

This section includes needs for special housing, land to accommodate households before 2021, and other uses on residential land.

Need for Special Housing

Need for special housing, such as transitional housing to provide services in conjunction with housing, is accounted for in total numbers; however, the housing strategy can discuss opportunities to ensure codes are responsive to planning that should address opportunities for providers of transitional housing and services within the broader planning context.

Need for Households Locating in McMinnville before 2021

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

Need for Other Uses on Residential Land

The residential land needs analysis and capacity analysis accounts for land that will be needed for new streets within residential areas by applying a net-to-gross-buildable-acreage factor and density factor.

However, the housing needs analysis and residential land needs analysis don't account for other uses that will occur on lands planned and zoned for residential use. The City has initiated an urbanization study with a broader scope that will evaluate the capacity of the UGB to meet needs for all uses during the planning period. That analysis will identify forecast demand for other uses expected to occur on residential land. These can include uses such as schools, parks, public facilities, etc. Some of these have critical locational siting requirements in proximity to population as part of a public facilities system.

Once this portion of the urbanization study has been completed, the additional demand for residential land will be factored into the sufficiency determination to calculate the extent of deficit.

Because the need for other uses on residential land has not yet been determined, Chapter 6 addressed only the residential land need for housing before 2021.

6. Residential Land Sufficiency within McMinnville

This chapter presents an evaluation of the sufficiency of vacant residential land in McMinnville to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of McMinnville’s ability to accommodate needed new housing units for the 2021 to 2041 period based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis. This section also presents the final land-sufficiency results for McMinnville for the 5-, 10-, and 46-year planning periods.

Statutory Guidance

The language of Goal 10⁶⁶ and ORS 197.296⁶⁷ refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes.

McMinnville is required to make a local housing needs projection⁶⁸ that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with adopted housing standards, and (3) consistent with requirements of Goal 10, Goal 14⁶⁹, OAR 660-008,⁷⁰ and ORS 197.296.

With a population over 25,000, McMinnville is subject to the provisions of ORS 197.296, which provide additional guidance on determining housing need. Specifically, ORS 197.296(5) requires that cities consider five factors in determining needed density and mix. These factors are discussed in detail in Chapter 5.

The final determination of needed mix and density was:

- **Needed Housing Mix:** 55% single-family detached housing, 12% single-family attached housing, and 33% multifamily housing
- **Needed Housing Density:** 5.46 dwelling units per gross acre (average overall, adding 3% to account for the City’s compliance with HB 2001 (2019))

⁶⁶ Goal 10: Housing, <https://www.oregon.gov/lcd/OP/Documents/goal10.pdf>

⁶⁷ ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

⁶⁸ OAR 660-008-0005(4)

⁶⁹ Goal 14: Urbanization, <https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx>

⁷⁰ OAR 660-008, <https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058>

Residential Capacity Analysis

The buildable lands inventory provides a supply analysis (buildable land by type), and the housing needs analysis provided a demand analysis (population growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a “capacity analysis,”⁷¹ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions. The process is to estimate capacity based on historic densities and then to evaluate land-use efficiency measures that would achieve housing needs.

McMinnville Capacity Analysis Results

The capacity analysis estimates the development potential of vacant and partially vacant residential land to accommodate new housing. We base our analysis on several assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in the residential plan designations and residential zones. Buildable residential land includes land within the UGB intended for residential development, Exhibit 11. It excludes land brought into the UGB in 2020 for commercial, industrial, or public/semi-public uses that is currently in County zoning.
- **Water Zone 1 and Water Zone 2 land.** Land in Water Zone 1 is available to be serviced with water now. Based on discussions with McMinnville Water & Light, land in Water Zone 2 will likely not be serviced with water for approximately ten years.
- **Capacity in C-3.** Previous findings in McMinnville’s 2013 Economic Opportunities Analysis suggests a deficit of land in C-3 areas needed for commercial uses. For this reason, this analysis assumed no residential capacity on current C-3 areas after 2021. The average historic density calculations of 5.05 dwelling units per gross acre

⁷¹ There is ambiguity in the term “capacity analysis.” It would not be unreasonable for one to say that the capacity of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as capacity analysis, so we use that shorthand occasionally in this memorandum.

include the densities achieved in the C-3 zone, which could be achieved by rezoning county land to achieve average needed densities.

- **Residential demand in unincorporated areas with city residential plan designation and county rural zoning.** These lands are not available to develop at urban densities until they annex. For this reason, some of the analysis provides subtotals for city and county zoned lands separately in the calculations. This method allows ECONorthwest to calculate overall land needs (surpluses and deficits) under the assumption that these lands will be available once annexed over during the planning period.
 - **Small lots in county rural residential zoning.** OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The analysis in Exhibit 100 provides more detail about these small lots.

Excluding the 54 acres of land in the tax lots smaller than two acres, McMinnville has 816 gross buildable acres in County zoning.

- **Needed densities.**⁷² The analysis models capacity at both historic and needed densities. The rationale and factual basis for the density assumptions is ORS 197.262(5), described in the previous section. In essence, the population is growing, and households are increasingly housing insecure due to rising housing costs and increased competition from wealthier households migrating into the jurisdiction. Since 2000, a majority of new housing developed in McMinnville has been single-family detached housing at prices that are unaffordable to many households in the region. In addition to these factors, as residents in McMinnville age, there will be more demand for smaller units. McMinnville will need a larger share of single-family attached and multifamily housing than the community had in the past, which will result in higher densities. The needed densities are those shown in Exhibit 94 and include a 3% increase over historic densities to account for complying with HB 2001 (2019).

⁷² This document is a baseline analysis. The density results are based on McMinnville's current zoning and land-use regulations. Efficiency measures enacted as part of the housing strategy could affect final density.

Exhibit 98. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1 and 2) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.

*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

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

Exhibit 98 shows that McMinnville has 708 acres of unconstrained buildable lands (excluding the 54 acres in small lots in rural zoning in Exhibit 100), (approx. 662 acres in residential zones are assigned residential capacity), with capacity for 3,183 dwelling units using densities in Exhibit 94 by zoning district. Exhibit 99 shows that McMinnville has 577 acres of unconstrained buildable lands in Zone 1,⁷³ with capacity for 2,608 dwelling units using densities in Exhibit 94 by zoning district).

⁷³ The analysis assumes that Zone 2 acreage is available within the 20-year period planning period, but not before the 10-year period.

Exhibit 99. Unconstrained Vacant and Partially Vacant Buildable Land (Water Zone 1) with Baseline Capacity, McMinnville UGB, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: The density of county zoned land is the historic average density achieved (5.05 du/gross acre). Note 3: As stated above, no capacity was allocated to the C-3 zone.

*The 54 acres of land for the small lots in rural zoning with reduced capacity was removed from the acres of land for "All other land in County zoning"

Zoning Districts	Total Unconstrained Buildable Acres (Water Zone 1)	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
R-1 Single Family Residential	75	3.19	238
R-2 Single Family Residential	68	4.43	300
R-3 Two Family Residential	11	4.94	53
R-4 Multiple-Family Residential	34	6.28	212
O-R Office/Residential	3	6.49	16
C-3 General Commercial	47	22.56	-
County Zoning			
Small lots in County zoning with reduced capacity*			72
All other land in County zoning	340	5.05	1,717
TOTAL	577	4.52	2,608

Exhibit 100 shows capacity of small tax lots in selected unincorporated areas. OAR 660-024-0067(6) allows McMinnville to assume reduced development capacity on lots smaller than two acres for land that was brought into the UGB 14 years after the land was added to the UGB. The three areas shown in Exhibit 100 are Fox Ridge Road, Redmond Hill Road, and Riverside South and where brought into the UGB in 2003, about 18 years before 2021.

These three areas include 47 tax lots with 54 acres. Consistent with OAR 660-024-0067(6), Exhibit 100 estimates 1 dwelling unit of capacity for tax lots 1 acre and smaller and 2 dwelling units of capacity for tax lots between 1 and 2 acres in size. acre

Exhibit 100. Capacity of Small Tax Lots in Selected Unincorporated Areas, McMinnville UGB, 2021

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit.

Area	Tax lots less than 1 acre			Tax lots between 1 and 2 acres			Total Capacity (DU)
	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	Total Tax Lots	Capacity per tax lot (DU)	Capacity of Tax lots	
Fox Ridge Road	5	1.0	5	6	2.0	12	17
Redmond Hill Road	1	1.0	1	-	2.0	-	1
Riverside South	16	1.0	16	19	2.0	38	54
Total	22		22	25		50	72

Residential Land Sufficiency in McMinnville

The next step in the analysis of the sufficiency of residential land within McMinnville's UGB is to compare the demand for housing with the capacity of land. This analysis is partially based on capacity of land by existing zoning and plan designations. It is a baseline analysis. Land-sufficiency results may change based on implementation of actions in the housing strategy, including implementation of McMinnville's Great Neighborhood Principles.

This section presents the land-sufficiency results for McMinnville for several periods:

- 5-year period (2021–2026)
- 10-year period (2021–2031)
- 20-year period (2021–2041)
- 46-year period (2021–2067)

Notes about the final results:

- Results reflect demand for new dwelling units which require vacant and partially vacant lands.⁷⁴

These estimates provide context for consumption of McMinnville's remaining buildable residential lands. For the purpose of the UGB, only the 2021–2041 estimates are relevant.

Exhibit 101 shows the capacity for each planning period starting in 2021, with subtotals for capacity within Water Zones 1 and 2. It shows the number of new dwelling units needed on vacant and partially vacant lands, and the resulting surplus / deficit of dwelling units and acreage (with calculations for both historic and needed density).

As discussed above, these calculations are based on average densities. Rezoning land may be required to have sufficient lands zoned to achieve the specified capacity. Because zoning may change, or because a diverse housing zone may be implemented, capacity and acreage are calculated without assignment to specific zones.

Exhibit 101 shows that McMinnville has a deficit of capacity for 1,101 dwelling units for the 2021-2041 period, resulting in a land deficit of 218 gross acres (at a density of 5.05 du/gross acre) or 202 gross acres (at a density of 5.46 du/gross acre).

⁷⁴ Forecasted demand for infill and redevelopment will not require vacant or partially vacant lands.

Exhibit 101. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, McMinnville UGB, for the periods through 2026, 2031, 2041, and 2067

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note 2: The 3,183 DU capacity total includes 1,125 DUs in City Limits and 2,058 DUs in the county.

	Planning Period			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
2021 Capacity (DUs)				
Water Zone 1	2,608	2,608	2,608	2,608
Water Zone 2	NA	NA	575	575
Total	2,608	2,608	3,183	3,183
Post-2021 Demand (DUs on buildable land)	1,045	2,121	4,284	10,107
Surplus/Deficit at Horizon Year (Dus)	1,563	487	(1,101)	(6,924)
Capacity Based on Land in Water Zone:	1	1	1&2	1&2
Surplus/Deficit @ 5.05 du/ac (hist +3%), gross acres	310	97	(218)	(1,372)
Surplus/Deficit @ 5.46 du/ac (need + 3%), gross acres	286	89	(202)	(1,268)
Difference, gross acres	23	7	(16)	(104)

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. This population growth will occur at an average annual growth rate of 1.36%. In addition to population growth, McMinnville’s households have grown smaller on average. 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). McMinnville will have demand for about 1,136 new dwelling units for the 5-year period between 2026 and 2031, about 2,305 new dwelling units for the 10-year period between 2021 and 2031, and about 10,986 new dwelling units for the 46-year period between 2021 and 2067.

McMinnville will need to accommodate an average development trajectory of 233 new dwelling units annually over the 20-year planning horizon. Over the 20-year planning period, McMinnville will accommodate 373 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 4,284 needed new dwelling units on vacant and partially vacant buildable residential lands.

Exhibit 102. Summary of New Dwelling Units, for the Periods through 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest.

	New Dwelling Units			
	5-Year (2021 to 2026)	10-Year (2021 to 2031)	20-Year (2021 to 2041)	46-Year (2021 to 2067)
Total New D.U.s:	1,136	2,305	4,657	10,986
Less Infill/Redev (8%)	(91)	(184)	(373)	(879)
Equals D.U.s requiring Vacant/Partially Vacant Land	1,045	2,121	4,284	10,107

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 5.46 dwelling units per gross acre (needed

average density, including an increase of 3% to account for compliance with HB 2001 (2021))—an 11% increase.⁷⁵

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 1,101 dwelling units. , which means the City has an approximate deficit of about 202 gross acres by 2041. Housing demand results for the 5-, 10-, 20-, and 46-year periods are summarized in **Error! Reference source not found.**

McMinnville added the R-5 zone as part of the 2020 UGB expansion. The zone is intended to provide areas for high-density residential dwelling units and other closely related uses in designated Neighborhood Activity Centers, the downtown, and other appropriate locations within the city, consistent with comprehensive plan policies. Residential densities within this zone are typically 14 to 26 dwelling units per acre. McMinnville expects to rezone about 36.7 acres of Urban Holding land to R-5. Depending on the development density and land needed for rights-of-way, land in the R-5 zone could accommodate about 400 to 700 dwelling units.

⁷⁵ This calculation is based on average historical density by housing type. The existing analysis presented in Chapter 6 is calculated using average historical density by zone, including an increase of 3% to account for compliance with HB 2001.

Appendix A. Residential Buildable Lands Inventory Methods

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook “*Planning for Residential Growth – A Workbook for Oregon’s Urban Areas,*” which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

ECONorthwest used 2018 and 2017 (assessor tax year) data for the 2019 version of the report.

In 2023, ECONorthwest updated the BLI from the 2019 *McMinnville Housing Needs Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

The following provides an overview of the buildable lands inventory methodology.

Overview of the Methodology

The McMinnville BLI includes all residential land designated in zones or plan designations within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Department that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile (that was available at the time of the analysis) and assessor’s roll data from Yamhill County for the analysis. The inventory then builds from the tax lot-level database to calculate estimates of buildable land by zone.

The buildable lands analysis was completed through several sequential steps.

Step 1: Generate land base. Per Goal 10, this involves selecting all of the tax lots in the McMinnville UGB with residential zones and “lands that may be used for a mix of residential and employment uses under the existing planning or zoning.”

ECONorthwest included the following zones in the residential inventory based on statutory requirements in ORS 197.296(4)(a):

- R-1 Single-Family Residential
- R-2 Single-Family Residential
- R-3 Two-Family Residential
- R-4 Multifamily Residential
- O-R Office/Residential
- C-3 General Commercial

Since McMinnville has a single residential plan designation, the land base includes these zones as well as any additional tax lots within the residential plan designation. For lands in the UGB that have the residential plan designation but still retain County zoning, properties within the residential plan designation were included in the BLI.

Step 2: Classify lands by development status. Next, the analysis classified each parcel into one of the following categories based on development status.

- Developed land
- Vacant land
- Partially vacant land
- Public or Exempt land

Step 3: Identify constraints. Consistent with the Division 8 rule, this includes floodways, floodplains (including lands in McMinnville’s floodplain zone), regulated wetlands, lands with slopes of 25% or greater, landslide hazards (including the DOGAMI SLIDO database and lands with high or very high susceptibility to landslides), and service constrained lands. All constraints were merged into a single constraint file, which was used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verification. ECONorthwest used a multistep verification process to ensure the accuracy of the BLI. The first verification step included a rapid visual assessment of land classifications using GIS and recent aerial photos to verify uses on the ground. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of the City’s comments.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but currently have a building permit on them were generally re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through our development status classification scheme to identify any tax lots where the improvement value increased from \$0 to values over \$10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format in Chapter 2. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel-level analysis of lot availability and suitability. The results of the inventory have been aggregated by zone (City limits) and plan designation (outside City limits and in UGB), consistent with State planning requirements.

Data used for the analysis was provided by the City of McMinnville and the Yamhill County Assessor and Taxation Department, as well as statewide and national data sets. Specific data that was used included City/urban growth boundaries, tax lots, zoning, the National Wetlands

Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

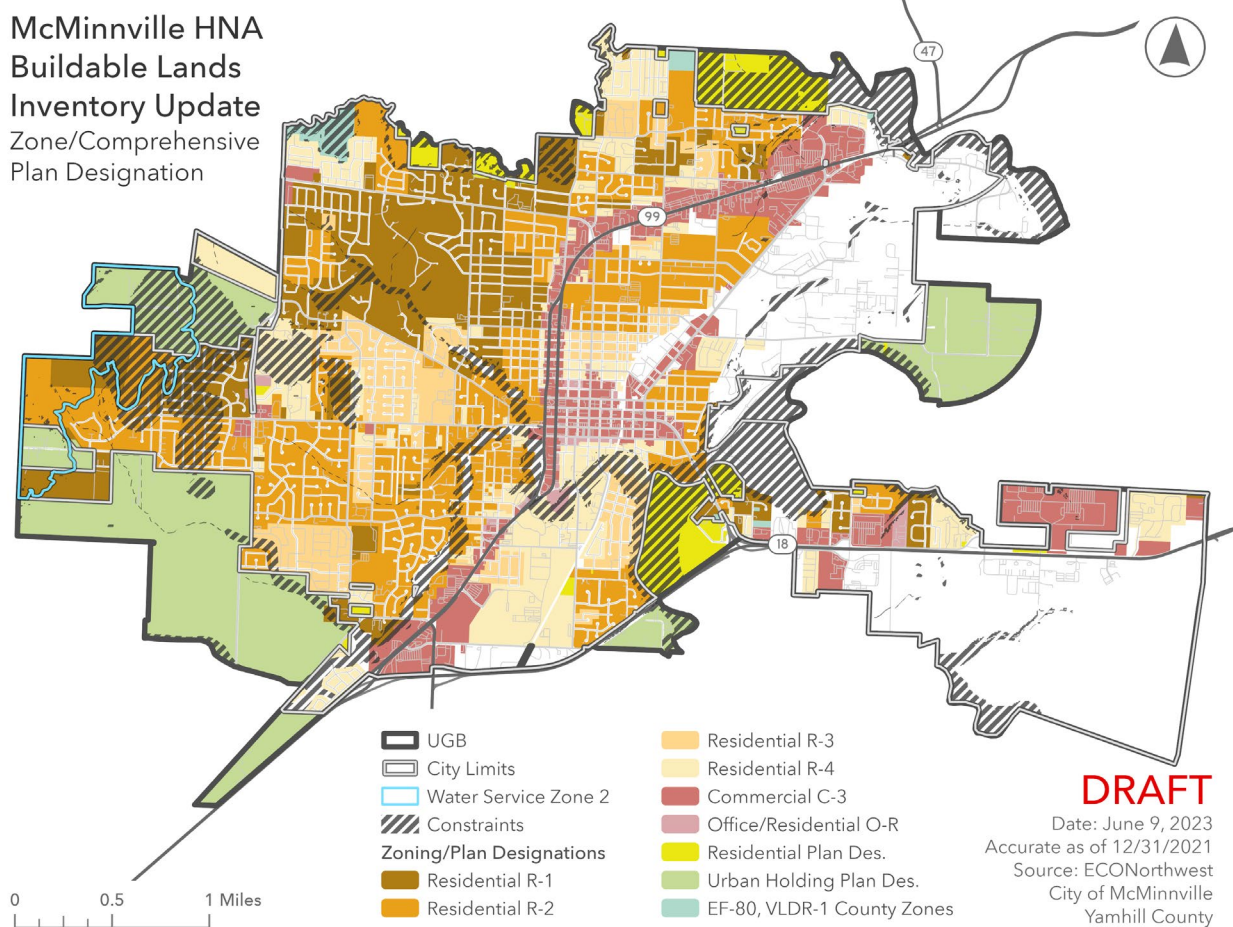
Residential Land Base

Exhibit 103 (on the following page) shows the zones and plan designations included in the residential land base. This BLI includes lands in the R-1, R-2, R-3, R-4, O-R, and C-3 zones, as well as other land in the residential plan designation and urban holding plan designation. Tax lots with a residential use in the F-P zone or F-P plan designation were also included on a case-by-case basis based on proximity to other residential land or using property class data to determine if the tax lot has a residential use. Land in zones that do not allow residential use were not included. These tax lots were assigned a residential zone or plan designation based on proximity to other residential zones, since the floodplain zone was included as a constraint.

Land in the Zone 2 contour was also identified due to additional considerations for capacity. Using the Intersect tool in GIS, land in tax lots either completely within or partially within the Zone 2 were calculated separately from land in those tax lots in Zone 1.

Exhibit 103. Residential Land Base by Zone and Plan Designation, McMinnville UGB, 2018

McMinnville HNA
Buildable Lands
Inventory Update
Zone/Comprehensive
Plan Designation



Appendix B. Scenario Modeling

ECONorthwest developed scenario models to inform Project Advisory Committee discussions about needed housing mix and density. This appendix presents the models for reference.

The scenarios were developed as to support discussions during the Project Advisory Committee process at the December 18, 2018 meeting to support the Committee's discussions and provide a basis for recommendations. The scenarios were updated to the forecasts and land need presented in Chapters 5 and 6 of the report.

Housing Forecast by Housing Type

This section documents the process in determining needed housing mix and density assumptions. To inform the Project Advisory Committee's recommendation for the housing mix assumption, ECONorthwest modeled four housing mix scenarios. ECONorthwest used the scenarios to illustrate how housing mix impacts capacity and land sufficiency. The four scenarios were:

- **Existing Mix (ACS 2013–2017):** 68% single-family detached, 9% single-family attached, and 23% multifamily
- **Historical Mix (Housing Permitted 2000 to 2018):** 62% single-family detached, 8% single-family attached, and 31% multifamily
- **Scenario 1 (Preliminary Needed Mix):** 60% single-family detached, 10% single-family attached, and 30% multifamily
- **Scenario 2 (Preliminary Needed Mix):** 55% single-family detached, 12% single-family attached, and 33% multifamily

Using the four scenarios, ECONorthwest forecasted needed housing in McMinnville by housing type. Exhibit 104 presents a 20-year forecast (using the four scenarios), and Exhibit 105 presents the 5-, 10-, 20-, and 46-year forecasts (using the historic mix scenario).

Exhibit 104. Scenario Model: Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest. Note: Baseline housing mix is McMinnville’s existing housing mix per US Census, 2013–2017 ACS, Table B25024.

Variable	Existing Mix (ACS 2013- 2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Needed new dwelling units (2021-2041)	4,424	4,424	4,424	4,424
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	68%	62%	60%	55%
<i>equals</i> total new single-family detached DU	3,009	2,733	2,654	2,433
Single-family attached				
Percent single-family attached DU	9%	8%	10%	12%
<i>equals</i> total new single-family attached DU	399	332	442	531
Multifamily				
Percent multifamily	23%	31%	30%	33%
<i>equals</i> total new multifamily	1,016	1,359	1,328	1,460
<i>equals</i> Total new dwelling units (2021-2041)	4,424	4,424	4,424	4,424

Exhibit 105. Scenario Model: 5-, 10-, and 46-year Forecast of Demand for New Dwelling Units, McMinnville UGB, 2021 to 2067

Source: Calculations by ECONorthwest. Note: This exhibit uses the historic mix scenario.

Variable	Baseline Forecast			
	2021 to 2026 (5-Year)	2021 to 2031 (10-Year)	2021 to 2041 (20-Year)	2021 to 2067 (46-year)
Needed new dwelling units	1,079	2,190	4,424	10,435
Dwelling units by structure type				
Single-family detached				
Percent single-family detached DU	62%	62%	62%	62%
<i>equals</i> Total new single-family detached DU	667	1,353	2,733	6,447
Single-family attached				
Percent single-family attached DU	8%	8%	8%	8%
<i>equals</i> Total new single-family attached DU	81	164	332	783
Multifamily				
Percent multifamily	31%	31%	31%	31%
<i>Total new multifamily</i>	331	673	1,359	3,205
<i>equals</i> Total new dwelling units	1,079	2,190	4,424	10,435

The housing mix determination over the 2021 to 2041 period will impact McMinnville’s overall housing mix in 2041. Exhibit 106 displays what McMinnville’s overall housing mix would be in 2041 based on each of the four scenarios. Exhibit 107 displays what McMinnville’s overall housing mix would be at the end of McMinnville’s various planning horizons (2026, 2031, 2041, and 2067)

Exhibit 106. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2041

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The 17,513 (total) is the 13,089 units, plus the 4,424 needed new units.

	Existing Mix (ACS 2013- 2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Single-Family Detached				
Number	11,911	11,635	11,556	11,335
Percent	68%	66%	66%	65%
Single-Family Attached				
<i>Number</i>	1,579	1,512	1,622	1,711
<i>Percent</i>	9%	9%	9%	10%
Multifamily Units				
<i>Number</i>	4,023	4,366	4,335	4,467
<i>Percent</i>	23%	25%	25%	26%
Total	17,513	17,513	17,513	17,513

Exhibit 107. Scenario Model: Estimated Aggregate Future Housing Mix, McMinnville UGB, 2026, 2031, 2041, and 2067

Source: Calculations by ECONorthwest. Note: According to the US Census, McMinnville had 8,902 single-family detached units, 1,180 single-family attached units, and 3,007 multifamily units (totaling 13,089 dwelling units) in the 2013–2017 period. The totals are 13,089 units, plus the number of units needed in 5, 10, 20, and 46 years.

	Single-Family Detached		Single-Family Attached		Multifamily Units		Total
	Number	Percent	Number	Percent	Number	Percent	
2026 (5-year)							
Existing Mix	9,636	68%	1,277	9%	3,255	23%	14,168
Baseline Historic Mix	9,570	68%	1,261	9%	3,338	24%	14,169
Scenario 1	9,549	67%	1,288	9%	3,331	24%	14,168
Scenario 2	9,495	67%	1,309	9%	3,363	24%	14,168
2031 (10-year)							
Existing Mix	10,391	68%	1,377	9%	3,510	23%	15,279
Baseline Historic Mix	10,255	67%	1,344	9%	3,680	24%	15,279
Scenario 1	10,216	67%	1,399	9%	3,664	24%	15,279
Scenario 2	10,107	66%	1,443	9%	3,730	24%	15,279
2041 (20-year)							
Existing Mix	11,911	68%	1,579	9%	4,023	23%	17,513
Baseline Historic Mix	11,635	66%	1,512	9%	4,366	25%	17,513
Scenario 1	11,556	66%	1,622	9%	4,335	25%	17,513
Scenario 2	11,335	65%	1,711	10%	4,467	26%	17,513
2067 (46-year)							
Existing Mix	15,999	68%	2,121	9%	5,404	23%	23,524
Baseline Historic Mix	15,349	65%	1,963	8%	6,212	26%	23,524
Scenario 1	15,163	64%	2,224	9%	6,138	26%	23,524
Scenario 2	14,641	62%	2,432	10%	6,451	27%	23,524

Allocation of Needed Housing

ECONorthwest modeled allocation analyses for each of the four housing mix scenarios. The scenario models for the 20-year planning period are presented in Exhibit 108 through Exhibit 111 and do not reflect updated group quarters assumptions or account for units accommodated by infill or redevelopment. The revised methodology presented in the main report does not use this methodology, however. Thus, these tables are for reference into the process only.

The first step in the allocation analysis (presented here) is based on McMinnville’s historic share of housing developed in each of McMinnville’s existing zones between 2000 and 2018. For example, between 2000 and 2018, 16% of McMinnville’s housing development occurred in R-1, 44% occurred in R-2, 6% in R-3, and 34% in R-4.

Exhibit 108. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Existing Mix Scenario, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Zoning Designations	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,504	88	842	-	-	-	3,009
Single-family attached	44	89	44	222	-	-	-	399
Multifamily	68	391	115	442	-	-	-	1,016
Total	687	1,984	247	1,506	-	-	-	4,424
Percent of Units								
Single-family detached	13%	34%	2%	19%	0%	0%	0%	68%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	9%
Multifamily	2%	9%	3%	10%	0%	0%	0%	23%
Total	16%	45%	6%	34%	0%	0%	0%	100%

Exhibit 109. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Historic Mix Scenario, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designation					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,406	88	664	-	-	-	2,733
Single-family attached	44	89	44	155	-	-	-	332
Multifamily	68	473	115	703	-	-	-	1,359
Total	687	1,968	247	1,522	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	15%	0%	0%	0%	62%
Single-family attached	1%	2%	1%	4%	0%	0%	0%	8%
Multifamily	2%	11%	3%	16%	0%	0%	0%	31%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Exhibit 110. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 1, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	575	1,416	88	575	-	-	-	2,654
Single-family attached	44	110	66	222	-	-	-	442
Multifamily	88	442	133	665	-	-	-	1,328
Total	707	1,968	287	1,462	-	-	-	4,424
Percent of Units								
Single-family detached	13%	32%	2%	13%	0%	0%	0%	60%
Single-family attached	1%	2%	1%	5%	0%	0%	0%	10%
Multifamily	2%	10%	3%	15%	0%	0%	0%	30%
Total	16%	44%	6%	33%	0%	0%	0%	100%

Exhibit 111. Scenario Model: Allocation of Needed Housing by Housing Type and Zone Designation, Scenario 2, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Housing Type	Residential Plan Designations					County Zoning	C-3	Total
	R-1	R-2	R-3	R-4	O-R			
Dwelling Units								
Single-family detached	531	1,283	88	531	-	-	-	2,433
Single-family attached	44	221	44	222	-	-	-	531
Multifamily	133	442	133	752	-	-	-	1,460
Total	708	1,946	265	1,505	-	-	-	4,424
Percent of Units								
Single-family detached	12%	29%	2%	12%	0%	0%	0%	55%
Single-family attached	1%	5%	1%	5%	0%	0%	0%	12%
Multifamily	3%	10%	3%	17%	0%	0%	0%	33%
Total	16%	44%	6%	34%	0%	0%	0%	100%

Needed Densities

A city's average residential density is influenced by the its housing mix. Using the four housing mix scenarios and McMinnville's historic densities with 3% added to account for density changes related to complying with HB 2001 (2021) (Exhibit 95), ECONorthwest illustrated how average gross densities increase as the share of single-family detached housing decreases.

Exhibit 112. Scenario Model: Estimated Aggregate Residential Densities, McMinnville UGB, 2021 to 2041

Source: Calculations by ECONorthwest.

Variable	Existing Mix (ACS 2013- 2017)	Historic Mix (2000 to 2018)	Scenario 1	Scenario 2
Dwelling units by structure type				
Single-family detached	3,009	2,733	2,654	2,433
Average gross density SFD	3.6	3.6	3.6	3.6
<i>equals</i> gross acres needed for SFD	836	759	737	676
Single-family attached	399	332	442	531
Average gross density SFA	9.3	9.3	9.3	9.3
<i>equals</i> gross acres needed for SFA	43	36	48	57
Multifamily	1,016	1,359	1,328	1,460
Average gross density MF	13.7	13.7	13.7	13.7
<i>equals</i> gross acres needed for MF	74	99	97	107
Total				
Housing Units	4,424	4,424	4,424	4,424
Average Gross Density	4.6	4.9	5.0	5.3
Gross Acres	953	894	882	839

Land Sufficiency Approximations for the 2021 to 2041 Planning Period

Exhibit 113, Exhibit 114, Exhibit 115, and Exhibit 116 show the residential land sufficiency results, modeled using each of the four housing mix scenarios. Notes about the models:

- Modeled results in this appendix do not reflect land needed to accommodate housing development before 2021, which is addressed in the main report.
- Modeled results in this appendix used a different methodology for group quarters, resulting in a different estimate for housing demand.
- Modeled results do not reflect assumptions for dwelling units accommodated through infill or redevelopment.

The scenario models show that McMinnville's 721 buildable acres (660 in residential zones) available for residential development has capacity for 2,921 dwelling units. Over the 2021 to 2041 planning period, McMinnville will have demand for 4,424 dwelling units. At densities observed between 2000 and 2018, this translates into a land deficit of (1) 321 gross acres in the existing mix scenario, (2) 320 gross acres in the historical mix scenario, (3) 325 gross acres in

scenario 1, and (4) 323 gross acres in scenario 2. Each scenario showed that McMinnville does not have sufficient capacity to accommodate needed new housing in R-1, R-2, R-3, and R-4 areas.

Note: Due to the way demand was allocated to zones in the allocation scenario models (see Exhibit 108, Exhibit 109, Exhibit 110, and Exhibit 111 as well as the corresponding basis), the approximate land surplus and deficit are relatively similar across models. Accordingly, the models allocate housing demand to zones comparably across models and at an average density applied on total units per zone.

Exhibit 113. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Existing Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1984	(1,423)	(331)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1506	(1,379)	(226)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	2,921	4,424	(1,503)	(321)

Exhibit 114. Scenario Model, Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Historical Mix, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	687	(238)	(77)
R-2 Single Family Residential	561	1968	(1,407)	(327)
R-3 Two Family Residential	28	247	(219)	(46)
R-4 Multiple-Family Residential	127	1522	(1,395)	(229)
O-R Office/Residential	3	0	3	0
C-3 General Commercial	-	0	0	0
County Zoning	1,753	0	1,753	358
Total	2,921	4,424	(1,503)	(320)

Exhibit 115. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 1, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	707	(258)	(83)
R-2 Single Family Residential	561	1,968	(1,407)	(327)
R-3 Two Family Residential	28	287	(259)	(54)
R-4 Multiple-Family Residential	127	1,462	(1,335)	(219)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	2,921	4,424	(1,503)	(325)

Exhibit 116. Scenario Model: Comparison of Capacity of Existing Residential Land with Need for New Dwelling Units and Land Surplus or Deficit, Scenario 2, McMinnville UGB, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Zoning Districts	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity minus Demand (Dwelling Units)	Approx. Land Surplus or (Deficit) -Gross Acres-
R-1 Single Family Residential	449	708	(259)	(84)
R-2 Single Family Residential	561	1,946	(1,385)	(322)
R-3 Two Family Residential	28	265	(237)	(49)
R-4 Multiple-Family Residential	127	1,505	(1,378)	(226)
O-R Office/Residential	3	-	3	0
C-3 General Commercial	-	-	0	0
County Zoning	1,753	-	1,753	358
Total	2,921	4,424	(1,503)	(323)

City of McMinnville Economic Opportunities Analysis

June 2023

Prepared for:
City of McMinnville

FINAL DRAFT REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgments

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For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com. For more information about this report, please contact:

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Executive Summary

This section summarizes the high-level findings from the analysis of land sufficiency of employment and public or institutional land in the McMinnville urban growth boundary (UGB).

Background

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary for the planning period of 2021 – 2041 and 2021 – 2067, as part of its “Growing McMinnville Mindfully” program, to ensure that the City has sufficient land supply to support housing, economic development and public amenities to support future growth needs.

This evaluation process is comprised of several technical studies per the following: .

- an Oregon Land Use Goal 10 compliant housing needs assessment (HNA) and residential buildable land inventory,
- an Oregon Land Use 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 are combined into a report called an “Urbanization Study” which allows 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 2021 – 2041, and to plan for an Urban Reserve Area (URA) to accommodate land needs for the planning period of 2041 – 2067.

This effort started in 2018 that resulted in 2020 draft reports. However, since the City was finishing up its UGB amendments necessary to meet the land needs for the planning period of 2003 – 2023 in 2020, the City elected to wait and update the reports based on the outcomes of that effort.

The analysis in this EOA was updated in 2023 to account for development that has occurred in recent years, as well as to make other minor changes in land needs, as described through this document.

How much growth is McMinnville planning for?

McMinnville is growing. Exhibit 1 summarizes population and employment forecasts for McMinnville. The population forecast projects that McMinnville will grow at 1.36% annually for the 2021-2041 period and 1.20% annually for the 2021-2067 period. The population forecast is based historic population growth trends, demographic changes and trends, and recent

development trends. The employment forecast projects employment growing at the same rate as population.

Exhibit 1. Population and employment forecasts, McMinnville UGB, 2021-2041, 2021-2067

Year	Population	Total Employment
2021	36,238	22,157
2041	47,498	29,042
2067	62,803	38,158
<i>Change 2021-2041</i>		
Number	11,260	6,885
Percent	31%	31%
AAGR	1.36%	1.36%
<i>Change 2021-2067</i>		
Number	26,565	16,001
Percent	73%	72%
AAGR	1.20%	1.19%

Source: ECONorthwest

How much employment land does McMinnville currently have?

McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land. Exhibit 2 summarizes the buildable lands inventory for employment lands. All of the buildable employment lands are in Water Pressure Zone 1. Some higher elevation areas within the westerly UGB are in Water Pressure Zone 2, which requires new infrastructure to serve that zone before the land can develop.

Exhibit 3 shows a map of the buildable employment land by zone. Some properties are subject to “Planned Development” overlays which provide unique land use regulations for certain properties. The classifications are listed below by zone. A few properties still have rural zoning, and are therefore classified by their urban commercial or industrial plan designation, which specifies the zoning and uses that will apply when rezoned. Planned Development overlays are addressed in the EOA for specific properties as needed.

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.

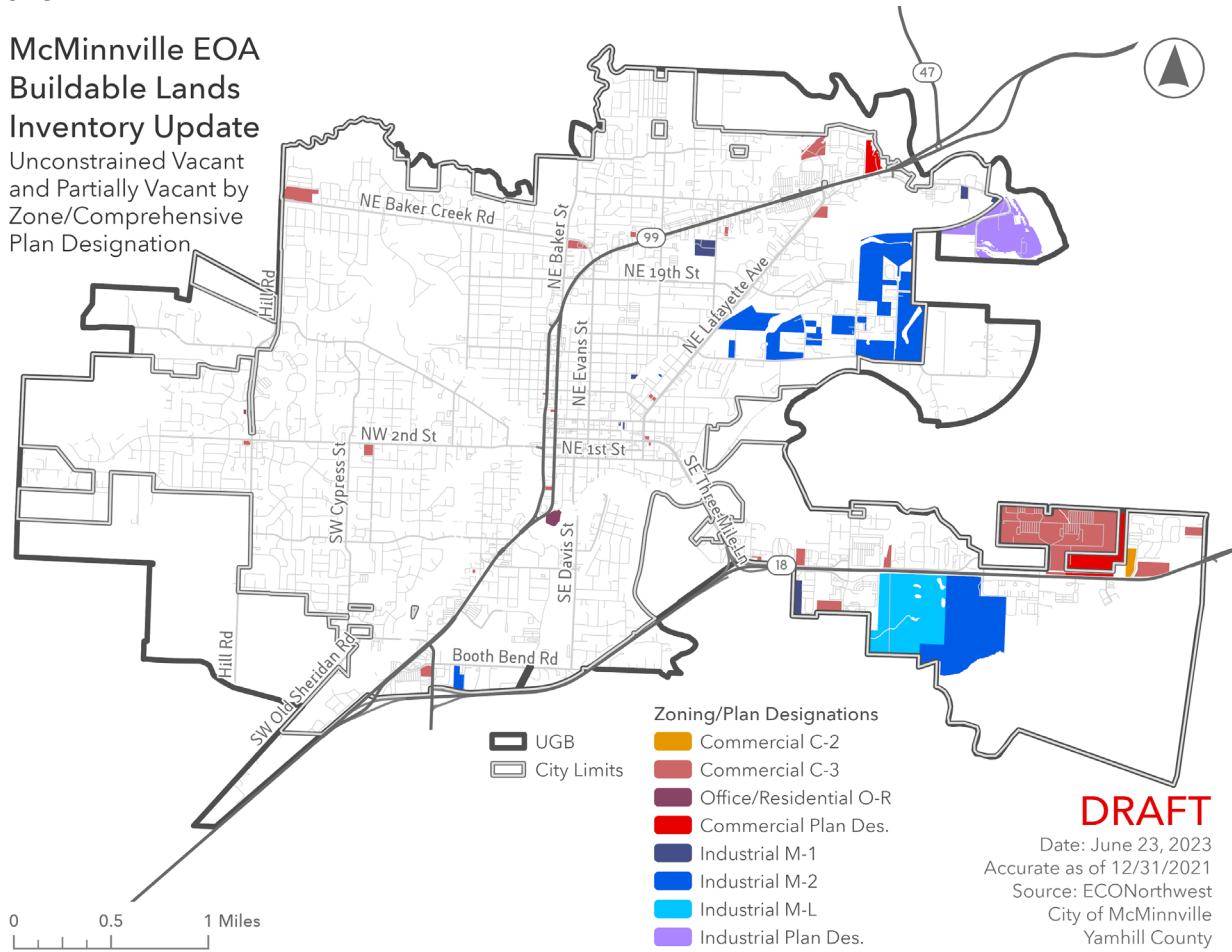
Exhibit 2. Unconstrained buildable vacant and partially vacant land by zoning, McMinnville UGB, 2023

Plan Designation	Buildable Acres
Commercial	154
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	354
Total	508

Source: City of McMinnville GIS data; analysis by ECONorthwest. Note: numbers may not sum due to rounding.

Exhibit 3. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

McMinnville EOA
Buildable Lands
Inventory Update
Unconstrained Vacant
and Partially Vacant by
Zone/Comprehensive
Plan Designation



DRAFT

Date: June 23, 2023
Accurate as of 12/31/2021
Source: ECONorthwest
City of McMinnville
Yamhill County

How much land will be required for employment?

Context

The City last updated its Economic Opportunities Analysis (EOA) in 2013, which was adopted and acknowledged. In 2019, the City adopted the MAC-Town 2032 Economic Development Strategic Plan (EDSP).

This current EOA update for the planning period of 2021-2041, incorporates new trend and forecast data, and ensures the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period, 2021- 2067 in preparation for a future Urban Reserve Area.

Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period.

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. *For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period.*
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. *These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.*
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the retail leakage highlighted in a market analysis, which identifies existing deficits in the base year that are not otherwise accounted for in the forecast of future employment from 2021-2041. *McMinnville will need about 12.2 acres to address existing retail leakage.*

- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. *McMinnville will need 56 acres for other needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period.* A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.
- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in *overall demand for 384 acres of industrial land.*

Supply

In 2023, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 89 acres are in vacant lots, and 65 acres are in partially-vacant lots (excluding the 39 acres of land in the Urban Holding zone, which has not yet been zoned commercial). About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only about two dozen tax lots with buildable commercial acreage, and only some of these contiguous. Note that when the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 4 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 4. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	Land Demand	Land Sufficiency (Deficit)	Land Supply	Land Demand	Land Sufficiency (Deficit)	Land Supply	Land Demand	Land Sufficiency (Deficit)	Land Supply	Land Demand	Land Sufficiency (Deficit)
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

How much land will be required for public or institutional uses?

Land needed for public or institutional use in McMinnville is shown in Exhibit 5. These needs are not addressed in the HNA or EOA documents but are included in the Urbanization Study report. (Appendix E. Public and Institutional Land Need provides the detailed results for public and institutional uses.) McMinnville will need an additional 477 acres in the 2021 to 2041 period and 780 acres in the 2021-2067 period.

Exhibit 5. Estimated demand (in acres) for public and institutional land, McMinnville UGB, 2021-2041 and 2021-2067

Organization/Sector	Additional Land Need	
	20-Year (2021-2041)	46-Year (2021-2067)
City of McMinnville (non-parks), ¹	7	11
City of McMinnville (parks), ²	392	606
McMinnville Water & Light	21	21
Chemeketa Community College	0	0
Linfield College	0	0
McMinnville School District	10	40
Yamhill County	6	13
State of Oregon	1	2
Federal Government	2	4
Churches	38	83
Other	0	0
Sum	477	780

The City expanded its UGB in 2020, including land for public and semi-public uses by 383 acres. Exhibit 6 compares the land need for Public and Institutional land needs through 2041 with the UGB expansion for Public and Semi-Public land needs for 2003-2023. Exhibit 6 shows that

McMinnville’s UGB expansion added about 383 acres for public and semi-public uses, resulting in a remaining unmet public and semi-public land need.

Exhibit 6. Comparison of Land Added to the UGB for Public and Semi-Public land needs in 2020 with the Estimate of Public and Institutional Land Need through 2041

Category of Land Need	UGB Expansion for 2003-2023 Phase 2	Need through 2041	Surplus or (Deficit)
Parks	254	392	(138)
Schools (McMinnville SD)	54	10	44
Private Schools (colleges)	2	0	2
Religious (churches)	48	38	9
Government (City, County, State, Federal)	1	16	(15)
Semi-public Services (Water & Light)	25	21	4
Total	383	477	(94)

1. Introduction

This report presents an update to the 2013 Economic Opportunities Analysis (EOA) for the City of McMinnville. The purpose of an EOA is to develop information as a basis for policies that capitalize on McMinnville's opportunities and help address the City's challenges. In 2019, the City adopted the *MAC-Town 2032 Economic Development Strategic Plan*. This EOA Update is intended to:

- Provide the analysis and land use foundation necessary to achieve the City's economic development strategy.
- Identify policy issues that will need to be reflected in the Comprehensive Plan to achieve the economic development strategy.
- Update the trend data and forecasting, the buildable land inventory, and employment land needs to a common planning period with the City's housing needs analysis and other land needs. This update is part of an urbanization report to inform the strategy and identify land needs for a 20-year planning period to determine sufficiency of buildable lands and land use policies to meet identified needs consistent with the City's vision. Additional long-term and short-term planning periods are also analyzed consistent with planning for Urban Reserves and to ensure adequate short-term supply of needed sites.

This version of the EOA is intended to provide an update to the previous 2013 EOA, and thus retains portions of the content and narrative throughout. Where necessary, this update uses updated data on employment trends and commercial and industrial land needs, as well as refined approaches to methods for forecasting employment growth. The competitive advantages (i.e., advantages and disadvantages) for economic development in McMinnville did not change substantially since evaluation of these factors in the 2013 EOA or the *MAC-Town 2032 Economic Development Strategic Plan* adopted in 2019. This 2023 EOA updates the information included in the 2013 EOA to include the new information on competitive advantages and the target industries identified in the Strategic Plan, with consideration for any outdated information.

In 2023, the City updated the EOA to account for:

- Changes in the buildable lands inventory, including:
 - Accounting for land brought into the urban growth boundary in 2020
 - Development that occurred through December 31, 2021, as an update to the buildable lands inventory
- Update to the "Other Sites" needed in Exhibit 58 to remove sites that have been accommodated elsewhere.
- Update to the estimate of Land Needed to reflect the decrease in land needs for "Other Sites".

- Update the estimate of Land Sufficiency to reflect changes in the inventory of buildable land and the change in land need.
- Update to Appendix E to acknowledge acreage brought into the UGB to accommodate public and institutional land needs.

Other than these items, the City did not substantively update assumptions in the EOA, as they were thoroughly reviewed by the Project Advisory Committee in development of the EOA.

Contents, Format, and Guiding Requirements

The EOA includes technical analysis to address a range of questions that McMinnville faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth McMinnville should plan for over the planning period and identifies the amount and type of employment land necessary to accommodate growth in McMinnville over that period. The EOA also includes an inventory of commercial and industrial land within McMinnville’s urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 2021-2041 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City’s economic development objectives, and the specific needs of target industries. This updated analysis is more comprehensive than the State requires, as it looks at the employment needs for a 5-, 10-, and 46-year period, in addition to the 20-year period. The shorter-term analyses are intended to identify immediate employment land needs and strategies given current land-need deficiencies, and the 46-year analysis can provide a basis for the establishment of urban reserve areas (URAs).

Background

The City adopted an updated EOA in 2013. It provided the following history of work prior to the 2013 EOA update:

McMinnville’s Comprehensive Plan, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an Economic Opportunities Analysis (EOA) aimed to “inventory all non-residential lands and conduct an analysis of its future commercial and

industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules.” The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted as an element of the Comprehensive Plan. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville’s Urban Growth Boundary (UGB).

In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised Population and Employment Justification and a Revised Buildable Land Analysis, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres (to meet needs for 2003-2023), with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC’s approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

In 2020, the City finished the remanded portion of the work, adopted the revised McMinnville Growth Management and Urbanization Plan and its associated UGB amendment, and the state acknowledged the work in April, 2021.

2013 EOA Update

The City of McMinnville last conducted a Goal 9-compliant analysis and evaluation of economic trends in the 2013 EOA update, which was based on 2010 Census and other employment data. The 2019 Economic Development Strategic Plan also included a Demographic and Economic profile of McMinnville.

The 2013 EOA acknowledged that due to the prior Court of Appeals decision, “a previously determined 106-acre deficiency of commercial land for McMinnville’s’ 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy...”

The 2013 EOA stated, “As noted, while always an option for potential consideration, this EOA update assumes that McMinnville’s UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion.” The 2013 EOA found a 36-acre shortfall of commercial land for the 2013-2033 planning period, and a surplus of industrial land. This resulted in findings that led to subsequent rezoning of some of the surplus industrially-zoned acreage to commercially-zoned acreage in response to identified commercial land deficits.

One of the land-use efficiencies identified in the 2020 UGB amendment was to rezone 40 acres of industrial land to commercial land. This was adopted as a comprehensive plan policy and land-use efficiency but the comprehensive plan map and zoning map amendment have not yet been executed.

Planning Area Definition

The EOA provides the data and analysis necessary to evaluate the sufficiency of McMinnville’s UGB to meet needs for the identified planning period. As such, it includes an evaluation of the buildable lands within McMinnville’s current UGB (as illustrated by the Comprehensive Plan map on the following page). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed. The report provides information that will be needed to address UGB and Urban Reserve needs for any deficit of lands that isn’t met within the current UGB. It also provides information about site needs and characteristics that will assist with UGB an Urban Reserve alternatives analysis. The analysis area for alternatives analysis is articulated in state law and will be addressed in a separate step in this review.

Community Economic Development Objectives

Current community objectives for economic development can be found as part of the following City documents:

MAC-Town 2032 Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Strategic Plan*, which includes new vision, mission, and values statements. It also includes goals for seven strategic priorities, and for each goal, there are identified objectives and priority actions. Additional actions are also identified.

Vision, Mission, Values

Vision

A collaborative and caring city inspiring an exceptional quality of life.

Mission

The City of McMinnville delivers high-quality services in collaboration with partners for a prosperous, safe, and livable community.

Values

- **Stewardship.** We are responsible caretakers of our shared public assets and resources. We do this to preserve the strong sense of community pride which is a McMinnville trademark.
- **Equity.** We are a compassionate and welcoming community for all – different points of view will be respected. Because not all members of our community are equally able to access our services or participate in public process, we commit ourselves to lowering these barriers.
- **Courage.** We are future-oriented, proactively embracing and planning for change that is good for our community and consistent with our values.
- **Accountability.** We believe healthy civil discourse is fostered through responsive service and clear, accurate, useful information.

Strategic Priorities. To move McMinnville toward its vision, the City believes it will need to make disproportionate investment in time and resources in these areas.

One of these strategic priorities is Economic Prosperity, with the following goal and objectives. Each objective also has associated priority actions.

- Goal: Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.
- Objectives:
 - Accelerate growth in living wage jobs across a balanced array of industry sectors
 - Improve systems for economic mobility and inclusion
 - Foster opportunity in technology and entrepreneurship
 - Be a leader in hospitality and place-based tourism
 - Locate higher job density activities in McMinnville
 - Encourage connections to the local food system and cultivate a community of exceptional restaurants

MAC-Town 2032 Economic Development Strategic Plan (adopted 2019)

In 2019, McMinnville adopted the *MAC-Town 2032 Economic Development Strategic Plan*, which updated the City’s mission and goals related to economic development, as a supplement to the goals and policies in the Strategic Plan and Comprehensive Plan. The mission in the Plan states:

“McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel

manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville’s high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville’s character.”

The “foundational goals and strategies” defined in the plan are:

1. Accelerate growth in living-wage jobs across a balanced array of industry sectors
2. Improve systems for economic mobility and inclusion
3. Maintain and enhance our high quality of life

The “target sector goals and strategies” defined in the plan are:

4. Sustain and innovate within traditional industry and advanced manufacturing
5. Foster opportunity in technology and entrepreneurship
6. Be a leader in hospitality and place-based tourism
7. Align and cultivate opportunities in craft beverages and food systems
8. Proactively assist growth in education, medicine, and other sciences

Economic Opportunities Analysis (2013)

McMinnville last completed an EOA in 2013, as an update to the 2001/2003 EOA process. Section 6 of the EOA provided discussion and findings for each relevant goal in the Comprehensive Plan for community economic development objectives. Chapter 6 provides updated discussion of these Goals. The 2013 EOA also recommended updates to the list of cluster target industries to include Advanced Manufacturing and Healthcare/Traded Sector Services. A full discussion of these sectors is included in Chapter 4 of this EOA.

Comprehensive Plan (Adopted 1981, and subsequently amended).

McMinnville’s Comprehensive Plan consists of three interrelated volumes.

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

A more detailed statement of economic development goals is embodied by the Comprehensive Plan (Volume II Goals and Policies), Chapter IV – Economy of McMinnville (as amended)

General:

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Commercial Development:

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Industrial Development:

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Each goal has associated policies and proposals. The Comprehensive Plan includes a series of general, locational and design policies as "more precise and limited statements intended to further define the goals." Also included as part of the Economic Development element of the existing adopted plan are three proposals as "possible courses of action" to further implement the goals and policies.

The 2020 EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. In addition to retaining all relevant information from the 2013 EOA, the EOA update also uses information from the Three Mile Lane market analysis, completed in March 2019.

Statewide Planning Guidance

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this

report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.
2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.
3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Public Process

At the broadest level, the purpose of the project was to understand how McMinnville's employment has changed since the completion of the 2013 EOA, as well as update the city's employment land needs to align with planning periods used in the 2019 HNA. In 2019, the city adopted an economic development strategy that provided a framework for policies and implementation actions for economic development. The update to the EOA requires a broad

range of assumptions that influence the outcomes. Public engagement during the project was accomplished through facilitation of a Project Advisory Committee as described below.¹

Project Advisory Committee Meetings

The City of McMinnville and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met 5 times² to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to:

- Review work products, advise on public involvement, and consider public input when making recommendations.
- Advise the project team on matters regarding employment needs and the buildable lands inventory in McMinnville.
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation for the McMinnville Economic Opportunities Analysis.

A public lands work group was also established to review and make recommendation regarding unique land needs associated with employment and land uses for public and institutional organizations.

In 2023, a Project Advisory Committee met twice to discuss the changes to the EOA analysis described above and throughout the document, and a work session was conducted with the McMinnville City Council.

Organization of this Report

This report is organized as follows:³

- **Chapter 2. The McMinnville Economy** – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- **Chapter 3. National, State & Regional Outlook** – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 5-, 10-, 20-, and 46-year planning horizons of this EOA.
- **Chapter 4. Economic Development Potential** – focused on factors that currently and prospectively affect economic development in McMinnville.

¹ In addition to Project Advisory Committee meetings, the City of McMinnville also maintained a project website and social media presence.

² Project Advisory Committee meeting dates: July 10, 2019; September 5, 2019; October 10, 2019; November 13, 2019; and January 21, 2020.

³ The organization of the report is intended to align as closely as possible to the 2013 EOA. Some subsections may differ due to changes in methodology or alternative data sources.

- **Chapter 5. Forecast Employment & Land Needs** – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short- term needs, parcel size evaluation, site characteristics, and commercial/industrial policy options necessary to provide the land use foundation for the City’s economic development strategy.

This report also includes two appendices:

- **Appendix A, Buildable Lands Inventory Methodology**
- **Appendix B, Employment on Other Land and Employment Density**
- **Appendix C, Other Site Needs**
- **Appendix D, Site Need Letters**
- **Appendix E, Public and Institutional Land Need**

2. The McMinnville Economy

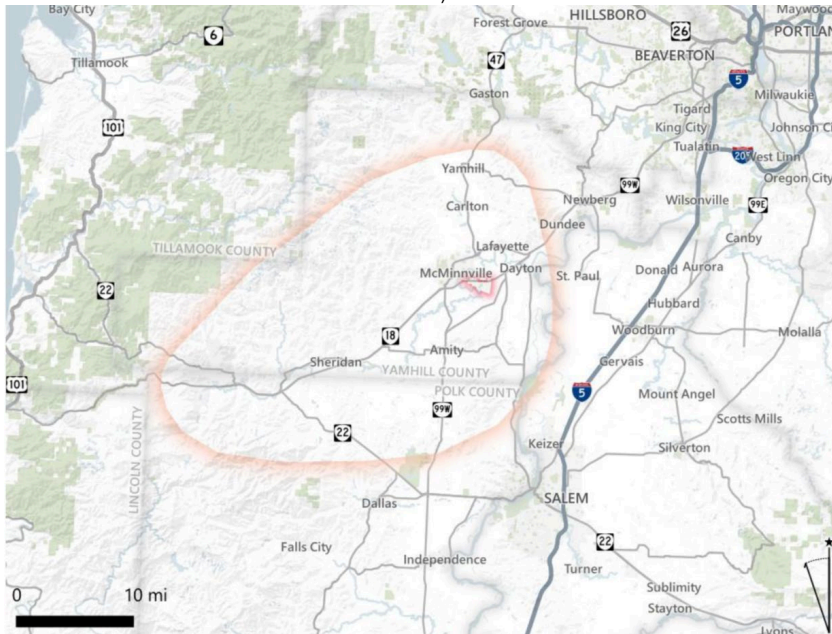
This chapter describes the factors affecting economic growth in McMinnville within the context of national and regional economic trends. The analysis presents the City’s competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in McMinnville.

McMinnville exists within the context of the county, market area, region, state, national, and international context and economies. OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends.

Regions are defined differently for different purposes. McMinnville exists as part of the economy of the following regions. Also included, as available, are pertinent comparable data for Yamhill County, the state of Oregon and United States.

- 10-County Economic Region. (used for 2013 EOA)
- 7-County Portland MSA (US Census Bureau-defined economically integrated region)
- 6-County North Valley Region (used in 2001/03 EOA, which also used “Willamette valley with three additional counties for some indicators)
- 4-County Mid-Valley Region (defined by the Oregon Employment Department and used in their reporting): Linn, Marion, Polk, Yamhill
- Market Area (relates predominantly to retail trade) (Exhibit 7). Market area will vary depending on the type of attractor. Larger regional shopping may have a larger market areas while neighborhood retail will have a smaller market area).

Exhibit 7. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

Employment Trends in McMinnville and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon’s economy, including McMinnville’s economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County since 2001 and in McMinnville since 2007.

Exhibit 8 shows covered employment⁴ in Yamhill County for 2001 and 2018. Employment increased by 8,202 jobs, or 29%, over this period, which included the Great Recession and subsequent recovery. The sectors with the largest increases in numbers of employees were Arts, entertainment, and recreation; Healthcare and social assistance; Other services; Accommodation and food services; and Professional and business services.

The average wage for employment in Yamhill County in 2018 was about \$42,321. Employment in higher wage industries, such as Information and Transportation, Warehousing, and Utilities, decreased by 204 jobs over the 2001 to 2018 time period.

Exhibit 8. Covered Employment by Industry, Yamhill County, 2001-2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	2,824	3,668	844	30%	1.6%
Construction	1,492	1,977	485	33%	1.7%
Manufacturing	5,584	6,901	1,317	24%	1.3%
Wholesale trade	560	629	69	12%	0.7%
Retail trade	3,157	3,728	571	18%	1.0%
Transportation, Warehousing and Utilities	645	468	-177	-27%	-1.9%
Information	269	242	-27	-10%	-0.6%
Financial Activities	972	1,007	35	4%	0.2%
Professional and Business Services	1,371	1,936	565	41%	2.1%
Educational Services	1,166	1,512	346	30%	1.5%
Health care and social assistance	2,792	4,881	2,089	75%	3.3%
Arts, entertainment, and recreation	172	350	178	103%	4.3%
Accommodation and food services	2,145	3,441	1,296	60%	2.8%
Other Services	852	1,378	526	62%	2.9%
Unclassified	19	10	-9	-47%	-3.7%
Government	4,090	4,184	94	2%	0.1%
Total	28,110	36,312	8,202	29%	1.5%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2018.

Exhibit 9 shows covered employment and average wage for the 10 largest employment industries in Yamhill County in 2018. Jobs in manufacturing account for about 19% of the

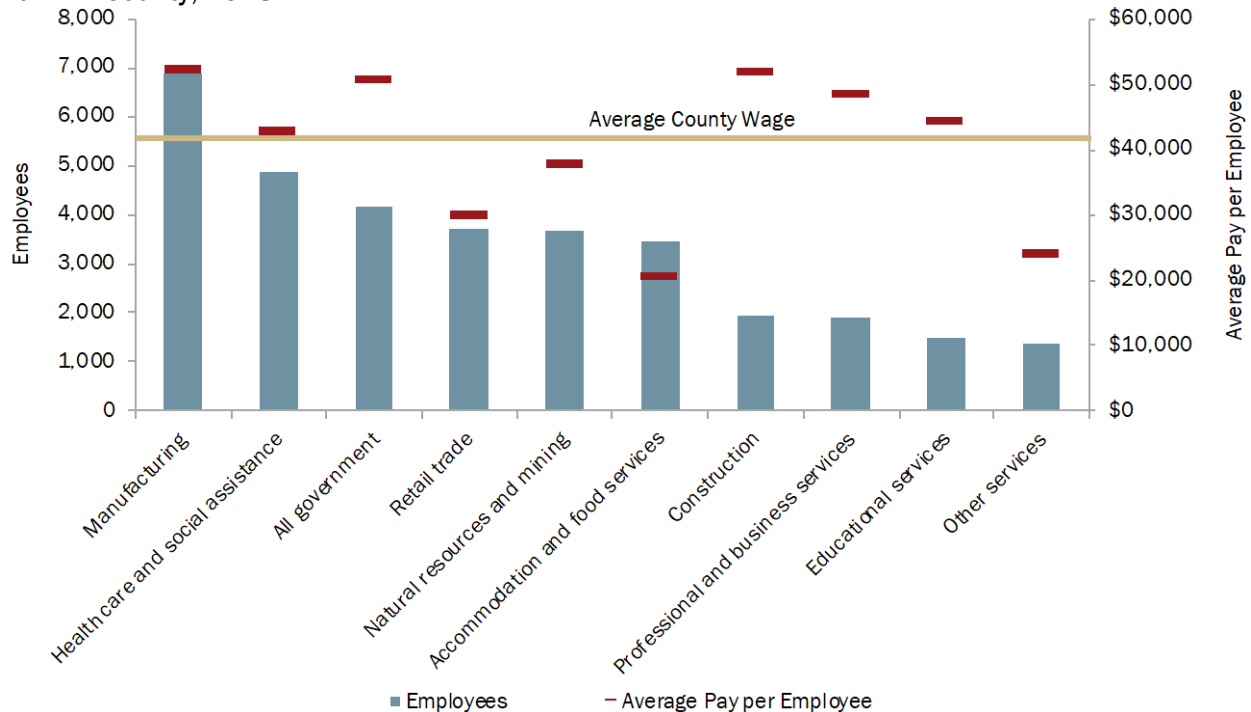
⁴ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as “1099 employees”), or some railroad workers. Covered employment data is from the Oregon Employment Department.

county's covered employment and these jobs pay approximately 24% more than the county average wage (\$52,303 compared to \$42,321). Healthcare and social assistance jobs are the next largest employment sector, making up about 13% of Yamhill County's covered employment. Wages in this industry are closer to the county average, paying employees an average of \$42,952. Government jobs account for 12% of the county's covered employment. These jobs pay roughly 20% more than the county average (\$50,765 compared to \$42,321).

Though not shown in Exhibit 9 due to relatively low employment levels, wholesale trade, on average, pays employees \$62,411, 47% above the county average wage. This sector only makes up about 2% of Yamhill County's total covered employment, though it pays the highest wages.

Additionally, jobs in construction (\$51,947), professional and business services (\$48,497), and educational services (\$44,398), pay more per year than the county average. However, these three sectors make up a smaller employment base than Retail trade, Natural resources and mining, and Accommodation and food services, which pay below the average county wage.

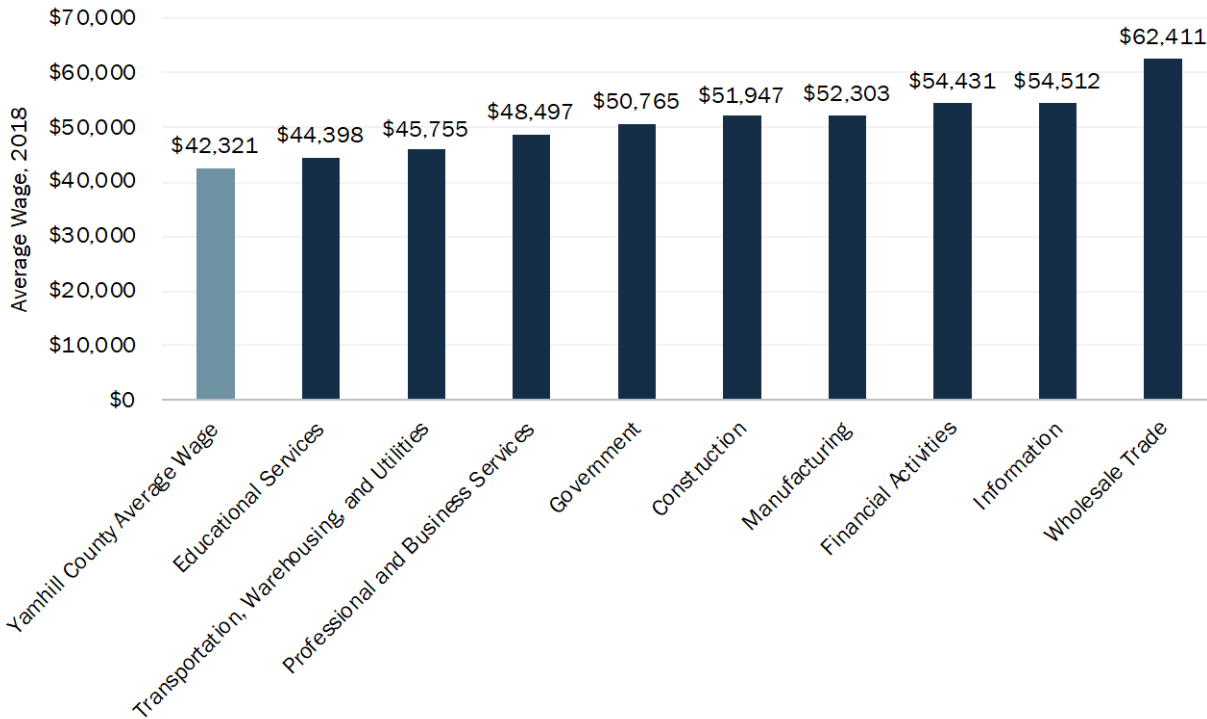
Exhibit 9. Covered Employment and Average Pay by Sector, 10 Largest Employment Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Exhibit 10 shows the sectors in Yamhill County that pay an annual average wage above the countywide average wage. Some of these sectors, such as wholesale trade and construction, are shown in Exhibit 9; however, other higher paying sectors include information (\$54,512), financial activities (\$54,431), and manufacturing (\$52,303).

Exhibit 10. Highest Paying Sectors in Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

Between 2007 and 2017, employment in McMinnville increased by about 1,123 employees (8%) at an annual average growth rate of 0.8%. Employment in Accommodation and food services and Retail trade increased by 372 employees and 309 employees respectively, while employment in Transportation and warehousing and Utilities decreased by about 229 (Exhibit 11).

Exhibit 11. Change in Covered Employment, McMinnville UGB, 2007-2017

Sector	Employment		Change in Employment	Percent	AAGR
	2007	2017			
Agriculture, Forestry, and Mining	244	356	112	46%	3.8%
Construction	634	585	(49)	-8%	-0.8%
Manufacturing	2,300	2,277	(23)	-1%	-0.1%
Wholesale Trade	264	127	(137)	-52%	-7.1%
Retail Trade	1,861	2,170	309	17%	1.5%
Transportation and Warehousing and Utilities	369	140	(229)	-62%	-9.2%
Information	136	127	(9)	-7%	-0.7%
Finance and Insurance	511	459	(52)	-10%	-1.1%
Real Estate and Rental and Leasing	138	113	(25)	-18%	-2.0%
Professional and Technical Services	265	367	102	38%	3.3%
Management of Companies	221	117	(104)	-47%	-6.2%
Admin. and Support/Waste Mgmt/Remediation Serv.	494	584	90	18%	1.7%
Health Care and Social Assistance; Private Education Serv.	2,564	3,159	595	23%	2.1%
Arts, Entertainment, and Recreation	134	168	34	25%	2.3%
Accommodation and Food Services	1,131	1,503	372	33%	2.9%
Other Services	417	630	213	51%	4.2%
Government	2,158	2,082	(76)	-4%	-0.4%
Total	13,841	14,964	1,123	8%	0.8%

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017.

Exhibit 12 shows a summary of covered employment data for the McMinnville UGB in 2017. The sectors with the greatest number of employees were Health care and social assistance and Private education (21%); Manufacturing (15%); and Retail trade (15%). Exhibit 13 shows employment in McMinnville in 2017 for detailed industries in the manufacturing sector. Employment in Food manufacturing and Beverage and tobacco product manufacturing accounted for about one quarter of McMinnville’s manufacturing employment overall.

Exhibit 12. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017

Sector	Establishments	Employees	Payroll	Average pay per employee
Agriculture, Forestry, and Mining	24	356	\$ 11,188,173	\$ 31,427
Construction	104	585	\$ 27,931,863	\$ 47,747
Manufacturing	71	2,277	\$ 113,267,986	\$ 49,744
Wholesale Trade	41	127	\$ 7,778,100	\$ 61,245
Retail Trade	141	2,170	\$ 62,991,136	\$ 29,028
Transportation and Warehousing and Utilities	20	140	\$ 4,582,386	\$ 32,731
Information	19	127	\$ 5,010,927	\$ 39,456
Finance and Insurance	51	459	\$ 29,183,634	\$ 63,581
Real Estate and Rental and Leasing	38	113	\$ 3,815,372	\$ 33,764
Professional and Technical Services	100	367	\$ 21,852,471	\$ 59,544
Management of Companies	9	117	\$ 7,033,600	\$ 60,116
Admin. and Support/Waste Mgmt/Remediation Serv.	49	584	\$ 14,681,454	\$ 25,139
Health Care and Social Assistance; Private Education :	173	3,159	\$ 144,631,456	\$ 45,784
Arts, Entertainment, and Recreation	9	168	\$ 3,128,546	\$ 18,622
Accommodation and Food Services	99	1,503	\$ 27,941,666	\$ 18,591
Other Services	218	630	\$ 13,857,430	\$ 21,996
Government	42	2,082	\$ 101,259,952	\$ 48,636
Total	1,208	14,964	\$ 600,136,152	\$ 40,105

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 13. Covered Employment in Manufacturing Industries, McMinnville UGB, 2017

Sector	Establishments	Employees
Food Manufacturing	14	448
Beverage and Tobacco Product Manufacturing	18	134
Wood, Plastic, and Chemical Product Manufacturing	18	536
Metal, Electronic, and Other Product Manufacturing	21	1,159
Total	71	2,277

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The average size for a private business in McMinnville is 12 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for 55% of private employment and 10 or fewer account for 19% of private employment. Exhibit 14 shows the distribution of establishments by size class (i.e., number of employees). Over 75% of the private (i.e., non-government) establishments are businesses with fewer than 10 employees.

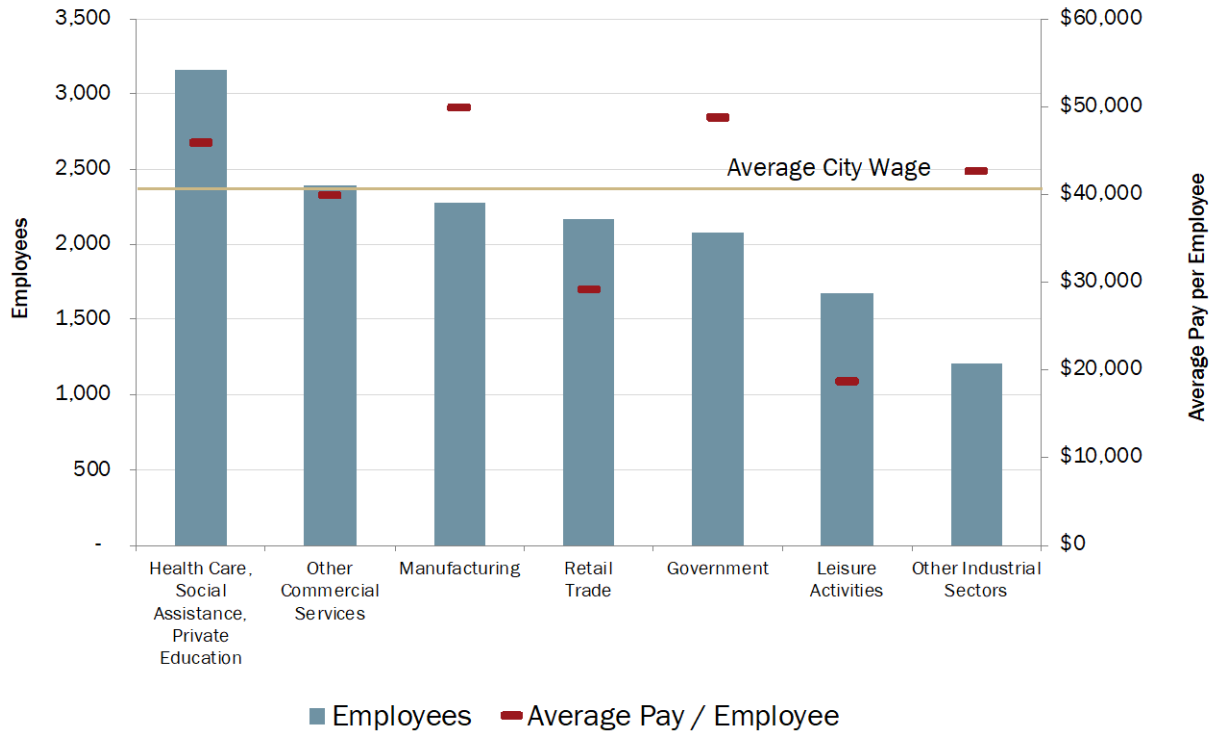
Exhibit 14. Covered Private Employment by Size Class, McMinnville UGB, 2017

Establishment size (number of employees)	Number of establishments
0 to 4	682
5 to 9	211
10 to 19	141
20 to 49	87
50 to 99	27
100+	18
Total	1,166

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 15 shows the employment and average pay per employee for sectors in McMinnville. Average pay for all employees (\$40,105) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Health care, social assistance, and Private education; Manufacturing; Government; and Other industrial sectors had above average wages. The lowest wages were in Retail trade and Leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

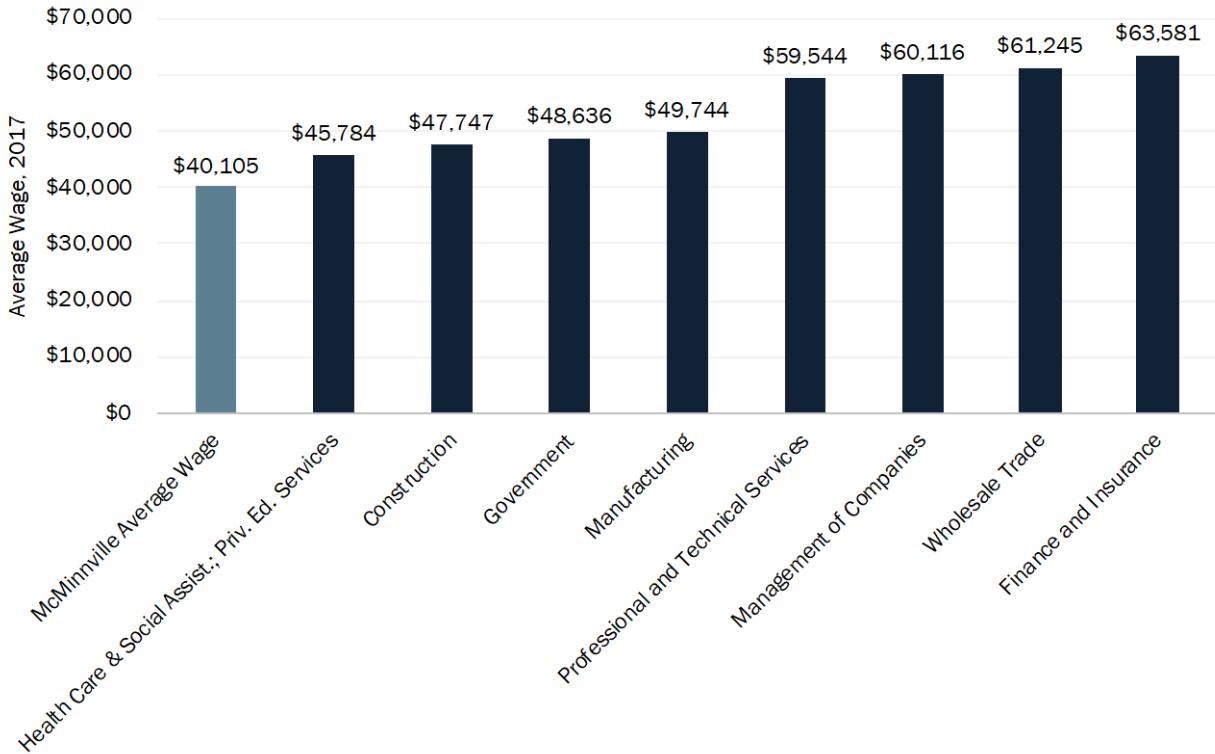
Exhibit 15. Covered Employment and Average Pay by Sector, McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 16 shows the sectors with average annual wages that exceed the McMinnville City average. The three highest paying sectors, finance and insurance, wholesale trade, and management of companies, all paid over \$60,000 in 2017. Other higher paying sectors include professional and technical services, manufacturing, government, and construction.

Exhibit 16. Highest Paying Sectors Exceeding Average Wage in McMinnville UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Yamhill County

Exhibit 17 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.1%.

The sectors that will lead employment in the region for the 10-year period are: Private educational and health services (adding 8,100 jobs), Trade, transportation, and utilities (5,100), Government (3,500), Construction (3,000), Leisure and hospitality (3,000), and Manufacturing and Natural resources and mining (2,400 each). In sum, these sectors are expected to add 27,500 new jobs or about 88% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and McMinnville accounts for about 42% of the County's employment.

Exhibit 17. Regional Employment Projections, 2017-2027, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	208,800	236,400	27,600	13%	1.2%
Natural resources and mining	17,700	20,100	2,400	14%	1.3%
Mining and logging	1,200	1,300	100	8%	0.8%
Construction	14,700	17,700	3,000	20%	1.9%
Manufacturing	27,700	30,100	2,400	9%	0.8%
Durable goods	16,300	17,700	1,400	9%	0.8%
Nondurable goods	11,400	12,400	1,000	9%	0.8%
Trade, transportation, and utilities	42,500	47,600	5,100	12%	1.1%
Wholesale trade	6,200	6,900	700	11%	1.1%
Retail trade	27,800	30,200	2,400	9%	0.8%
Transportation, warehousing, and utilities	8,500	10,500	2,000	24%	2.1%
Information	1,800	1,900	100	6%	0.5%
Financial activities	9,200	9,700	500	5%	0.5%
Professional and business services	19,000	21,000	2,000	11%	1.0%
Private educational and health services	43,700	51,800	8,100	19%	1.7%
Health care and social assistance	35,300	42,500	7,200	20%	1.9%
Leisure and hospitality	22,400	25,400	3,000	13%	1.3%
Accommodation and food services	19,900	22,600	2,700	14%	1.3%
Other services and private households	10,100	11,100	1,000	10%	0.9%
Government	52,200	55,700	3,500	7%	0.7%
Federal government	2,100	2,100	0	0%	0.0%
State government	21,900	23,900	2,000	9%	0.9%
Local government	28,200	29,700	1,500	5%	0.5%
Local education	16,000	16,900	900	6%	0.5%
Total payroll employment	261,000	292,100	31,100	12%	1.1%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

3. National, State, and Regional Outlook

Consistent with Oregon Administrative Rules (OAR 660), McMinnville's Economic Opportunities Analysis is set within the context of broader nationwide, state, and regional trends. Recent trends and conditions at a national and state level are considered first, followed by detailed information at a regional and local level.

National Trends

Economic development in McMinnville over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace.** Analysis from the Congressional Budget Office (CBO) estimates after the 3.1% real GDP growth in 2018, real GDP will grow by approximately 2.3% in 2019. After 2019, the CBO forecasts the annual average growth of real GDP to slow and stabilize around 1.7% across the 2020 to 2029 period. The primary reason they provide for this slowing growth is that they expect the labor force to grow at a slower rate than historical trends.⁵

The unemployment rate is forecasted to decrease to 3.5% in the second-half of 2019, which is the rate's lowest point since the 1960s. After this year, the CBO predicts the unemployment rate will rise between 2020 and 2023 due to slower growth in economic output.⁶

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 62.5 million in 2018 to over 87.0 million in 2040, a 39% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 12% over the same time period, from 176.0 million to 196.4 million in 2040. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2018 but by 2040 there will be 44 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.⁷

Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

⁵ Congressional Budget Office. *The Budget and Economic Outlook: 2019 to 2029. January 2019.* Retrieved from: <https://www.cbo.gov/system/files/2019-03/54918-Outlook-3.pdf>.

⁶ *Ibid.*

⁷ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 25, 2019. Retrieved from: <https://www.ssa.gov/OACT/TR/2019/tr2019.pdf>.

about 30% in 1992.⁸ This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%. Over the same eighteen-year period, the share of workers 45 to 64 years increased from 35% of all employed Oregonians in 2000 to 37% in 2017.⁹

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.¹⁰
- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.¹¹

The national median income for people over the age of 25 in 2018 was about \$48,464. Workers without a high school diploma earned \$19,708 less than the median income, and workers with a high school diploma earned \$10,504 less than the median income. Workers with some college earned \$6,760 less than median income, and workers with a bachelor's degree earned \$13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.¹²

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010.

⁸ "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

⁹ Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

¹⁰ "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

¹¹ "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

¹² Bureau of Labor Statistics, Employment Projections, March 2019. <http://www.bls.gov/emp/epchart001.htm>.

Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.¹³

Since the end of the recession (2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.¹⁴

- **The importance of entrepreneurship and growth in small businesses.** According to the U.S. Small Business Office of Advocacy, small businesses are those that have fewer than 500 employees. However, the Oregon Office of Small Business Advocacy defines small businesses as those with fewer than 100 employees. For consistency in our small business data comparisons, we will maintain the definition of small businesses to be those with fewer than 100 employees.

The U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) shows in 2016 that about 98% of all firms in the United States had fewer than 100 employees. Their employees accounted for approximately 33% of American workers.¹⁵ The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.¹⁶

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

¹³ Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

¹⁴ Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: <https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm>.

¹⁵ U.S. Census Bureau, Statistics of U.S. Businesses. Data by Enterprise Employment Size, 2016. Retrieved from: <https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html>

¹⁶ National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). <https://www.nlc.org/supporting-entrepreneurs-and-small-business>.

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than \$20 per hour over the next 20 years. About 30% of jobs paying \$20 to \$40 per hour and 4% of jobs paying \$40 or more are at risk of being automated over the next 20 years.¹⁷

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).¹⁸ This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.^{19,20,21} This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.²²

- **Transformation of retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, ‘mom and pop shops’ toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.²³ The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.²⁴ Since 2000, e-commerce sales

¹⁷ Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

¹⁸ Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives*, Volume 29, Number 3, Summer 2015, Pages 3–30.

¹⁹ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

²⁰ Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. *International Journal of Entrepreneurial Knowledge*. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

²¹ PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

²² Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

²³ Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. *Journal of Economic Perspectives*, Volume 29, Number 4, Fall 2015, Pages 89-112.

²⁴ Pew Research Center (2010b). *Generations 2010*. Retrieved Online at: <http://www.pewinternet.org/Reports/2010/Generations-2010.aspx>

grew from 0.9% of total retail sales to 9.7% (2018). Over 2000 to 2018, e-commerce retail sales have grown at a rate 18% per year.²⁵ It is reasonable to expect this trend to continue. While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.²⁶

In addition to dynamics with e-commerce, other factors influencing changes in retail include the growth of big box stores, income inequality, and changing preferences. The New York Times reported that while Amazon had \$38 billion in sales between 2000 and 2013, Costco had about \$50 billion and Sam’s Club had about \$32 billion.²⁷ The other factors influencing traditional retail—income inequality and emphasis on services over goods—result in either less consumer spending overall or changes in preferences of consumers who increasingly spend more on services or experiences.

This shift in the retail industry is also described in the *Three-Mile Lane Area Plan: Market Analysis*, which documents proactive steps to adapt to the changing retail landscape by "commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments."²⁸ It specifically describes the difference between "experiential consumerism" and other types of retail that are more likely to directly compete with e-commerce. Examples of "experiential consumerism" include dining, grocery, health and fitness clubs, etc.²⁹ These types of retail are typically located on main streets and neighborhood or commercial centers.

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some

²⁵ U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved online at: <https://www.census.gov/retail/index.html#ecommerce>

²⁶ Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. Retrieved from: <https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/>

²⁷ Austan Goolsbee. "Never Mind the internet. Here's What's Killing Malls." *The New York Times*. February 14, 2020 <https://www.nytimes.com/2020/02/13/business/not-internet-really-killing-malls.html>

²⁸ McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

²⁹ Ibid. pg 36.

states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.³⁰

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2% for both). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. The unspecified sector, which is made up of consumption not attributed to residential, commercial, industrial, or transportation, is forecasted to increase consumption by 1.4% through 2050. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that U.S. energy consumption of motor gasoline will average a 0.9% annual decrease, while consumption of renewable sources will grow at 1.6% per year and natural gases liquefied for exporting will grow 5.0% per year through 2050. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase 0.2% per year annually over 2018 to 2050 as the population grows and economic activity increases.³¹

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.³² Over 2018 to 2038, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption is a result

³⁰ For a more thorough discussion of relevant research, see, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

³¹ Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. <https://www.eia.gov/outlooks/aeo/pdf/AEO2019.pdf>. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=1-AEO2019&cases=ref2019&sid=&sourcekey=0>.

³² Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

of increasing fuel economy offsetting the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.³³ Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.³⁴

In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and (5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.³⁵

These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:³⁶

³³ Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States*. U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*.

³⁴ Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon*. Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from <http://climlead.uoregon.edu/pdfs/willamettereport3.11FINAL.pdf> and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon*. Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from <http://climlead.uoregon.edu/pdfs/ROGUE%20WSFINAL.pdf>

³⁵ Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest*. Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from <http://cse.washington.edu/db/pdf/moteetal2008scenarios628.pdf>; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cse.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States*. Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

³⁶ The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon’s agriculture through changes in growing season, temperature ranges, and water availability.³⁷ Climate change may impact Oregon’s forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.³⁸
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,³⁹ (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy “is on firmer ground today following a rocky start to the year...” They emphasize, however, that the economy continues to strike the “sweet spot” despite a rocky start to 2019.⁴⁰ The OEA also reports that although the Oregon economy has been slowing down over the last couple of years and is not outpacing the nation any longer, its “growth is strong enough to keep up with a growing population but also deliver economic and income gains to Oregonians.”⁴¹

³⁷ “The Economic Impacts of Climate Change in Oregon: A preliminary Assessment,” Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

³⁸ “Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis,” Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

³⁹ “The Economic Impacts of Climate Change in Oregon: A preliminary Assessment,” Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

⁴⁰ Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2. Retrieved from: <https://www.oregon.gov/das/OEA/Documents/forecast0519.pdf>.

⁴¹ *Ibid*, page 2.

Wages in Oregon continue to remain below the national average, but they continue to rise and remain strong, staying at their highest point relative to the state's mill closures in the 1980s.⁴² By the end of 2019, the OEA forecasts 39,800 jobs will be added to Oregon's economy. This is an approximate 2.1% annual growth in total nonfarm employment relative to 2018 levels.⁴³ The health services, professional and business services, leisure and hospitality, retail trade, and manufacturing industries are forecasted to account for well over half of the total job growth in Oregon for 2019. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon's economy improves, though new supply is not keeping up with demand. As a result, prices continue to rise to considerable levels and the OEA reports housing "(in)affordability is becoming a larger risk" to Oregon's economic outlook.⁴⁴ Oregon is seeing an increase in household formation rates, which is good for the housing market as this will "help drive up demand for new houses."⁴⁵ Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2019 are on track to reach 20,600 units and in 2020, starts are expected to increase to 21,800. Beyond 2020, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.⁴⁶

The Oregon Index of Leading Indicators (OILI) continues to grow quite rapidly in 2019 despite a decrease in 2018. The leading indicators showing improvement are: air freight, consumer sentiment, and withholding. Indicators that are slowing down include: help wanted ads, housing permits, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, and the Oregon Dollar Index. The one indicator not improving at this point in time is semiconductor billings. Relative to their September 2018 forecast, many economic indicators in their May 2019 forecast have changed from *improving* to *slowing*, which further illustrates the slowing down of Oregon's economy after several years of extended growth.⁴⁷

Oregon's economic health is dependent on export markets. The value of Oregon exports in 2018 was \$22.3 billion, a 2% growth from 2017. In 2018, Oregon's exports made up approximately 9.4% of its total 2018 GDP.⁴⁸ The countries that Oregon exports the most to are China (21.4% of total Oregon exports), Canada (14.4%), Japan (9.8%), South Korea (7.6%), Malaysia (6.6%), and

⁴² *Ibid*, page 6.

⁴³ *Ibid*, page 36.

⁴⁴ *Ibid*, page 13.

⁴⁵ *Ibid*, page 12.

⁴⁶ *Ibid*, page 12.

⁴⁷ *Ibid*, page 9.

⁴⁸ U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) by State (Millions of current dollars). Retrieved from: <https://apps.bea.gov/iTable/indexregional.cfm>

Vietnam (5.0%).⁴⁹ With the escalating trade war occurring overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.⁵⁰ The OEA notes that it is too soon to assess the disruptiveness of the trade war on global supply chains, however, developments will be tracked as it continues. An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy.

Long-term Trends

State, regional, and local trends will also affect economic development in McMinnville over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2018, Oregon's population increased by about 1.35 million, 69% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was approximately 32,000 persons. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another relatively high peak of 57,100 persons in 2017. Oregon has not seen negative net migration since the early- to mid-1980's.⁵¹
- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.95 million in 2019 to 2.04 million in 2022, an increase of 88,000 jobs. The industries with the largest growth are forecasted to be Government, Health Services, Professional and Business Services, Leisure and Hospitality, and Retail, accounting for 89% of employment growth.⁵²
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled \$19.4 billion in 2008, nearly doubling since 2000, and reached \$22.3 billion in 2018. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Japan, South Korea, Malaysia, and Vietnam as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.⁵³

⁴⁹ United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁵⁰ Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 2.

⁵¹ Portland State University Population Research Center. 2018 Annual Population Report Tables. April 2019. Retrieved from: <https://www.pdx.edu/prc/population-reports-estimates>.

⁵² Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

⁵³ United States Census Bureau. State Exports from Oregon, 2015-2018. Retrieved from: <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.⁵⁴

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon’s manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.⁵⁵
- **Income.** Oregon’s income and wages are below that of a typical state. However, Oregon wages continue to grow and remain strong, and they are at their highest point relative to the mill closures resulting from the early 1980’s recession. In 2018, the average annual wage in Oregon was \$53,058, and in 2017, the median household income in Oregon was \$60,212 (compared to national average wages of \$57,265 in 2018, and national household income of \$60,336 in 2017).⁵⁶ Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from \$219.5 billion in 2019 to \$267.6 billion in 2023.⁵⁷ Per capita income is expected to increase by 16% over the same time period, from \$51,700 (thousands of dollars) in 2019 to \$60,200 in 2023 (in nominal dollars).⁵⁸
- **Small businesses continue to account for a large share of employment in Oregon.** While small firms played a large part in Oregon’s expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

In 2016, small businesses (those with 100 or fewer employees) accounted for 95% of privately-owned businesses in Oregon. Said differently, most businesses in Oregon are small (in fact, 76% of all businesses have fewer than 10 employees), but the largest share of Oregon’s employees work for medium-to-large businesses (those with 100 or more employees).⁵⁹

⁵⁴ Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2018 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

⁵⁵ Although Oregon’s economy has diversified since the 1970’s, natural resource-based manufacturing accounts for about 37% of employment in manufacturing in Oregon in 2018, with the most employment in Food Manufacturing (29,900) and Wood Product Manufacturing (23,400) (QCEW).

⁵⁶ Average annual wages are for “Total, all industries,” which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: <https://www.qualityinfo.org>; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

⁵⁷ Office of Economic Analysis. Oregon Economic and Revenue Forecast, May 2019. Vol. XXXIX, No. 2, page 36.

⁵⁸ *Ibid*, page 36.

⁵⁹ U.S. Census Bureau, 2016 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.

The average annualized payroll per employee for small businesses was \$37,958 in 2016, which is considerably less than that for large businesses (\$57,488) and the statewide average for all businesses (\$47,746).⁶⁰ Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.⁶¹ According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).⁶² However, it is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as “fewer than half of all startups in America are still in business after five years.”⁶³

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon’s economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. The Kauffman Foundation reports several statistics at the state level related to entrepreneurship. They report: the rate of new entrepreneurs, the opportunity share of new entrepreneurs (new entrepreneurs who created a business by choice instead of necessity), startup early job creation (the average number of jobs created by startups in their first year, normalized by population), and startup early survival rate (the percent of startups that are still active after one year).

According to Kauffman’s indicators, Oregon’s opportunity share of new entrepreneurs is at its highest relative point post-recession, reaching approximately 80% in 2017, up from its post-recession low of 71% in 2012. Startup early job creation also continues to increase. In 2017, the average number of jobs created by startups in their first year reached 5.24, which is comparable to the national average of 5.27. Relative to Oregon’s post-recession low of 3.80 in 2010, the average number of startup jobs have increased approximately 38%. However, the two remaining entrepreneurial indicators, the rate of new entrepreneurs and startup early survival rate, are declining somewhat in Oregon. In 2017, the rate of new entrepreneurs decreased by 0.02 percentage points, from 0.34% in 2016 to 0.32% in 2017, though Oregon’s 2017 rate aligns closely with the national average of 0.33%. For Oregon’s startup early survival rate, it declined to 78.4% in 2017 from a post-recession peak of 80.1% in 2015. Though this decline is not substantially large, the downward trend suggests startups, on average, are not persisting as well as they used to

⁶⁰ *Ibid.*

⁶¹ Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: <https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf>.

⁶² Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019 from: <https://indicators.kauffman.org/data-table>

⁶³ Nish Acharya. “Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations.” *Forbes*, May 5, 2019. <https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d>

relative to two years ago. Oregon’s startup early survival rate in 2017 is 1.4 percentage points below the national average of 79.8%.⁶⁴

Moreover, in 2018, the Oregon OEA reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses “are a smaller share of all firms than in the past.”⁶⁵ Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, McMinnville is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in McMinnville’s socioeconomic characteristics.

Availability of Labor

The availability of trained workers in McMinnville will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in McMinnville over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon’s population grew from 2.8 million people in 1990 to nearly 4.2 million people in 2018, an increase of over 1,350,000 people at an average annual growth rate of 1.4%. Oregon’s growth rate slowed to 1.1% annual growth between 2000 and 2018.

McMinnville’s population increased by 15,916 residents over 1990 to 2018, nearly doubling in size. This growth is reflected in its average annual growth rate (AAGR) of 2.3% (and notably, the growth rate used for the 2000-2020 period in the 2002 McMinnville Housing Needs Analysis), which is 0.9 percentage points higher than the State’s rate of 1.4%. Similar to McMinnville, Yamhill County’s population grew more rapidly than the State, averaging 1.8% growth year-over-year. The County added 41,864 residents over 1990 to 2018 and McMinnville accounts for about 38% of this growth.

⁶⁴ Kauffman Foundation. *Kauffman Indicators of Entrepreneurship. State Profile: Oregon*. Retrieved from: <https://indicators.kauffman.org/state/oregon>

⁶⁵ Lehner, Josh. (August 2018). “Start-Ups, R&D, and Productivity.” Salem, OR: Oregon Office of Economic Analysis. Retrieved from: <https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/>.

Exhibit 18. Population Growth, McMinnville, Yamhill County, and Oregon, 1990 - 2018

Geography					Change, 1990 - 2018		
	1990	2000	2010	2018	Number	Percent	AAGR
McMinnville	17,894	26,499	32,930	33,810	15,916	89%	2.3%
Yamhill County	65,551	84,992	95,925	107,415	41,864	64%	1.8%
Oregon	2,842,337	3,421,399	3,844,195	4,195,300	1,352,963	48%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2018.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.⁶⁶

Exhibit 19 through Exhibit 22 show the following trends:

- McMinnville’s population is aging slightly faster than Yamhill County’s population. Populations of both McMinnville and Yamhill County are aging faster than Oregon’s population with respect to each region’s growth in median age.
- Over the 2000 to 2013-2017 period, those in the age groups of 45 to 64 and 65 years and older in McMinnville increased by 59% and 48%, respectively. These age groups grew substantially more than all other age categories. This suggests that McMinnville may be retaining residents throughout their mid-to-late careers as they age and/or attracting more people in their mid-to-late careers.
- Yamhill County’s population is expected to continue to age, with people 60 years and older increasing from 23% of the population in 2017 to 28% of the population in 2035. This is consistent with statewide trends. McMinnville and Yamhill County may continue to attract mid-life and older workers over the twenty-year planning period. While the share of retirees in these respective areas may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in these areas.

⁶⁶ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

McMinnville’s median age increased by about 4.6 years between 2000 and 2013-2017.

This change is slightly larger than Yamhill County’s increase of 4.1 years. Median age increases for both regions exceeded Oregon’s change of 2.8.

Exhibit 19. Median Age, McMinnville, Yamhill County, and Oregon, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013-2017 5-year estimates, Table B01002.

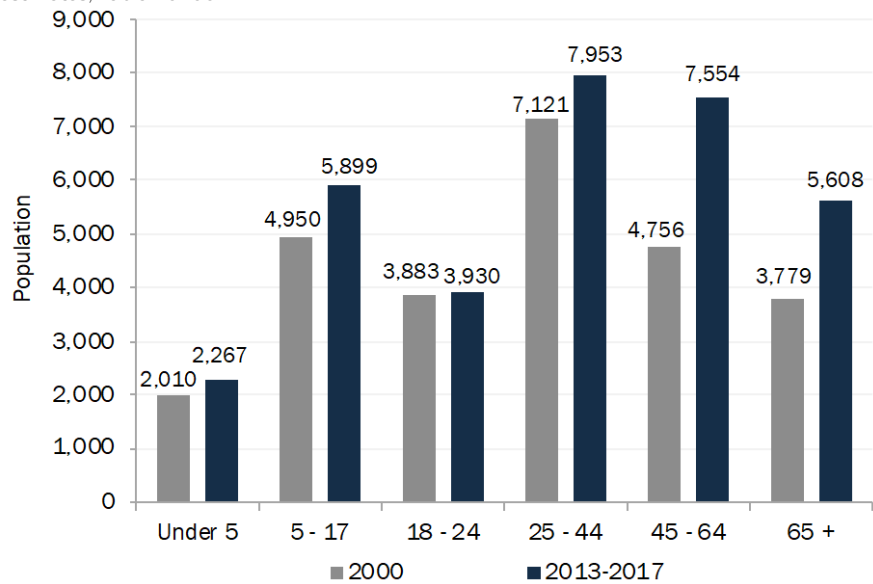
2000	31.5 McMinnville	34.1 Yamhill County	36.3 Oregon
2013-17	36.1 McMinnville	38.2 Yamhill County	39.2 Oregon

Over the 2000 to 2013-2017 period, McMinnville’s largest population increase was for those 45 to 64 (59%) and those aged 65 and older (48%).

This is consistent with statewide trends, where the aforementioned age categories increased the most relative to younger age categories. The Oregon population of those 45 to 64 years of age increased by 30% and those 65 and older increased by 50%.

Exhibit 20. McMinnville Population Change by Age Group, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2013-2017 5-year estimates, Table B01001.



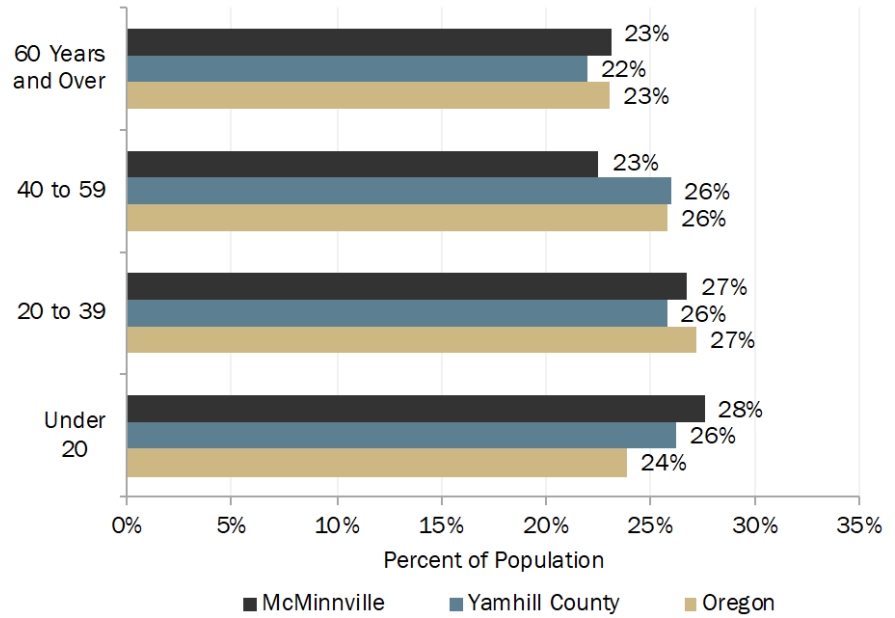
During the 2013-2017 period, the age distribution of McMinnville residents was roughly even across each category, with a slightly smaller proportion of middle-to-older aged adults (40 and older) relative to those 39 years of age and younger.

About 46% of McMinnville residents are 40 years and older and 54% are 39 and younger.

Additionally, the proportion of McMinnville residents under 20 years of age was four percentage points higher than Oregon.

Exhibit 21. Population Distribution by Age, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey, 2013-2017 5-year estimate, Table B01001.

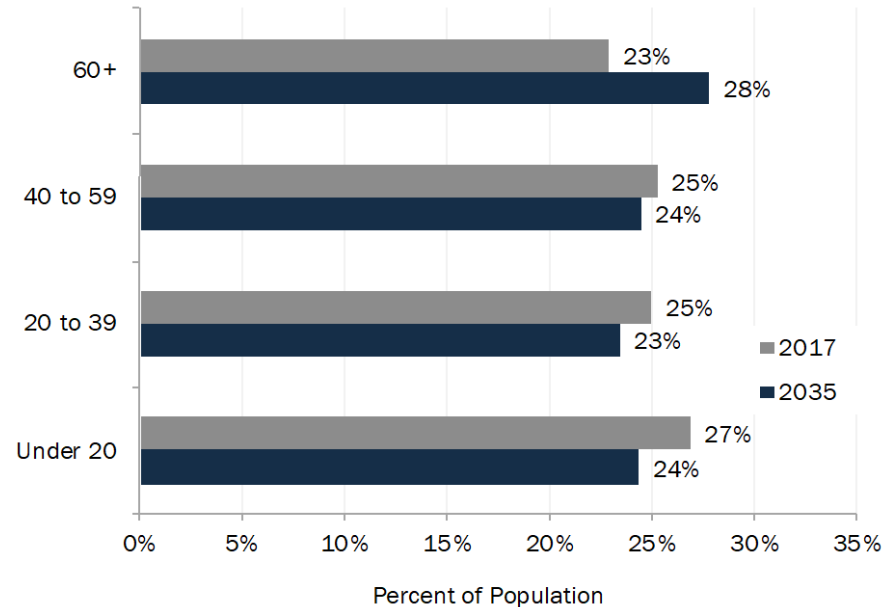


By 2035, Yamhill County will have a larger share of residents older than 60 than it does today. The population forecast for all other age groups projects smaller County population shares by 2035.

The share of residents aged 60 years and older will account for 28% of Yamhill County's population, compared to 23% in 2017.

Exhibit 22. Population Growth by Age Group, Yamhill County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. McMinnville’s median household income (\$50,299) was below the County median (\$58,392) during the 2013-2017 period. Average wages at businesses in McMinnville (\$40,105) were lower than the County average (\$42,315).⁶⁷

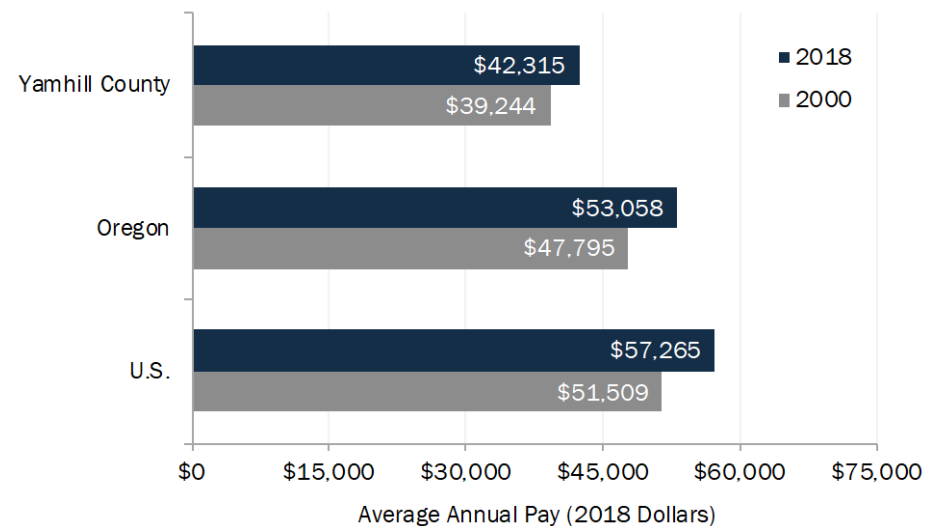
Between 2000 and 2018, Yamhill County’s average wages increased as they also did in Oregon and the nation. When adjusted for inflation to 2018 dollars, average annual wages grew by 8% in Yamhill County, 11% in Oregon, and 11% in the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.

In 2018, average annual wages were \$42,321 in Yamhill County, \$53,058 in Oregon, and \$57,265 across the nation.

Exhibit 23. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
Note: 2018 average annual pay estimates are preliminary, according to the BLS.



Over the 2013-2017 period, the median household income in McMinnville was below that of Yamhill County and Oregon by 14% and 10%, respectively.

Exhibit 24. Median Household Income (MHI),⁶⁸ 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19013.



⁶⁷ According to the Census, Household income includes the income of the householder and other income earners ages 15 or older, thus the mix of sources of income ranges in reporting of household income. Average wage is calculated using Quarterly Census of Employment and Wages data, based on payroll information and number of employees by establishment.

⁶⁸ The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

McMinnville median family income during the 2013-2017 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 12% and 15%, respectively.

Exhibit 25. Median Family Income,⁶⁹ 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19113.

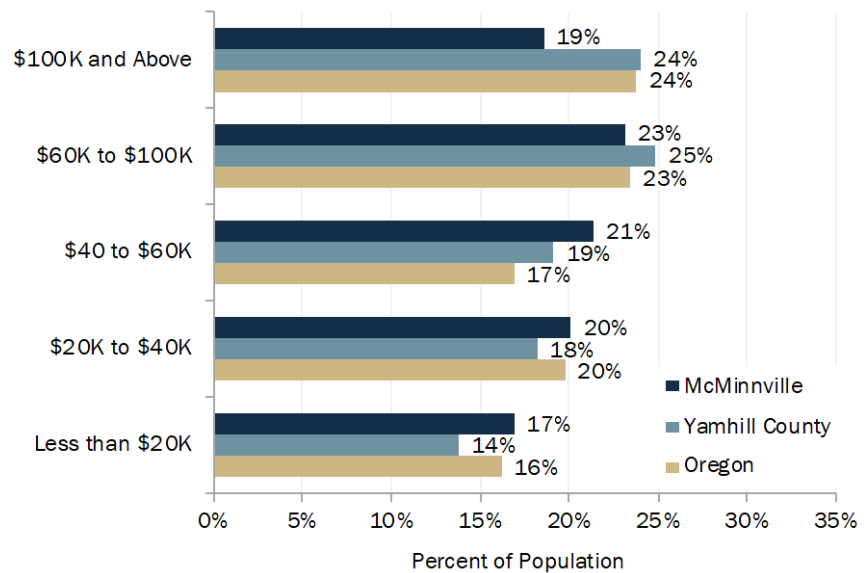
\$58,620 McMinnville	\$66,732 Yamhill County	\$69,031 Oregon
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During the 2013-2017 period, 37% of McMinnville households earned less than \$40,000 annually, compared to 32% of Yamhill County households and 36% of Oregon households.

Over the same period, McMinnville households had a lower proportion of higher income earnings (\$100,000 and above) relative to Yamhill County and Oregon.

Exhibit 26. Household Income by Income Group, McMinnville, Yamhill County, and Oregon, 2013-2017, Inflation-adjusted 2017 Dollars

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B19001.



⁶⁹ The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

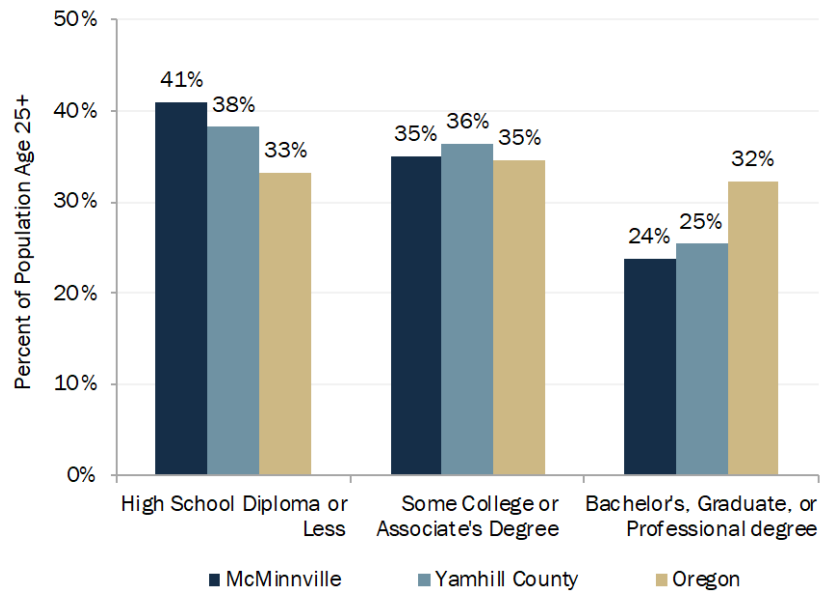
Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

McMinnville's residents are consistent with residents statewide regarding their completion of some college or attainment of an Associate degree; however, attainment of a Bachelor's degree or a professional degree is lower for McMinnville's residents relative to statewide trends.

Exhibit 27. Educational Attainment for the Population 25 Years and Over, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

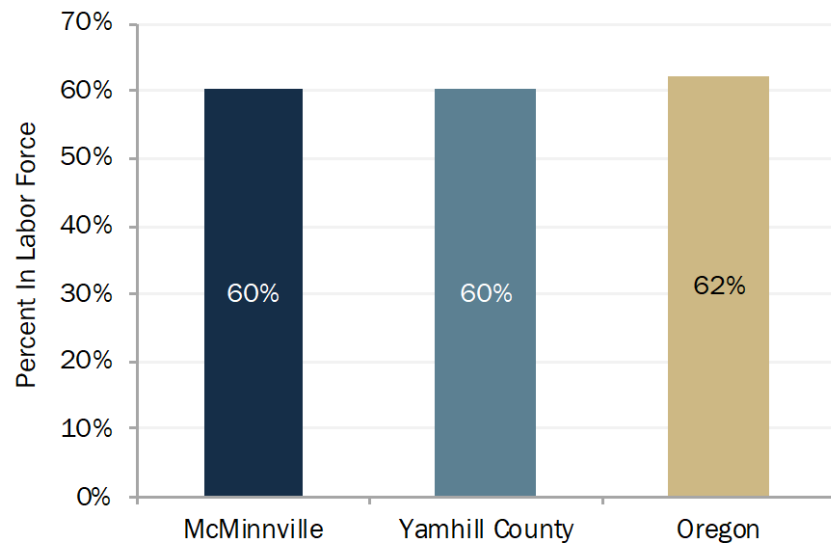
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013-2017 American Community Survey, Yamhill County had more than 49,000 people in its labor force during that period and McMinnville had close to 15,500 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).⁷⁰ These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

McMinnville's labor force participation rate for the 2013-2017 period is comparable to Yamhill County.

Exhibit 28. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B23001.



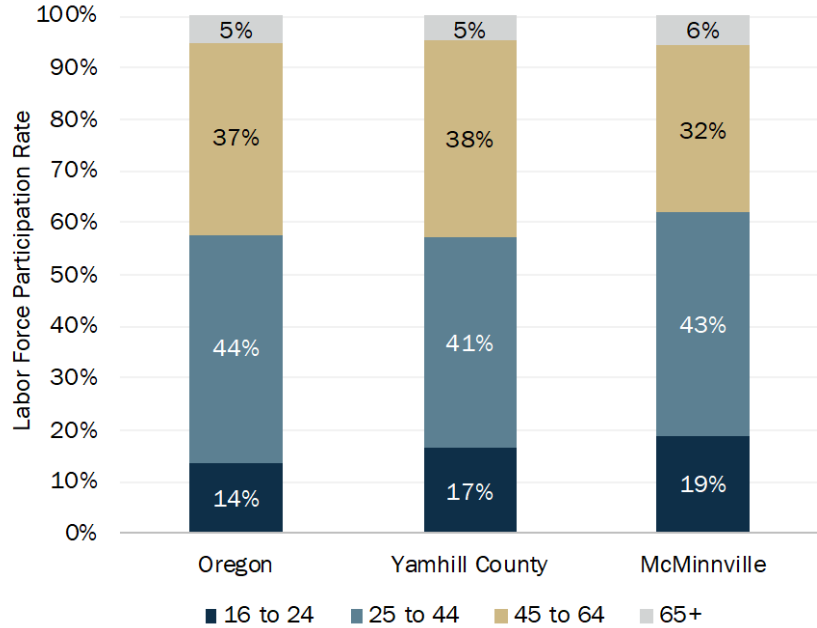
⁷⁰ Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey, Oregon Employment Department, June 2018.

By age group, McMinnville has a larger share of residents aged 16 to 24 participating in the labor force relative to Yamhill County and Oregon.

In contrast, McMinnville has a smaller share of residents aged 45 to 64 participating in the labor force compared to Yamhill County and Oregon.

Exhibit 29. Labor Force Participation Rate, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table S2301.

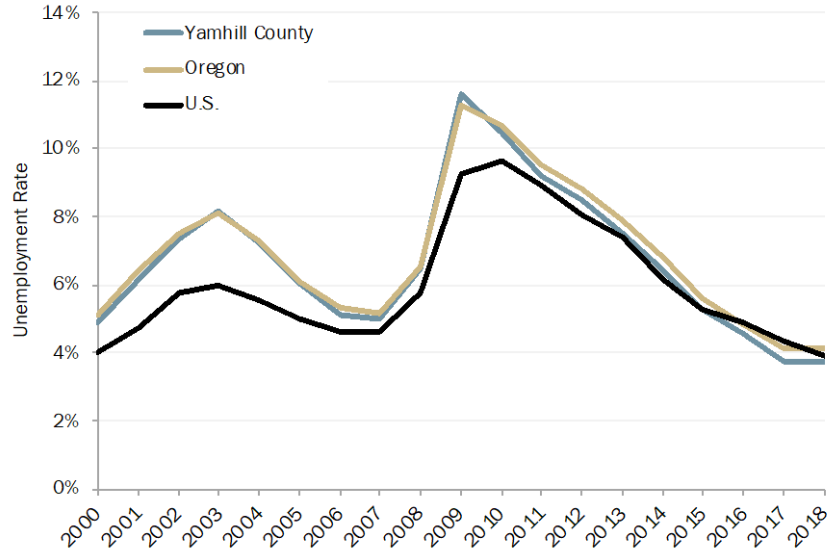


The unemployment rates in Yamhill County, Oregon, and the nation have declined below their respective 2000 rates.

Yamhill County closely follows Oregon's unemployment rate. In 2018, the unemployment rate in Yamhill County was 3.8%. In Oregon, the rate was 3.9%, and in the nation, 4.2%.

Exhibit 30. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 - 2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in the McMinnville’s economy because employers in these areas are able to access workers from people living in cities across Yamhill County and from the broader Mid-Willamette Valley Region.

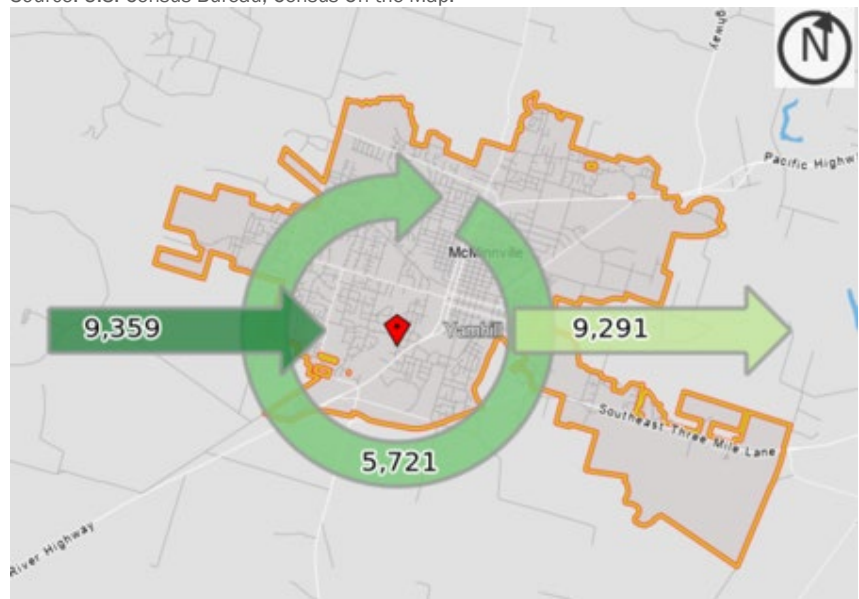
Exhibit 32 shows that 38% of people who work in McMinnville reside in McMinnville, 4% commute from Salem, 3% commute from Portland, and 3% from Newberg. The remaining workers commute from various other cities located across the Region.

McMinnville is part of an interconnected regional economy.

Of the approximate 15,080 persons employed in McMinnville (as of 2017), 62% of workers commute to their jobs from outside of the City. The remaining 38% of workers both live and are employed in McMinnville.

Exhibit 31. Commuting Flows, McMinnville, 2017

Source: U.S. Census Bureau, Census On the Map.



As of 2017, about 38% of all people who work in McMinnville also live in McMinnville.

Exhibit 32. Places Where McMinnville Workers Lived,⁷¹ 2017

Source: U.S. Census Bureau, Census On the Map.

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

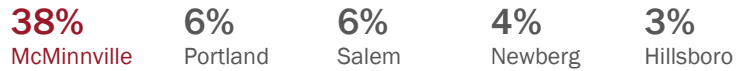
⁷¹ In 2017, 15,080 people worked at businesses in McMinnville, with 38% (5,721) people both employed and working in McMinnville.

About 38% of residents who live in McMinnville also work in McMinnville.

Six percent of McMinnville residents commute to Portland for work and another six percent commute to Salem.

Exhibit 33. Places Where McMinnville Residents were Employed,⁷² 2017

Source: U.S. Census Bureau, Census On the Map.



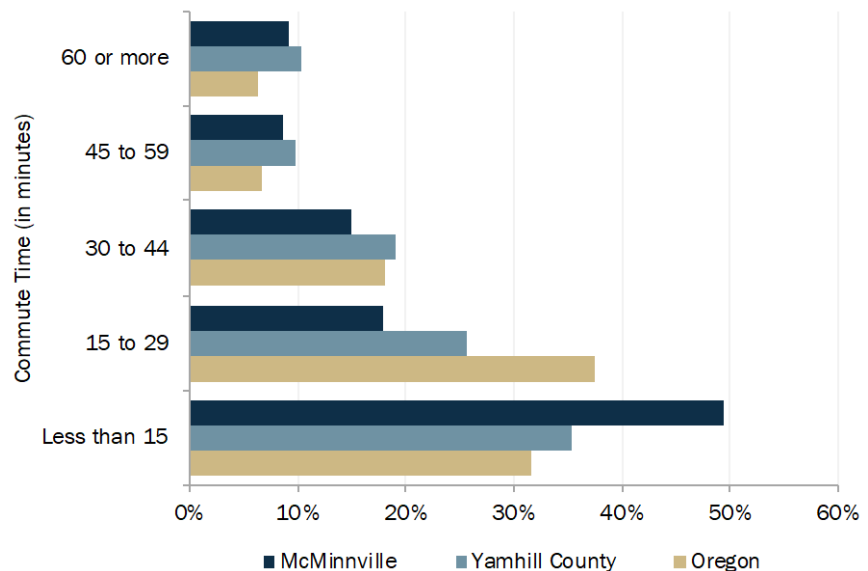
During the 2013-2017 period, about 49% of McMinnville workers had a commute of less than 15 minutes, compared to 35% of Yamhill County workers and 32% of Oregon workers.

Relative to Yamhill County and Oregon workers, McMinnville workers tend to have shorter commute times.

Where the majority (55%) of Oregon workers have commutes between 15 to 44 minutes, only 33% of McMinnville workers have commute times of that length. However, at the higher end of commuting times (45 minutes or more), almost one-fifth (18%) of McMinnville workers spend a sizable amount of time on the road.

Exhibit 34. Commute Time by Place of Residence, McMinnville, Yamhill County, and Oregon, 2013-2017

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year estimates, Table B08303.



⁷² In 2017, 5,569 residents of McMinnville worked, with 38% of McMinnville residents (5,569 people) both living and employed in McMinnville.

Tourism in the Willamette Valley Region and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International's 2017 Regional Visitor Report for the Willamette Valley Region, which is defined as Benton, Lane (eastern, non-coastal region), Linn, Marion, Polk, and Yamhill counties.⁷³ Broadly, travelers to the Willamette Valley Region accounted for:⁷⁴

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, and Washington.⁷⁵ 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 53% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 32% stayed 3 to 6 nights, and 15% stayed 7 or more nights. The average nights spent in the Willamette Valley Region was 4.3.
- The average per person expenditures on overnight trips in 2017 ranged from \$9 on recreation, sightseeing, and entertainment to \$35 per night on lodging.
- About 75% of visits to the Willamette Valley Region over 2016 and 2017 were via personally-owned automobiles/trucks, 18% were by rental car, and 13% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-to-older aged adults, with the average age being about 48.7. Those aged 18 to 34 made up 24% of overnight visits, 34% were between 35 and 54, and 42% were 55 and older. About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitors earned less than \$50,000 in household income, 37% earned between \$50,000 and \$99,999, and 19% earned more than \$100,000. The average household income for Willamette Valley visitors was about \$64,560.

⁷³ Travel Oregon. "Oregon 2017: Regional Visitor Report, Willamette Valley Region," Longwoods International, October 2018. Retrieved from: <http://industry.traveloregon.com/research/archive/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/>.

⁷⁴ Longwoods International issues caution in interpreting these tourism estimates in the Willamette Valley Region as the sample size for the marketable trips this region is low. For this reason, the data reported is a combination of survey data from 2016 and 2017.

⁷⁵ The data reported in this bullet as well as other bullets noting years "2016 and 2017" are based on *marketable trips*. Longwoods International states marketable trips "are defined as those trip types that can be influenced by marketing efforts and include leisure and business-leisure trips."

Yamhill County's direct travel spending increased 139% from 2000 to 2018.

The Willamette Valley Region's direct travel spending increased by 100% over the same period.

Exhibit 35. Direct Travel Spending (\$ millions), 2000 and 2018

Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

2000	\$1,000	\$56.7
	Willamette Valley Region	Yamhill County
2018	\$2,000	\$135.7
	Willamette Valley Region	Yamhill County

Yamhill County's lodging tax receipts increased 653% over 2006 to 2018.

Exhibit 36. Lodging Tax Receipts (\$ millions), 2006 and 2018

Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018.

2006	\$111.0
	Yamhill County
2018	\$835.8
	Yamhill County

Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 37. Largest Visitor Spending Categories (\$ millions), Yamhill County, 2018

Source: Dean Runyan Associates, Oregon Travel Impacts.

\$27.9	\$6.3	\$3.9
Accommodations and Food Services	Arts, Entertainment, and Recreation	Retail

Yamhill County's largest employment generated by travel spending is also in the accommodations and food services industry.

Exhibit 38. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018

Source: Dean Runyan Associates, Oregon Travel Impacts.

1.1 jobs	0.5 jobs	0.1 jobs
Accommodations & Food Services	Arts, Entertainment, and Recreation	Retail

The number of person nights spent in Yamhill County increased from 1,706,000 in 2017 to 1,773,000 in 2018, an increase of 67,000 overnight stays, or 4%. Over the last nine years, from 2010 to 2018, person nights increased approximately 19%.

4. Economic Development Potential

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

“Economic development is the process of improving a community’s well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy.”⁷⁶

That definition acknowledges that a community’s wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses (those with fewer than 100 employees) are accounting for a larger share of the job growth in the United States.⁷⁷ This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development

⁷⁶ *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

⁷⁷ According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* Specifically, OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form McMinnville’s competitive advantage are summarized in the subsections below.

Factors Affecting Community Economic Development Potential

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA “may include but are not limited to” factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs.” This 2020 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2019 *MAC-Town 2032 Economic Development Strategic Plan* identifies both strengths and weaknesses related to McMinnville’s location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2013 EOA together with more recent MEDP, SEDCOR, and related industry analyses, summarized as follows.⁷⁸

Advantages:

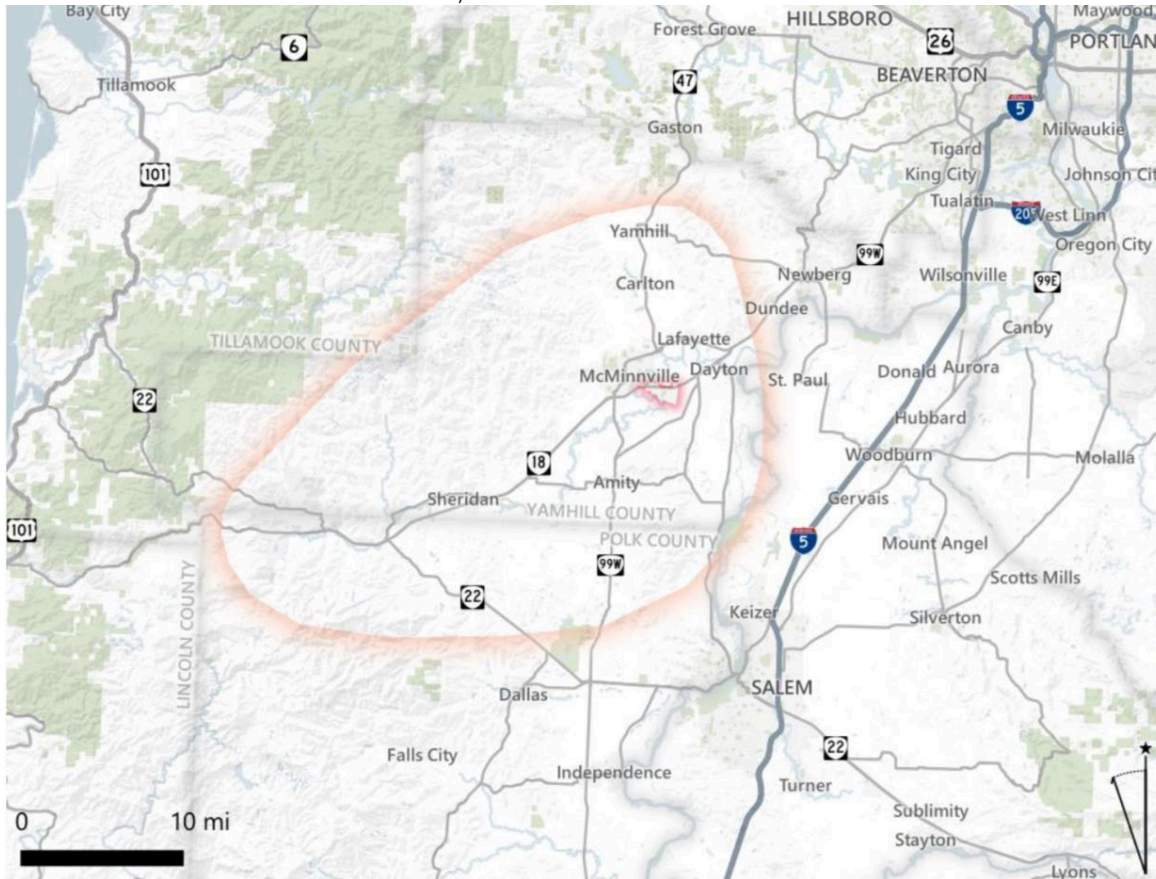
- *Ease of access – with proximity to Portland, Salem & the Oregon coast.* McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.⁷⁹
- *Central location to serve local community and regional employment and commercial service needs.* McMinnville is well situated to serve the employment and commercial needs of the local community and a larger market area of approximately 75,000 residents, according to the Three Mile Lane market analysis. The City’s market area encompasses

⁷⁸ The 2020 EOA update provides updated information related to comparative advantages and disadvantages, while keeping the structure of the 2013 EOA. Factors that are no longer relevant to McMinnville were removed.

⁷⁹ Source is www.maps.google.com.

the majority of Yamhill County. For reference, a map of McMinnville’s market area is provided in Exhibit 39.⁸⁰

Exhibit 39. McMinnville Market Area, 2019



Source: McMinnville Three Mile Lane Area Plan: Market Analysis; TIGER, Leland Consulting Group.

McMinnville has a substantial population-to-jobs ratio of 2.2, compared to 2.5 in Newberg, and 3.0 in Yamhill County.⁸¹ This is due in part to McMinnville’s ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.⁸² The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community. The 2019 Strategic Plan confirms opportunities for McMinnville to expand on both retail and non-retail commercial uses.

- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations. The*

⁸⁰ McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

⁸¹ Based on analysis of 2017 covered employment data from OED and population data from PSU.

⁸² Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook*, 1999. Minimum population size can vary by type of retail or service commercial business.

North Willamette Valley region—comprised of Yamhill-Carlton, Chehalem Mountains, McMinnville, Ribbon Ridge, Dundee Hills, and Eola-Amity Hills – has been identified with 503 wineries and 20,279 acres of grapes as of 2018.

In addition to recognition as the leading production area for Oregon’s wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 6th leading county in terms of value of production in Oregon in 2017.⁸³

The Evergreen Air Museum attracted an estimated 88,400 visitors in 2018. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.⁸⁴

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as “Oregon’s favorite main street,” the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

“Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers’ market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings.”⁸⁵

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail.* As described by the Three Mile Lane market analysis, there is a considerable retail sales leakage of an estimated \$208 million annually throughout the McMinnville Market Area. Factoring in household growth projections, the market analysis forecasts demand for an additional 539,000 square feet of retail development in the McMinnville market area over the coming decade, with 150,000 square feet (or about 28%) being captured in the Three Mile Lane area.⁸⁶

Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to serve the Newberg-Dundee area as a result of the recently completed bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

⁸³ U.S. Census of Agriculture. Yamhill County Profile. 2017.

⁸⁴ As cited by Memorandum #2, Market Study Current Conditions, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

⁸⁵ As cited by www.downtownmcminnville.com, as of September 2012.

⁸⁶ McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

- *Need for additional value-added opportunities for visitors.* A key challenge for the future is to provide more and better value-added opportunities for visitors to spend more time and money while visiting the McMinnville area.

Also, the 2019 *Willamette Valley Winery Association Visitor Profile Study* reported that about 53.8% of domestic visitors to the area are non-Oregon residents. Survey respondents noted difficulty of travel to the Willamette Valley as a key factor in not returning to the area. The study also stated that the typical Oregon resident wine tourist spends about \$151.63 per person per day, while the typical non-Oregon resident spends about \$416.43 per person per day.

Note: The 2013 EOA noted the following disadvantage at that time:

“Limited duration of tourism visitation & low expenditure capture. While the McMinnville area and Yamhill County can now boast some of the state’s top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the area.”

This has changed substantially. Visit McMinnville reports that visitor spending in Yamhill County has doubled in the last ten years. Lodging statistics in McMinnville are up across the board, including demand, rate, length of stay, occupancy, revenue, and number of properties & inventory of rooms.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor. However, completion of Phase 1 of the Newberg-Dundee Bypass in January of 2018 has partially reduced congestion, especially for local residents of the region.

Economic development opportunities may be substantially enhanced with further plans for transportation improvements—as with the second phase of the Newberg-Dundee bypass, which is currently in its design phase. A broader look at the role transportation plays in shaping McMinnville’s economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads.* 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 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns.* While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2018, an estimated 22,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 44% over 2005 counts.⁸⁷

On Highway 99W, up to an estimated 21,900 vehicles traveled daily through McMinnville in 2018, (representing an increase in 99W in-town traffic with 18,900 vehicles in 2013).⁸⁸

- *Air and rail accessibility.* As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe, and Mexico as well as cities throughout the U.S.

The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville.

Disadvantages:

- *Poor linkages to Interstate freeway access.* Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2019 *MAC-Town 2032 Economic Development Strategic Plan*. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg. The *MAC-Town 2032 Economic Development Strategic Plan* notes that the development of the Highway 99 bypass will likely “improve access to McMinnville.”
- *Challenging Air & Rail Service.* While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs.

As described by the 2001 EOA, “lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding

⁸⁷ Annual Average Daily Traffic counts (point near McMinnville Airport). Oregon Department of Transportation. <https://gis.odot.state.or.us/transgis/>

⁸⁸ Annual Average Daily Traffic counts (point near McMinnville High School). Oregon Department of Transportation. <https://gis.odot.state.or.us/transgis/>

or locating in McMinnville.” Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville.

The Oregon Department of Transportation (ODOT) completed construction of Phase 1 of the Newberg-Dundee Bypass and has proceeded into the design phase for Phase 2, which will affect economic opportunities in the coming years. Per the fact sheet associated with Phase 1 of the Bypass project, congestion was reduced by approximately 20% in downtown Newberg and by 40% in downtown Dundee. Freight traffic was also reduced by approximately 45% in Newberg and 68% in Dundee. These congestion reductions have the added benefit of increasing safety on 99W and simultaneously diminishing travel time during peak commute periods.⁸⁹ The Phase 2 improvement (currently in a design phase) is expected to have the effect of further reducing travel times on the 99W corridor north of McMinnville to Newberg via an extension of the Phase 1 Bypass.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

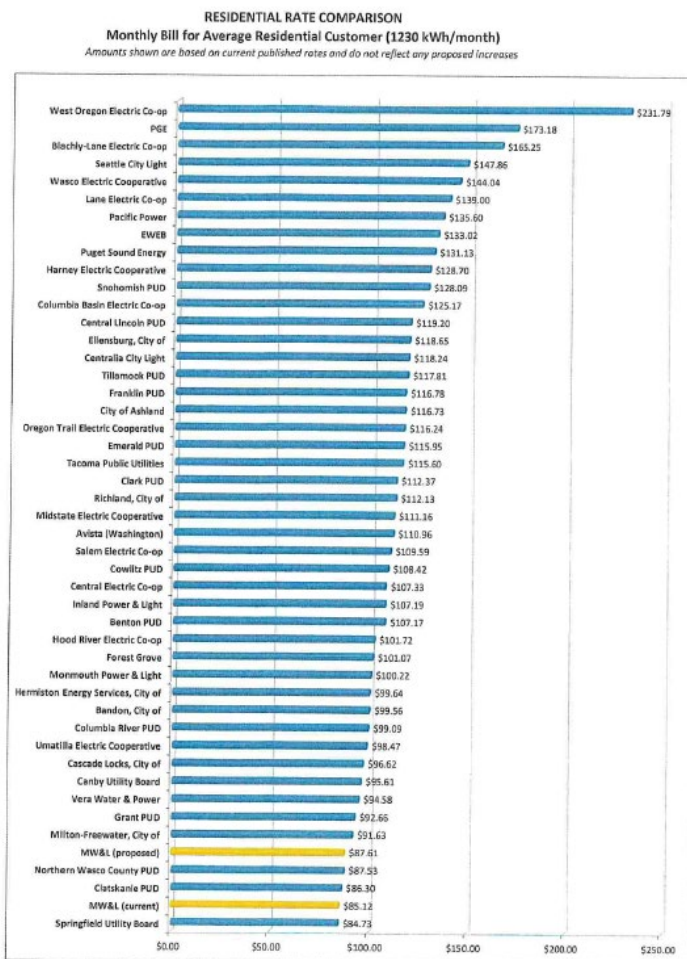
The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm’s location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *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 (Exhibit 40). The public utility provider, McMinnville Water and Light (MW&L), was founded in 1889 and continues to provide low cost, reliable water and power services.

⁸⁹ Oregon Department of Transportation. 2014. *Newberg-Dundee Bypass Project*. Retrieved from: <http://oregonjta.org/region2/files/highway99w/docs/overall-fact-sheet-for-web-dec-2014.pdf>

Exhibit 40. Residential Rate Comparison for Oregon Utility Services



Source: McMinnville Water and Light.

- Water & sewer capacity for growth.**
 - Water supply and water rights.* Water supply is from the Yamhill and Nestucca River basins. In 2005, MW&L completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025. Beyond 2025, MW&L has sufficient capacity for water rights and supply to meet needs through at least 2075. This will address needs for the City's 20-year planning horizon of 2041 and the longer 2067 planning horizon.
 - Treatment capacity.* In 2010, MW&L completed expansion of the Water Treatment Plant (WTP). This increased capacity from 13 MGD to 22 MGD. The WTP can be expanded from the current 22 MGD to a maximum of 30 MGD. MW&L's 2010 master plan projects that this will provide treatment capacity through 2045. This addresses needs through the City's 20-year planning horizon through 2041, and MW&L can either expand treatment capacity at this location or supplement with new treatment capacity from the new intake on the Willamette to meet needs beyond 2045 through the 2067 planning horizon.

- *Long-Term Water Supply.* Previously noted as a disadvantage in the 2013 EOA, recent actions have turned long-term water supply into an advantage. While recent expansions to McGuire Reservoir are expected to provide ample supply through about 2025, actions are also being undertaken to address longer-term needs. A 2008 Yamhill County Water Supply Analysis concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source. In addition, this will provide McMinnville with a secondary source, as well as adequate supply and water rights through 2075.

In 2011, the Yamhill Regional Water Authority (YRWA) acquired a water right on the Willamette River with a 2011 priority date. In 2016, MW&L acquired an additional right with a priority date of 1982. In 2017, MW&L purchased a site on the Willamette River for a future intake and pump station. In 2018, MW&L procured the services of Carrollo Engineering to verify that the site would support facilities for a 50 MGD intake and pump station. In 2019, MW&L signed an agreement to supply water to the City of Lafayette. Engineering Design of the inter-tie is underway with construction in 2020. Tentative plans are to start supplying Lafayette with water in the summer of 2020. In 2020, MWL anticipates acquiring an additional senior water right from the Willamette for 4.8 MGD. For McMinnville, this means there will be adequate supply and water rights to meet needs through at least 2075.

- *Internet Services.* In the 2019 strategic plan, goal 1.4.3, which is to "identify and complete high-priority infrastructure projects that serve McMinnville's current and future business community," details a potential project where City staff will evaluate a 10GB fiber network with local Internet Service Provider, Online Northwest.
- *Local business entrepreneurship – with a record of technological innovation.* Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region. The *MAC-Town 2032 Economic Development Strategic Plan* dedicates one of its target sector goals to foster opportunities in technology and entrepreneurship. This goal is comprised of four strategies, which include making McMinnville a location for small- and medium-sized technology firms to relocate and grow, provide co-working and other work arrangements enabled by telecommunications technology, incubate new businesses and start-ups, and create new talent pipelines for tech-related occupations.⁹⁰

⁹⁰ City of McMinnville. *MAC-Town 2032: Economic Development Strategic Plan*. Retrieved from: <https://www.mcminnvilleoregon.gov/sp/page/mac-town-2032-economic-development-strategic-plan>

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates.* While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville’s relative tax burden has changed appreciably in a more favorable direction in recent years.
- *Economic development assistance.* A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon Main Street communities. Formed in 2006, the public-private organization, McMinnville Economic Development Partnership (MEDP), continues to serve as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community. Further, the 2019 *MAC-Town 2032 Economic Development Strategic Plan* identified a “positive business climate perceptions and a sense of civic leadership” as a strength in McMinnville.

Disadvantages:

- *Environmental Effects on Land Supply.* The City of McMinnville has identified lands in steep slopes (of 15% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. Lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

While direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics.* As detailed with the comparative demographic and economic data in Chapters 2 and 3 of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.
- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of over 15,000, McMinnville employers have ready access to a countywide labor market of nearly 50,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger regional Mid-Valley labor pool on which to draw – much of which is located within a 20-40 mile drive from McMinnville. However, employers have noted the immediately available labor pool in McMinnville as an issue.
- *Moderate local & countywide unemployment.* The 2013 EOA noted that McMinnville unemployment in McMinnville (in 2010) was 9.3%—above the U.S. rate of 9.0% and below the statewide rate of 10.4%. Comparatively, unemployment has improved since the recession. In 2018, the unemployment rate in Yamhill County was 3.8%.
- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In December 2019, Linfield was ranked #117 among national liberal arts colleges by the national magazine U.S. News & World Report.⁹¹ A question for the future may be how best to leverage this reputation for greater community and economic benefit.

The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources.* Workforce recruitment programs are available through the McMinnville WorkSource Center (Oregon’s public workforce system), Express Employment Professionals, and the Oregon Employment Department. For young professionals, career centers at Linfield College, Chemeketa Community College (Yamhill Valley Campus), George Fox University, Portland Community College (Newberg), and McMinnville High School, provide support for improving skills and

⁹¹ U.S. News. *Best Colleges Rankings*. Linfield College, 900 S.E. Baker St., McMinnville, OR. Rank information retrieved on December 19, 2019 from: <https://www.usnews.com/best-colleges/linfield-college-3198>

connecting them with businesses in the broader Yamhill County region.⁹² Additionally, the MDEP operates a summer internship program named McMinnville WORKS, which assists in connecting local businesses with talented collegiate youth.⁹³

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 24% of McMinnville adults have college degrees, compared to 25% in Yamhill County and 32% in Oregon, according to 2013-2017 ACS 5-year estimates.
- A related disadvantage may lie with relatively high proportions of service workers – as compared with the entire county, Mid-Valley region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Diverse industry mix.* McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA, the 2007 MEDP Strategic Plan, and more recently in the 2019 *MAC-Town 2032 Economic Development Strategic Plan*), is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is three years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 39). Companies looking for youthful workforce can find it in McMinnville.

⁹² McMinnville Economic Development Partnership (MDEP), Find Your Workforce. <https://www.mcminnvillebusiness.com/workforce>

⁹³ MDEP, The McMinnville WORKS Summer Internship Program. <https://www.mcminnvillebusiness.com/mcminnville-works-internship-program>

McMinnville is at the leading edge of Oregon's population transformation. The community's Latino population increased from less than 15% of the city-wide total in 2000 to 22% in 2013-2017 (well above the statewide proportion of 13%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown.* While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

The 2018 Economic Development Strategic Plan's mission states, "Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life... As we evolve, we prize our small-town roots and we maintain McMinnville's character."⁹⁴ As described by the website of the McMinnville Area Chamber of Commerce, "McMinnville is located in the western portion of Oregon's agriculturally rich Willamette Valley on U.S. Highway 99W."

The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. "McMinnville offers small-town charm in a full-service city."⁹⁵

Disadvantages:

- *Restricted population growth.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 1.4% per year average rate. 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 is restricting growth and the cost of services is increasing faster than increases in assessed values.
- *Vulnerability to eroding incomes & standard of living.* As of 2013-2017, median household incomes for McMinnville are 14% below Yamhill County and 10% below statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but below comparable regional, statewide and national figures.

⁹⁴ MAC-Town 2032 Economic Development Strategic Plan. 2019. p.10.

⁹⁵ Cited from www.mcminnville.org, as of September 2012.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership.* As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment. A foundational strategy in the *MAC-Town 2032 Economic Development Strategic Plan* is to “improve systems for economic mobility and inclusion,” with emphasis on training, resources, and support for underrepresented entrepreneurs and workers.
- *Inadequacy of commercial and industrial buildable land.* The 2001/03 and 2013 EOA processes all concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. The 2013 EOA resulted in a 36-acre deficit of commercial land for the 2013 to 2033 planning period, and the results in Chapter 5 show deficits of both commercial and industrial land for the 2021-2041 planning period.

McMinnville’s Strengths, Weaknesses, Opportunities, and Threats

As part of the *MAC-Town 2032 Economic Development Strategic Plan*, McMinnville community members completed a SWOT analysis for economic development in McMinnville. It describes McMinnville’s Strengths, Weaknesses, Opportunities, and Threats.

<p>Strengths</p> <ul style="list-style-type: none"> • High quality of life to boast about and attract investment • Strong, widely-recognized downtown • Robust wine and tourism economy, as well as cultural (e.g. Air and Space Museum) and recreational amenities that bring visitors • Well known regionally and nationally as a destination for wine and food, with some supporting tourist assets • Balanced employment across industry sectors • Presence and involvement of postsecondary educational institutions (Linfield College and Chemeketa Community College) • Location advantages: <ul style="list-style-type: none"> • Good location in proximity to major metro area • High quality soils in surrounding areas, climate suited for agriculture • Natural environment assets nearby, including Yamhill River, access to the ocean and mountains • Inexpensive power and water, with sustainable sources • Major infrastructure assets: major highways, freight rail, airport • Various parks and recreational assets • Positive business climate perceptions and a sense of civic leadership 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Relatively low educational attainment • A limited labor pool for local companies and those looking to relocate • Difficult access to and from I-5 and no near-term possibility of a more direct connection • End-of -the-line location for wine country visitors coming from the Portland area • Lack of housing options • Low levels of professional and office office-using employment • Comparatively high poverty rates and low median household income
<p>Opportunities</p> <ul style="list-style-type: none"> • Proximity to Portland allows McMinnville to capitalize on urban infrastructure and amenities • Local airport has comparative advantages over other regional airports • Highway 99 bypass : future completion will improve access to McMinnville • A stronger framework for regional collaboration , improved opportunity in surrounding communities • Opportunity sites for new downtown development • New housing development – higher density , diversity of types, live live-work units • Improved connections to the University of Oregon and Oregon State University • Stronger branding and improved gateways into McMinnville • Innovation in agriculture and food systems • Wine -oriented makerspace • Food hub • \$6M gift to Linfield College’s wine program • Expanded culinary and craft beverage retail offerings 	<p>Threats</p> <ul style="list-style-type: none"> • Limited land availability for residential, commercial and industrial development • Regulatory challenges associated with UGB expansion • Worsening housing affordability • Brain drain due to local graduates leaving for other job markets • Absorption of projected growth without detrimental impacts to character, congestion, affordability • Future oversaturation of wine/tourism and increasing concentration of low-wage service industry jobs • Need to find a sustainable solution to homelessness • Future impacts of climate change on agriculture and related industries, including tourism

Target Industries

The characteristics of McMinnville will affect the types of businesses most likely to locate in the city. McMinnville's attributes that may attract firms are: McMinnville's access to land and resources; recreational opportunities; and quality of life.

2013 Updated Cluster Targets

The 2013 EOA recommended a short list of cluster target industries, described as:

- **Advanced Manufacturing.** Corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services.** Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters, and NW Rapid Manufacturing.

MAC-Town 2032 Economic Development Strategic Plan Target Sectors

Furthermore, Goals 4-8 of the *MAC-Town 2032 Economic Development Strategic Plan* outline the "target sector goals and strategies," as well as potential tasks and projects, as follows:

- **4. Sustain and Innovate within Traditional Industry and Advanced Manufacturing**
 - 4.1 Ensure workforce availability in trades and other mid-skill positions.
 - Encourage expansion and allocate resources for middle, high school, and community and technical college programs that encourage career exploration and skills development in trades and mid-skill occupations
 - Convene a panel of business leaders from traditional industry and advanced manufacturing employers in McMinnville to pioneer a collaborative approach to expanding apprenticeships and volunteering employee time to teach in-demand skills to individuals evaluating trade-based careers.

- 4.2 Connect traditional industry and advanced manufacturing to innovation resources for sustainable growth.
 - Highlight industrial innovation in McMinnville through periodic events, posts and other marketing, connecting innovators through storytelling and innovation partnerships.
 - Plan and participate in an industrial innovation working group or recurring social event to facilitate idea sharing and cross-pollination among business leaders.
 - Connect business leaders with regional innovation resources through Business Oregon and other innovation-oriented organizations.
 - Consider an international sister city program to share innovative practices.
- 4.3 Expand and market land availability for industrial activities.
 - Promote and market the McMinnville Industrial Park as a target area for advanced manufacturing investment within Yamhill County.
 - Coordinate with McMinnville Industrial Promotion to ensure leadership succession and continued engagement.
- **5. Foster Opportunity in Technology and Entrepreneurship**
 - 5.1 Become a place where small and medium technology firms can relocate and grow.
 - Foster physical connections to existing tech and entrepreneurship hubs through low-cost air services.
 - Market McMinnville as a destination for young and aspiring employees to find opportunity in business, entrepreneurship, computer and software engineering and other programs in Oregon’s post-secondary institutions.
 - Survey local "tech" employers to identify current regulatory shortcomings or infrastructural needs for business relocation and expansion.
 - Promote the concept of McMinnville's "tech terroir" to emphasize McMinnville's potential assets to entrepreneurs, business owners and others involved in tech-oriented occupations.
 - Explore opportunities to improve connections to and otherwise better leverage McMinnville's dark fiber ring for business use.
 - Hire an innovation officer and/or complete a comprehensive strategy around smart cities and innovation in urban sustainability.
 - Create an “Invest in the Future” grant program that is targeted towards private investment and business development with living wage job outcomes.

- 5.2 Provide opportunities for co-working, teleworking, and other arrangements enabled by telecommunications technology.
 - Collaborate to develop a coworking space to foster entrepreneurship, innovation and to enable convenient telecommuting to regional employers in Portland or elsewhere. Explore unique partnership opportunities for cooperative or pop-up telecommuting spaces.
- 5.3 Incubate new businesses and start-ups.
 - Maintain a list of funding sources for start-up and expansion grants for locally-owned businesses.
 - Coordinate with partners to improve access to funding and resources available through local foundations, non-profits and other funders in McMinnville to empower local capacity-building efforts.
 - Study the feasibility of aggregators or cooperatives to efficiently distribute locally-made products from McMinnville businesses to larger metropolitan markets.
- 5.4 Create new talent pipelines for tech-related occupations.
 - Connect business leaders with interested local educators to develop extracurricular activities and to improve current curricula and align education and training with emerging employer needs.
 - Cultivate relationships with post-secondary institutions to ensure awareness of job opportunities in McMinnville, and ensure that McMinnville job opportunities are represented on school job boards, in job fairs, and other promotional events.
- **6. Be a Leader in Hospitality and Place-Based Tourism**
 - 6.1 Make downtown the best it can be.
 - Evaluate current zoning, historical districts and designations, and existing land use patterns, including underutilized parcels, to ensure that key downtown parcels offer the highest and best use for their location.
 - Communicate with County officials to explore the potential for a purpose-built County facility, outside of downtown, that includes a courthouse, commissioners offices, and clerks office.
 - Continue to evaluate new downtown events to diversify downtown events and activities and publicize emerging retailers or other non-retail organizations.
 - Evaluate the feasibility of improving or expanding the provision of public restrooms in the downtown area.
 - 6.2 Become the preferred destination for wine-related tourism.

- Collaborate to expand marketing of McMinnville and Yamhill Valley products and to improve national and international recognition of local wine.
- Connect hoteliers and other hospitality professionals in Oregon and elsewhere to local opportunities for high-quality additions to McMinnville’s current hospitality offerings.
- Collaborate with Travel Oregon to host a tourism workshop for McMinnville business owners to establish and leverage competitive advantages of over similar regional offerings.
- Leverage Linfield’s wine studies program to identify opportunities to increase visitation to the Willamette Valley region and to the viticultural areas immediately surrounding McMinnville
- 6.3 Diversify tourism destinations beyond wine.
 - Create branded itineraries for a range of activities and distribute online and in hard copy throughout McMinnville and at local and regional airports to offer pre-planned adventures for visitors.
 - Optimize social media performance by continuing and expanding the use of hash tags, branded icons, slogans, and other techniques to highlight and encourage sharing of McMinnville-based experiences.
 - Conduct a feasibility study to identify the potential costs and economic and fiscal impacts of building an indoor sports complex for local recreation and regional event use.
 - Engage the Wings and Waves water park to identify and pursue opportunities for growth and expansion.
 - Become a national destination for bicycle tourism and other recreational and leisure activities.
- 6.4 Market and promote McMinnville.
 - Develop and maintain robust relationships with Travel Oregon, and seek promotion opportunities accordingly.
 - Document and track the economic impact of tourism and outdoor recreation to Yamhill Valley communities.
 - Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville’s offerings for small and large conferences.
- **7. Align and Cultivate Opportunities in Craft Beverages and Food Systems**
 - 7.1 Maintain prominence in wine while looking for opportunities to innovate within supply chains, viticulture and production.

- Convene a technical assistance panel to identify new opportunities in urban wine-making and distribution and to establish a framework for collaboration and innovation in wine-making that best leverages public and private resources and identifies critical public/private partnerships.
 - Expand programming at IPNC to include a technical component for knowledge sharing between wine-makers and other professionals in viticulture and oenology.
 - Encourage collaborative research at Linfield and Chemeketa CC and facilitate connections between these schools and other viticulture programs nationally.
 - Proactively recruit beverage-makers that complement existing wineries and breweries, such as cideries and distilleries.
- 7.2 Locate higher job-density food and beverage activities within McMinnville.
 - Ensure the sufficiency of regulations in applicable zones to accommodate urban wine-making and other non-retail aspects of the wine industry, including transportation and distribution.
 - Encourage further clustering of wine-oriented business in the Granary/Alpine District.
 - Contact wineries throughout the region to identify growth-oriented operations needing new or larger space, and target marketing and recruitment efforts accordingly.
 - Recruit food processing and production companies that offer synergies with wineries, such as charcuterie and cheese companies.
 - Coordinate with educational institutions to anticipate needs and ensure that McMinnville remains a hub for wine education while expanding culinary education and training locally
 - Hire an Agriculture Coordinator or Resource Officer to connect producers with resources and coordinate efforts to innovate within wine and agriculture.
 - Convene a group of wine-makers and entrepreneurs to evaluate the feasibility of a wine maker-space or similarly collaborative wine-making space for small producers, experimental products, or research.
 - Conduct a feasibility study and potentially complete a business plan for an integrated food hub and permanent, year-round farmer’s market.
 - In partnership with other Oregon cities and counties, commission a study of value-added industry successes and best practices related to agriculture in western U.S. and Canadian communities.

- Liaise with researchers at OSU’s Small Farms Program and other similar agricultural programs throughout the state and the region.
 - Invite educators in the region to conduct research and teaching based in the Yamhill Valley, including possible distance learning and online college course options.
 - Explore opportunities for expanded agricultural production using hydroponics, aquaponics and other similar cultivation methods
- 7.4 Open new markets for local agricultural products.
 - Establish a branding and marketing program for local agricultural products, such as “Yamhill County Grown” or similar.
 - Develop and market a local Farm-to-Table program by connecting Yamhill Valley farmers with local restaurants.
 - Explore the potential for a cooperative distribution model to move McMinnville’s agricultural products to restaurants in the Portland metro.
- 7.5 Encourage a holistic approach to local food culture, improving connections to the local producers and cultivating a community of exceptional restaurants and culinary establishments.
 - Create a forum for local restaurateurs to connect with local agricultural producers and improve culinary offerings.
 - Work with stakeholders to establish a local demonstration or innovation kitchen that can be rented to test new recipes, host small events, or otherwise incubate local culinary endeavors.
 - Publicize local food offerings across all price levels through a branded guide to local cuisine, and distribute at and regional hotels, wineries, airports and other places frequented by travelers.
 - Partner on development of a “Farm-for-a-Day” agri-tourism program connecting local farming operations to paying guests.
 - Evaluate alignment of current food cart regulations with community goals.
- 7.6 Preserve natural assets while ensuring long-term stability in agricultural production.
 - Espouse an approach to environmental stewardship and encourage participation and support by local farmers for initiatives in keeping with this approach.
 - Establish and facilitate a business leadership group to identify solutions to sustainability challenges.

- Establish local resiliency infrastructure and training through programs like FEMA’s Community Emergency Response Teams (CERT) or other community-based models
- **8. Proactively Assist Growth in Education, Medicine and Other Sciences**
 - 8.1 Leverage institutional land assets and support planning for institutional growth and clustering.
 - Ensure that the Willamette Valley Medical Center can accommodate future growth through a master plan that includes supportive zoning, targeted capital improvements and other tools.
 - Use regulatory tools and constructive dialogue with businesses to encourage clustering of medical-professional uses near the Willamette Valley Medical Center and to create a regional anchor for health care.
 - Engage McMinnville’s large institutions in a dialogue about proactive planning for large and underutilized land assets.
 - Assess the desirability and potential feasibility of the creation of a “university district” or similar near one or more of McMinnville’s college campuses.
 - 8.2 Assist in recruitment and training to fill specific workforce needs.
 - Identify and fill gaps in education and training opportunities at local educational institutions for in-demand skills in “Eds and Meds” occupations.
 - Connect employers in education and health care to national skilled workforce pools through branding, recruitment, relocation incentives and other tools.
 - Explore public-private and other partnerships to improve amenities for students and employees, potentially including an expanded supply of student housing or housing appropriate for students on or near Linfield and Chemeketa campuses, and improved transportation to campuses and other institutions.
 - 8.3 Support the expansion of programmatic offerings at local institutions.
 - Work with Linfield College and Chemeketa CC to assess demand for education and training in health care and related services and to expand programming accordingly.
 - Engage Chemeketa CC leadership in a dialogue to explore the creation an on-site culinary and hospitality program.
 - Collaborate with leadership at the school district and at Linfield and Chemeketa to better engage Oregon’s four-year public universities.

- Connect local students with opportunities to work with OSU Extension, in labs or to participate in other UO and OSU programs prior to high school graduation.
 - Explore the creation of an aviation education program that leverages McMinnville's existing infrastructure and workforce assets.
 - Identify opportunities to bring programming offered at other Chemeketa Community College campuses to McMinnville, particular when serving established local industries.
 - Foster R&D opportunities for existing and emerging industries.
- 8.4 Improve and expand connections between key institutions and the City of McMinnville.
 - Create safer and more intuitive physical connections to McMinnville from Linfield and Chemeketa, including better sidewalks, lighting and public transportation, particularly along Davis Street.
 - Proactively engage students in community events to improve dialogue between permanent residents and college attendees.

5. Forecast Employment and Land Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for McMinnville is based on expected employment growth and the types of businesses that are likely to locate in McMinnville over the 5-, 10-, 20-, and 46-year periods. This chapter presents the buildable land inventory, analysis of target industries that build from recent economic trends, an employment forecast and associated land needs, and other land needs that aren't accounted for by the employment forecast.

EOA Update Process

The updated employment forecast and land needs estimates started with discussion of the assumptions used in the 2013 EOA. The project team conducted a detailed review of the 2013 assumptions and presented the assumptions, along with updated and new data to the Project Advisory Committee (PAC) for review and discussion during the September and October PAC meetings. The information generated considerable discussion at the PAC and ultimately resulted in PAC recommendations regarding the assumptions. The employment forecasts and land need estimates presented in this chapter reflect the PAC recommendations.

Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the McMinnville UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the McMinnville UGB. The results are based on analyses of Yamhill County GIS property data and State of Oregon GIS employment data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory.

The buildable lands inventory was updated to account for expansion of the McMinnville UGB in 2020 and development that occurred through December 31, 2021.

The general steps in the buildable lands inventory are:

1. Generate UGB "land base"
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all commercial and industrial tax lots in the UGB are classified into one of the following categories and based on a tax lot's status as of December 2021:

- *Vacant land.* Vacant land is defined as tax lots either (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. This is consistent with OAR 660-009-005(14).
- *Vacant small lot.* The OAR 660-009-005(14) definition of vacant land does not include lots smaller than one half-acre. McMinnville has a meaningful number of developed sites with existing employment uses that are less than one half-acre. Remaining vacant lots (i.e., with no improvements) less than one half-acre are defined as vacant small lots.⁹⁶
- *Partially vacant land.* Partially vacant land is defined as tax lots between one and five acres occupied by a use that could still be further developed based on the zoning. The final determination of partially vacant land was based on a visual assessment of aerial imagery and City staff verification.
- *Developed land.* OAR 660-009-0005(1) defines developed land as “Non-vacant land that is likely to be redeveloped during the planning period.” Lands not classified as vacant, partially-vacant, or public or exempt are considered developed.
- *Public or exempt land.* Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches, institutions, and other semi-public organizations, and properties with conservation easements. Public lands were identified using the Yamhill County Assessment property tax exemption codes and City staff verification.

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the McMinnville UGB in both tabular and map formats. Appendix A. Buildable Lands Inventory presents the detailed methodology for developing the inventory.

⁹⁶ This development status classifications was added to the buildable lands inventory based on PAC recommendation at the February 27, 2020 meeting.

Buildable Lands Inventory Results

Exhibit 41 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the McMinnville UGB. ECONorthwest used this land base in the buildable lands inventory for McMinnville. The land base includes traditional employment designations within the McMinnville UGB, which includes about 1,494 acres in 983 tax lots in total.⁹⁷

Exhibit 41. Tax lots and total acres in employment land, McMinnville UGB, 2023

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	718	73%	607	41%
Commercial C-1	1	0%	1	0%
Commercial C-2	1	0%	4	0%
Commercial C-3	652	66%	502	34%
Office/Residential O-R	59	6%	19	1%
Commercial Plan Des.	5	1%	80	5%
Industrial	265	27%	888	59%
Industrial M-1	42	4%	81	5%
Industrial M-2	203	21%	596	40%
Industrial M-L	2	0%	115	8%
Industrial Plan Des.	18	2%	96	6%
	983	100%	1,494	100%

⁹⁷ Note: the 2013 EOA reported a total acreage that included land with a public or semi-public (i.e., institutional) use. Since the 2020 update accounted for public and institutional land need separately, the resulting total acreage of employment land is lower.

Development Status

Exhibit 42 shows commercial and industrial land in McMinnville by development status. Of the 1,494 total acres, about 878 acres (59%) are in classifications with no development capacity (or, “committed acres”). Of the remaining 616 acres, 147 acres (10%) are constrained and 469 acres (31%) are buildable land with development capacity. Appendix A. Buildable Lands Inventory provides more detail about the constraints associated with employment land, as recommended by the PAC.

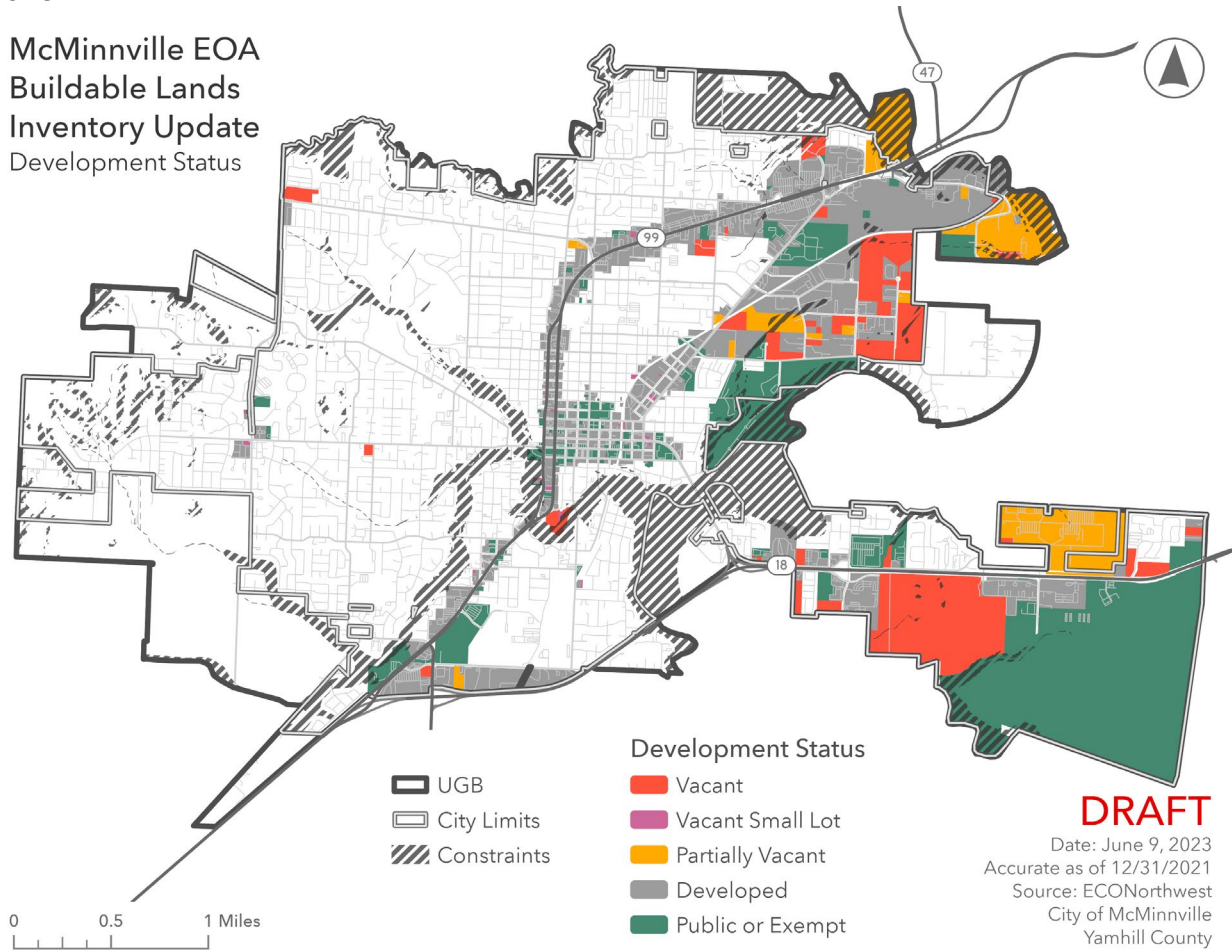
Exhibit 42. Employment acres by classification and plan designation, McMinnville UGB, 2023

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Commercial	607	433	59	115
Commercial C-1	1	1	0	-
Commercial C-2	4	-	-	4
Commercial C-3	502	418	6	79
Office/Residential O-R	19	11	5	3
Commercial Plan Des.	80	4	47	28
Industrial	888	445	88	354
Industrial M-1	81	55	11	15
Industrial M-2	596	354	26	215
Industrial M-L	115	24	3	88
Industrial Plan Des.	96	12	48	36
Total	1,494	878	147	469

Exhibit 43. Employment land by classification with development constraints, McMinnville UGB, 2023

McMinnville EOA
Buildable Lands
Inventory Update
Development Status



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, floodplain, and steep slopes as summarized in Appendix A).

Exhibit 44. Employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Zone/Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	115	50	65
Commercial C-1	-	-	-
Commercial C-2	4	4	-
Commercial C-3	79	43	36
Office/Residential O-R	3	3	-
Commercial Plan Des.	28	0	28
Industrial	354	301	53
Industrial M-1	15	13	2
Industrial M-2	215	200	15
Industrial M-L	88	88	-
Industrial Plan Des.	36	1	35
Total	469	352	117

When the City amended its UGB in 2020 with the adoption of Ordinance No. 5089, 39.30 acres of future neighborhood serving commercial land was designated Urban Holding that will be specifically located as the Urban Holding designated land is area planned per the provisions of the *McMinnville Growth Management and Urbanization Plan, Appendix G – Framework Plan*.

Exhibit 45 summarizes the land buildable employment land within current zoning from Exhibit 44 and the additional 39 acres of land in Urban Holding for neighborhood serving commercial. It shows that McMinnville has 154 acres of land for commercial uses and 354 acres of land for industrial uses.

In McMinnville, it is common that development applications include approvals for “Planned Developments” which may modify the underlying zoning regulations, and may include an associated master plan for a property. Permitted uses in zoning districts may be amended to include other uses on a portion of the property, or certain uses otherwise permitted in the underlying zoning may be precluded by the Planned Development overlay regulations. For example, while the Evergreen property is zoned C-3 General Commercial, it is subject to a Planned Development overlay that restricts uses to certain tourism-related uses.

Exhibit 45. Summary of employment land with unconstrained development capacity (vacant and partially vacant) by plan designation, McMinnville UGB, 2023

Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Plan Designation	Buildable Acres
Commercial	154
Commercial zones	115
Urban Holding Plan Des.	39
Industrial	354
Total	508

The newly added 39 acres of land for neighborhood commercial services in the Urban Holding Plan Designation is not shown in Exhibit 46 or Exhibit 47 because it has not yet been zoned for commercial uses and is still designated as part of the Urban Holding Plan Designation (which is mapped in the buildable lands inventory of the *McMinnville Housing Needs Analysis* report). The City will zone specific land within the Urban Holding Plan Designation for neighborhood serving commercial land as part of future planning processes.

Exhibit 46 shows the size of lots by plan designations for buildable employment land. McMinnville has 23 lots less than 0.5 acre (5.9 acres of land); 20 lots between 0.5 and 1 acres (15.4 acres of land); 33 lots between 1 and 5 acres in size (79.9 acres of land); 11 lots between 5 and 10 acres in size (72.8 acres of land); 5 lots between 10 and 20 acres in size (69.6 acres); and 4 lots over 20 acres in size (225.4 acres of land).

Exhibit 46. Lot size by plan designation, buildable acres, McMinnville UGB, 2023

Note: This exhibit does not include the 39 acres of land in Urban Holding for future neighborhood serving commercial uses.

Buildable Acres in Tax Lots										Total
< 0.50 Acre	0.50 - 0.99 Acres	1.00 - 1.99 Acres	2.00 - 4.99 Acres	5.00 - 9.99 Acres	10.00 - 19.99 Acres	20.00 - 25.00 Acres	25.01 - 49.99 Acres	50.00+ Acres		
Buildable Acres on Partially Vacant Tax Lots										
<i>Commercial</i>	0.4	0.7	-	4.4	22.4	13.5	23.2	-	-	65
Commercial C-3	0.4	0.7	-	4.4	17.4	13.5	-	-	-	36
Commercial Plan Des.	-	-	-	-	5.0	-	23.2	-	-	28
<i>Industrial</i>	1.1	5.6	3.5	25.5	-	16.8	-	-	-	53
Industrial M-1	-	-	2.4	-	-	-	-	-	-	2
Industrial M-2	0.8	2.9	-	11.4	-	-	-	-	-	15
Industrial Plan Des.	0.4	2.7	1.2	14.1	-	16.8	-	-	-	35
Buildable Acres on Vacant Tax Lots										
<i>Commercial</i>	3.3	2.9	3.5	21.2	19.5	-	-	-	-	50
Commercial C-2	-	-	-	4.2	-	-	-	-	-	4
Commercial C-3	2.7	2.9	3.5	14.2	19.5	-	-	-	-	43
Office/Residential O-R	0.5	-	-	2.7	-	-	-	-	-	3
Commercial Plan Des.	0.0	-	-	-	-	-	-	-	-	0
<i>Industrial</i>	1.1	6.2	12.3	9.4	31.0	39.4	24.3	-	177.8	301
Industrial M-1	0.8	1.0	-	-	10.9	-	-	-	-	13
Industrial M-2	0.3	4.5	12.3	9.4	20.0	39.4	24.3	-	89.6	200
Industrial M-L	-	-	-	-	-	-	-	-	88.2	88
Industrial Plan Des.	-	0.8	-	-	-	-	-	-	-	1
Acreage Subtotal	5.9	15.4	19.4	60.5	72.8	69.6	47.5	-	177.8	469
Number of Partially Vacant Tax Lots with Buildable Acreage										
<i>Commercial</i>	1	1	-	1	3	1	1	-	-	8
Commercial C-3	1	1	-	1	2	1	-	-	-	6
Commercial Plan Des.	-	-	-	-	1	-	1	-	-	2
<i>Industrial</i>	3	8	3	7	-	1	-	-	-	22
Industrial M-1	-	-	2	-	-	-	-	-	-	2
Industrial M-2	2	4	-	3	-	-	-	-	-	9
Industrial Plan Des.	1	4	1	4	-	1	-	-	-	
Number of Vacant Tax Lots with Buildable Acreage										
<i>Commercial</i>	15	4	2	7	3	-	-	-	-	31
Commercial C-2	-	-	-	1	-	-	-	-	-	1
Commercial C-3	12	4	2	5	3	-	-	-	-	26
Office/Residential O-R	2	-	-	1	-	-	-	-	-	
Commercial Plan Des.	1	-	-	-	-	-	-	-	-	
<i>Industrial</i>	4	7	9	4	5	3	1	-	2	35
Industrial M-1	2	1	-	-	2	-	-	-	-	5
Industrial M-2	2	5	9	4	3	3	1	-	1	28
Industrial M-L	-	-	-	-	-	-	-	-	1	1
Industrial Plan Des.	-	1	-	-	-	-	-	-	-	
Lot Subtotal	23	20	14	19	11	5	2	-	2	96

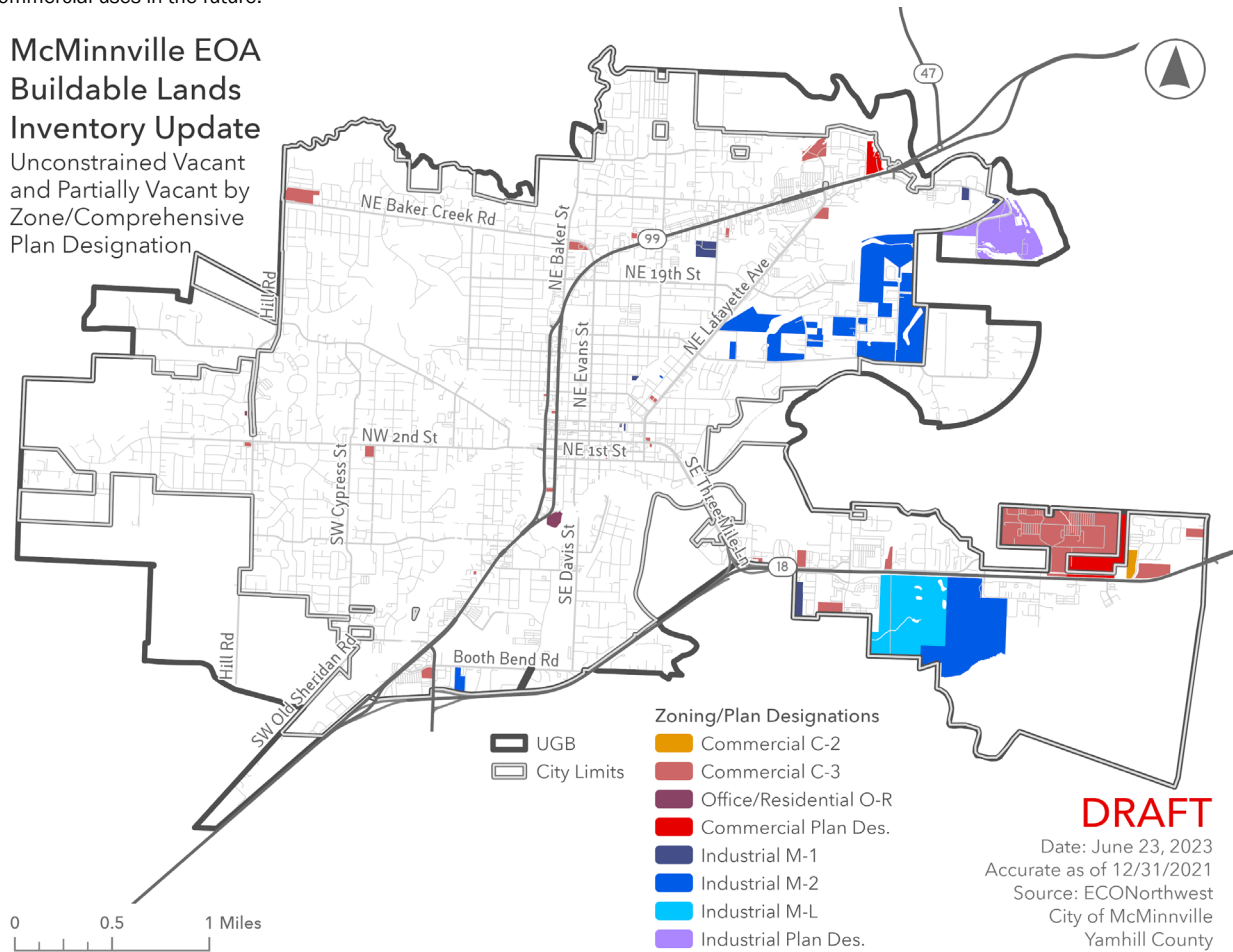
Source: ECONorthwest analysis of data from Yamhill County and City of McMinnville.

Exhibit 47. Buildable employment land by zone with development constraints, McMinnville UGB, 2023

Note: This exhibit does not show the 39 acres of land in Urban Holding for future neighborhood serving commercial uses. The McMinnville Housing Needs Analysis buildable lands inventory shows all land in Urban Holding, including the land that will be zoned for neighborhood commercial uses in the future.

McMinnville EOA Buildable Lands Inventory Update

Unconstrained Vacant
and Partially Vacant by
Zone/Comprehensive
Plan Designation



DRAFT

Date: June 23, 2023
Accurate as of 12/31/2021
Source: ECONorthwest
City of McMinnville
Yamhill County

Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in McMinnville. The employment projections in this section build off of McMinnville's existing employment base, assuming overall future growth is similar to Yamhill County's long-term historical employment growth rates.

The employment forecasts do not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period that would account for a substantial portion of the overall forecast. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

The 2013 EOA defined the process of projecting demand for industrial and commercial land as a series of 10 steps. The table below outlines these steps and identifies the recommendations, if applicable, decided by the PAC during meetings held between July and November of 2019. Generally, the PAC started with a discussion of the assumptions used in the 2013 EOA, and reviewed alternatives for the 2020 update.

Exhibit 48. Steps to project demand for commercial and industrial land in McMinnville

Step	Purpose	Options	Recommended Option
Step 1. Set Forecast Time Period	Establish the 20-year planning period; select a base year	2021-2041 with adjustments to account for 2019-21	The state requires a 20-year planning period; 2021-41 is used for consistency with the Housing Needs Analysis
Step 2. Population Forecast	The population forecast does not serve a direct purpose other than being the basis for one of the safe harbor employment forecast methods.	Use the required PSU forecast.	State policy allows no flexibility in this process.
Step 3. Evaluate UGB Employment Trend	Inform allocations of employment to land use types.	This is an analytical step and does not require assumptions.	
Step 4. Evaluate and Select Job Forecast	Develop a 20- and 46-year employment forecast.	Option 1 (low-growth, 1.13%): OED safe harbor method Option 2 (medium-growth, 1.36%): PSU safe harbor population forecast Option 3 (high-growth, 1.70%): Non-safe harbor method used as the baseline in the 2013 EOA.	Option 2
Step 5. Allocate Job Growth by Land Use Type Scenarios	Allocate jobs to land using land use types.	Option 1: 2013 EOA Method Option 2: Four land use types (service commercial, retail, industrial, govt) Option 3: Five land use types (the four above plus a tourism category).	Option 3
Step 6. Allocate Job Growth by Land Development Status	This step makes deductions for employment that will not require vacant land.	Option 1: 17% (per 2013 EOA) Option 2: Alternative assumption justified by PAC.	5% for all land use types
Step 7. Apply Job Density Factors	Analyze existing job densities to inform density factors (expressed in employees per acre - EPA)	Option 1: use factors from the 2013 EOA Option 2: use modified factors based on analysis	11 employees per acre for industrial land use type 23 employees per acre for commercial land use types
Step 8. Estimate 20-Year Employment Land Demand	Apply all of the assumptions to the land demand model to estimate 20- and 46- year land demand.	No options - this is an analytical step	n/a
Step 9. Estimate Additional Land Need Not Determined in Forecast	This step accounts for other types of employment land need including other needed sites and retail leakage.	Option 1: Do not assume additional need Option 2: Provide findings and analysis that supports additional land needs.	Option 2.
Step 10. Compare Land Demand to Supply	Compare land need to the supply as documented in the buildable land inventory. Conduct one further step of assessing land suitability.	No options - this is an analytical step	n/a
Step 11. Evaluate Policy Options and Objectives	This update will not include a top to bottom review of policy options and objectives - those were assessed in the 2013 EOA and in the 2019 EDSP. Some modifications may be required to reflect changing conditions.		

Employment Base for Projection

This section addresses Step 1: Set Forecast Time Period, Step 2: Population Forecast, and Step 3: Evaluate UGB Employment Trend.

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in McMinnville starts with a base of employment growth on which to build the forecast. Exhibit 49 shows ECONorthwest's estimate of total employment in McMinnville in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the McMinnville UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, McMinnville had about 14,964 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 76% of *total* employment reported by the U.S. Department of Commerce.⁹⁸ We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in McMinnville. Exhibit 49 shows McMinnville had an estimated 20,990 *total* employees within its UGB in 2017.

The PAC approved the use of the covered to total employment ratios shown in Exhibit 49.

⁹⁸ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on data from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 49. Estimated total employment by sector, McMinnville UGB, 2017

Sector	Generalized Land Use Type	Covered Employment	Estimated Total Employment	Covered % of Total
Agriculture, Forestry, and Mining	Industrial	356	356	100%
Construction	Industrial	585	852	69%
Manufacturing	Industrial	2,277	2,549	89%
Wholesale Trade	Industrial	127	180	71%
Retail Trade	Retail Commercial	2,170	2,842	76%
Transportation and Warehousing and Utilities	Industrial	140	250	56%
Information	Office & Commercial Services	127	211	60%
Finance and Insurance	Office & Commercial Services	459	912	50%
Real Estate and Rental and Leasing	Office & Commercial Services	113	867	13%
Professional and Technical Services	Office & Commercial Services	367	998	37%
Management of Companies	Office & Commercial Services	117	161	73%
Admin. and Support/Waste Mgmt/Remediation Serv.	Office & Commercial Services	584	1,044	56%
Health Care and Social Assistance; Private Education Serv.	Office & Commercial Services	3,159	4,457	71%
Arts, Entertainment, and Recreation	Tourism Services	168	458	37%
Accommodation and Food Services	Tourism Services	1,503	1,666	90%
Other Services	Office & Commercial Services	630	1,105	57%
Government	Government	2,082	2,082	100%
Total Non-Farm Employment		14,964	20,990	76%

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Forecast growth rates

This section addresses Step 4: Evaluate and Select Job Forecast.

The employment forecast covers the 2021 to 2067 period, with increments of 5, 10, 20, and 46-years. This forecast requires an estimate of total employment for McMinnville in 2021. While there is no required method for employment forecasting, OAR 660-024-0040(9) sets out some optional “safe harbors”⁹⁹ that allow a city to determine employment land need. The PAC evaluated three options for the forecast, including use of two safe harbors from OAR 660-024.

- **Low-growth scenario (1.13%).** The low-growth option uses the safe harbor that allows a city to base their employment forecast on regional employment projections from the Oregon Employment Department (OED).¹⁰⁰ The regional employment projection for the

⁹⁹ A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as, “... an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way or necessarily the preferred way to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division.”

¹⁰⁰ OAR 660-024-0040(9) states: “The following safe harbors may be applied by a local government to determine its employment needs for purposes of a UGB amendment under this rule, Goal 9, OAR chapter 660, division 9, Goal 14 and, if applicable, ORS 197.296.

(a) A local government may estimate that the current number of jobs in the urban area will grow during the 20-year planning period at a rate equal to either:

(A) The county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department; or

Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties) for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 1.13%.

- **Medium-growth scenario (1.36%).** The medium-growth option is another safe harbor, based on the rate of growth from the current population projections from Portland State University.¹⁰⁰ The coordinated population forecast for the McMinnville UGB between 2021 and 2041 shows that population will grow at an average annual growth rate of 1.36%, and long-term average annual growth rate between 2021 and 2067 of 1.19%.
- **High-growth scenario (1.70%).** The high-growth option aligns with the moderate (referred to as “baseline”) forecast rate used in the 2013 EOA. The 2013 EOA evaluated low, moderate, and high growth alternative scenarios. At the time the 2013 EOA was completed, the OED forecast for the Mid-Valley region was the “low-growth” scenario at 1.5%, and the “high-growth” scenario of 1.9% was based on the OED forecast for the Portland metro area. This option does not conform to the safe harbors in OAR 660-024-0040(9) and would require substantial evidence as a factual basis for choosing a non-safe harbor growth rate. Examples of substantial evidence to justify a non-safe harbor growth rate include adopted and relevant economic development policies or site needs considerations.

Exhibit 50 shows employment growth in McMinnville between 2021 and 2041, as well as 2021 and 2067, based on the average annual growth rate of each forecast scenario. The estimated number of employees for the beginning of the planning period is extrapolated from the estimate of total employment in 2017 from Exhibit 49 (20,990 employees), using the appropriate forecast rate for each scenario.

For the 2021 to 2041 period, the low-growth scenario would result in an increase of 5,544 employees; an increase of 6,885 employees in the medium-growth scenario; and an increase of 9,003 employees in the high-growth scenario.

(B) The population growth rate for the urban area in the appropriate 20-year coordinated population forecast determined under rules in OAR chapter 660, division 32.

Exhibit 50. Employment growth scenarios, total employment, McMinnville UGB, 2021–2067

Year	Low-growth (based on OED forecast)	Medium-growth (based on PSU population forecast)	High-growth (based on 2013 EOA moderate forecast)
2021	21,957	22,157	22,454
2026	23,228	23,708	24,429
2031	24,573	25,367	26,577
2041	27,501	29,042	31,457
2067	36,853	38,158	48,759
Change 2021 to 2041			
Employees	5,544	6,885	9,003
Percent	25%	31%	40%
AAGR	1.13%	1.36%	1.70%
Change 2021 to 2067			
Employees	14,896	16,001	26,305
Percent	68%	72%	117%
AAGR	1.13%	1.19%	1.70%

Source: ECONorthwest

The PAC recommended using the medium-growth option (1.36% AAGR) for the employment forecast for the 2021-2041 planning period. The results of the employment forecast presented in the EOA reflect this growth rate.

Allocation to land use types

This section addresses Step 5: Allocate Job Growth by Land Use Type Scenario

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in McMinnville will look for a variety of site characteristics, depending on the industry and specific circumstances. For example, small retail stores may look for an existing space in a shopping center in an area with high visibility for attracting customers, while a new food product manufacturer may need a mid-sized site of 5 to 10 acres in an area with direct access to a state highway.

At direction from the PAC, ECONorthwest grouped employment into five broad proposed categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, tourism services, and government.¹⁰¹ This approach differs from the 2013 EOA, which defined three land use types—commercial, industrial, and institutional. The primary difference in the proposed updated categories is a separation of different types of commercial land into retail, office, and tourism commercial. Some of these land use types might have different site needs considerations, and these land use types better align with the City’s economic development goals, such as a focus on tourism-related employment. This was based on identifying commercial sub-types associated with the target industries in the Economic Development Strategy, to assess whether land needs

¹⁰¹ The generalized land use type categories are defined by the NAICS sectors listed in Exhibit 49.

might differ for these commercial sub-types. ECONW informed the PAC that the sub-types could ultimately be recombined at the end of the analysis if the differentiation didn't prove useful. Ultimately, the three commercial subtypes were recombined into a single commercial category, as the employment sectors didn't necessarily correlate to distinct land uses that would be differentiated through zoning. For example, the NAICS codes included in the tourism category included food and beverage, which are typically permitted in the same zones as retail commercial. Ultimately, the land uses almost exclusively related to destination tourism uses that weren't consistent with the employment density factors were instead addressed as other needed sites and that is addressed in more detail in the respective section in this chapter.

Exhibit 51 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the McMinnville UGB, and Exhibit 52 shows employment growth for all growth increments. The PAC recommended the future share of land use types will align with both projections from the Oregon Employment Department (OED) for the Mid-Valley Area, as well as economic development goals and policies as stated in the *MAC-Town 2032 Economic Development Strategic Plan* and *Three Mile Lane Area Plan*.

OED projects that in the 2017 to 2027 period, the share of future employment in industrial sectors will increase; the share of retail commercial as well as government employment will decrease; and the share of office and commercial services and tourism services will increase.¹⁰² These trends closely align with McMinnville's future economic development goals, though the *MAC-Town 2032 Economic Development Strategic Plan* estimates growth in office employment, as well as an emphasis on tourism-related services, advanced manufacturing (i.e., industrial), and food and beverage manufacturing target industries.

The values highlighted in green in Exhibit 51 show the future share of total new employment for each land use type in 2041, based on the information summarized above. **The green highlighted percentages in the 2041 “% of Total” column are assumptions recommended by the PAC.**

Exhibit 51. Forecast of employment growth by land use type, McMinnville UGB, 2021–2041

Land Use Type	2021		2041		Change 2021 to 2041
	Employment	% of Total	Employment	% of Total	
Industrial	4,431	20%	6,099	21%	1,667
Retail Commercial	3,102	14%	3,485	12%	383
Office & Commercial Services	10,192	46%	13,650	47%	3,458
Tourism Services	2,216	10%	3,485	12%	1,269
Government	2,216	10%	2,323	8%	108
Total	22,157	100%	29,042	100%	6,885

Source: ECONorthwest

¹⁰² Oregon Employment Department Industry Employment Forecast 2017-2027, Mid-Valley Area (Linn, Marion, Polk, and Yamhill Counties). Published June 26, 2018.

Exhibit 52. Forecast of employment growth by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	New Employment Growth			
	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	417	834	1,667	3,582
Retail Commercial	96	192	383	1,477
Office & Commercial Services	864	1,729	3,458	7,742
Tourism Services	317	635	1,269	2,363
Government	27	54	108	837
Total	1,721	3,443	6,885	16,001

Source: ECONorthwest

Estimate of Demand for Commercial and Industrial Land

The next step in the employment forecast is to estimate the demand of commercial and industrial land.

The estimate of demand for commercial and industrial land included three components: (1) employment forecast and employment density assumptions, with deduction for employment that won't require vacant employment land, (2) recapture of existing retail leakage, and (3) other needed sites which are not accounted for in the average employment density factors; these are target industries and uses in the *MAC-Town 2032 Economic Development Strategic Plan*. In addition, employment for public/institutional uses was backed out of the employment forecast and land needs were calculated separately.

The employment forecast includes all new employment in the McMinnville UGB. Some of this employment, however, will not be located on vacant commercial or industrial land. Other lands that will accommodate new employment growth include residential land and redevelopment sites. Another factor in estimating the demand for commercial and industrial land is consideration for employment density, or employees per acre. Appendix B provides additional background information developed for the PAC to make recommendations for new employment on vacant commercial and industrial land, as well as employment density. Government employment was also backed out of the forecast because government land need was addressed as part of the public/institutional land need process.

The next section describes the approach for (1) estimating employment on vacant commercial and industrial land with considerations for employment on redevelopment sites, and (2) estimating employees per acre by land use type.¹⁰³

¹⁰³ Note: the government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs. Deductions for private education were also made in the office and commercial services category, based on employment reported (IPEDS data) for Linfield College of 360 employees. Adjustments for future employment at Linfield assumed the share of Linfield employment would remain the same.

Employment that does not require vacant commercial and industrial land

This section addresses Step 6: Allocate Job Growth by Land Development Status

Some employment growth in McMinnville will not require vacant (or partially vacant) employment land over the planning period. This includes redevelopment of areas with existing employment, where redevelopment increases the intensity of employment uses (i.e., more employees are accommodated on the same amount of land). The 2013 EOA assumed that 17% of employment for each land use type would not require vacant commercial or industrial land.¹⁰⁴ **Based on the information presented in Appendix B, the PAC determined that a reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment.**

Exhibit 53 shows the estimate of employment on vacant commercial and industrial land by land use type for each scenario, using the 5% assumption for employment that will occur through redevelopment, refill, or on non-employment sites. The table (reading left to right) starts with the number of new employment growth calculated over the planning period; then calculates the amount of employment that does not require vacant employment land based on 5% of the new employment growth; and results in the amount of new employment growth on vacant industrial and commercial land. From this point in the analysis forward, the commercial land use types (i.e., retail commercial, office and commercial services, and tourism services) were combined as the land needs for these land use types overlap.

Exhibit 53. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2041

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Commercial	4,998	249	4,749
Total	6,665	332	6,333

Source: ECONorthwest Note: As described above, government employment is calculated separately and is not included in Exhibits 45-48.

Exhibit 54. Estimate of employment on vacant land by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	Employment on Vacant Land			
	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	396	792	1,584	3,403
Commercial	1,187	2,373	4,749	10,756
Total	1,582	3,165	6,333	14,159

Source: ECONorthwest

¹⁰⁴ The 2013 EOA used a 17% assumption, based on a PAC recommendation. The 2001/03 EOA assumed 14-17%, depending on the land use type. This EOA updated used 5% based on empirical analysis that showed refill and redevelopment rates didn't achieve employment densities that would be associated with 17% refill/redevelopment on employment land.

Employment density

This section addresses Step 7: Apply Job Density Factors and Step 8: Estimate 20-Year Employment Land Demand.

This section shows the resulting demand for vacant (including partially vacant) land in McMinnville over the 20-year period, accounting for potential variations in employment density. The assumptions about employment density are based on the 2013 EOA, as stated in text excerpt below. Based on information provided in Appendix B, the PAC recommended using an employment density of 11 employees per acre for industrial employment and 23 employees per acre for commercial employment (i.e., retail commercial, office and commercial services, and tourism services). Further explanation of employment density and the conversion of net to gross acres is provided below.

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Employment densities factor in all employment on a site, whether full or part time or different shifts in a workday. Thus, employment at a given site may overrepresent the number of employees at a site at a specific time. For example, retail service locations often have many part-time employees who work different shifts. Despite the potential for overestimating the number of employees on site at a given time, the data do provide a reasonable estimate of total employment on a site and therefore total employees per acre, and this is reflected in the analysis of historic employment density, too.
- **Conversion from net-to-gross acres.** The data about employment density is in *net* acres, which does not include land for public right-of-way.¹⁰⁵ Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.¹⁰⁶ A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of McMinnville’s existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 6% for industrial and 18% for commercial, retail, and tourism.

Using these assumptions, the forecasted growth of 6,333 new employees between 2021 and 2041 will result in the following demand for vacant (and partially vacant) employment land: 153

¹⁰⁵ The 2013 EOA does not describe a method for converting net to gross acres.

¹⁰⁶ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

gross acres of industrial land and 252 gross acres of commercial land (Exhibit 55). Exhibit 56 shows the demand for vacant land to accommodate employment growth in the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 55. Demand for vacant land to accommodate employment growth, McMinnville UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per	Land Demand (Net Acres)	Land Demand (Gross Acres)
		Acre (Net Acres)		
Industrial	1,584	11	144	153
Commercial	4,749	23	206	252
Total	6,333		351	405

Source: ECONorthwest

Exhibit 56. Demand for vacant land to accommodate forecasted employment growth, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	Land Demand (Gross Acres)			
	5-year (2021-2026)	10-year (2021-2031)	20-year (2021-2041)	46-year (2021-2067)
Industrial	38	77	153	329
Commercial	63	126	252	570
Total	101	202	405	899

Source: ECONorthwest

Estimated Land Need 2019-2021

The projected growth for 2019 to 2021 has been removed from this analysis, as the buildable lands inventory was updated to December 2021. This update accounted for actual growth that occurred through 2021.

Retail Leakage

In 2018, the city of McMinnville initiated development of a plan for the Three Mile Lane Area Plan (3MLAP). The project updates the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City’s downtown core. Leland Consulting Group performed the market analysis for the project.

The project analyzed a market area that represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. The market area (shown in Exhibit 7 and Exhibit 39) is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north. The study includes a

retail leakage analysis, with the express intent that the city would capture some of the retail spending that is occurring in the larger Salem, Portland, and I-5 corridor markets.¹⁰⁷

Leland characterizes retail leakage as follows:

“Retail sectors in which household spending is not fully captured are called “leakage” categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called “surplus” categories. A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage.”¹⁰⁸

The study reports overall demand for 529,000 square feet of retail space in the study area for a 10-year period (Table ES-3, pg 4). The study also shows a breakdown of the 10-year demand broken out by demand from household growth, leakage recapture, and replacement space (Figure 38, pg 51). Data provided by Leland show that the leakage recapture component of the 10-year demand is 131,808 square feet. This is an element of retail land need that is not reflected in the employment forecast.

Exhibit 57 shows an estimate of land needed to accommodate recapture of retail leakage. The analysis builds from the Leland estimates and assumes 470 square feet per employee. The square feet per employee assumption comes from Metro’s Employment Density Study (pg 17). Dividing recapturable existing leakage by square feet per employee provides an estimate of the amount of employment generated by the space; dividing that by the PAC approved assumption of 23 employees per acre yields the land need assumption. The results show that McMinnville needs an additional 12.2 acres of land to accommodate recapture of retail leakage.

¹⁰⁷ Note: As discussed in Chapter 3, while retail environments are changing at a national level, the extent to which e-commerce will replace all types of retail is unclear and unlikely. The need for certain types of retail will persist both nationwide and in places like McMinnville.

¹⁰⁸ McMinnville Three Mile Lane Area Plan: Market Analysis, Leland Consulting Group, April 2019.

Exhibit 57. Demand for Regional Commercial and Office Space

Sector	Recapture-able Existing Leakage (s.f.)	SF/Emp	Employees (20 years)	Employees Per Acre (EPA)	Acres
Furniture & Home Furnishings	6,257	470	13	23	0.6
Electronics and Appliance	4,450	470	9	23	0.4
Building Material, Garden Equip	-	470	-	23	-
Food & Bev. (grocery)	0	470	-	23	-
Health & Personal Care	-	470	-	23	-
Clothing & Accessories	9,600	470	20	23	0.9
Sporting Gds, Hobby, Books, Music	6,076	470	13	23	0.6
General Merchandise	83,278	470	177	23	7.7
Misc. Store Retailers	-	470	-	23	-
Food & Drinking Places	21,611	470	46	23	2.0
Other (incl. cinema, prof./med office, banks)	538	470	1	23	0.0
Totals	131,808		280		12.2

Source: Demand estimates by Leland Consulting Group; sq ft per employee assumptions from the Metro Employment Density Study; EPA assumptions from EOA PAC

Land Needs Not Addressed in the Average Employment Densities (Other Needed Sites)

This section addresses Step 9: Estimate Additional Land Need Not Determined in Forecast

Statewide planning Goal 9 requires cities to “Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies.”¹⁰⁹ McMinnville has identified several employment land needs that have other needed sites. These related to target industry sectors identified in the *MAC-Town 2032 Economic Development Strategic Plan*. These are addressed in the respective subsections below, describing these land needs and the factual basis for each need.

Other Needed Sites Calculated Separately from Average Employment Densities

The City’s Economic Development Strategic Plan provides the City’s economic development opportunities, vision, and strategy. The City need not be bound by history and past trends, but can rather seek to achieve the community’s economic vision, supported by data, and realistically achievable given competitive advantage, as supported by data and emerging trends.

Statewide Planning Goal 9 states that comprehensive plans for urban areas shall: “Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies.” This indicates that cities have some degree of flexibility in determining land needs as long as (1) they are consistent with plan policies, and (2) are justifiable. The land needs described in this section are all identified in existing city plans, but are not considered in the employment forecast.

¹⁰⁹ <https://www.oregon.gov/lcd/OP/Documents/goal9.pdf>

The needs analysis also needs to account for these other needed sites for uses anticipated as part of the Economic Development Strategy. Below are some examples of other needed sites in McMinnville and other Oregon communities:

- For example, when McMinnville’s UGB was established in the early 1980s, it wasn’t anticipated that there would be a need for a large site for the Evergreen Museum or water park. These facilities occupy approximately 70 acres of their sites. These have substantial economic benefits to the McMinnville economy. In 2018, they had over 88,000 visitors. They also require large sites, differ from traditional employment uses, don’t fit neatly within an employment density assumptions, and they consume a significant amount of the land supply in the UGB.
- Another example of a needed site for tourism is the US Cellular Park in Medford. The park is 132 acres with 15 sports fields. The 2018 Annual Report shows that in 2018 it generated \$11.5 million estimated economic impact, surpassing \$100 million cumulative local economic impact since its inception in 2008, helping to sustain 110 jobs in the local economy based on the direct spending of visiting teams.¹¹⁰
- The City of Redmond is expanding its UGB to add nearly 949 acres for several employment uses. This allows the Deschutes County Fair and Expo Center to build out and become more of a regional player (with an additional 120 acres), while providing a new home for the Oregon National Guard’s Redmond Armory (approximately 40 acres). It also provides nearly 700 acres for large industrial projects.¹¹¹
- The Allison Inn and Spa in Newberg takes advantage of place-based tourism. It is on a 35 acre site in the City of Newberg. It is situated adjacent to rural land with surrounding views of wine country and farmland. It includes accommodations, restaurant and bar, spa and meeting and event center. This could be considered an adaptation of one of the prototypes described in the agri-tourism plan described below, but adapted for an urban location interfacing with a rural setting, rather than located in a rural location.
- Over a decade ago, a County-wide plan was undertaken related to agri-tourism. It identified six prototype projects, each with specific assumptions about characteristics. These were predominantly rural prototypes, but the opportunities for these prototypes haven’t been realized.¹¹²

The Economic Development Strategic Plan identifies 57 items that potentially have site-related needs. Based on further review and discussions, we assume the approximately 47 other items not included in the list of ten site needs below would be addressed through traditional sites needs within the standard site needs and average employment density calculations. Exhibit 58

¹¹⁰ *U.S. Cellular Community Park Annual Report*. Medford Parks, Recreation & Facilities. 2018.

<https://www.sportsmedford.com/Assets/48/2018%20USCCP%20Annual%20Report.pdf>

¹¹¹ “Fairground expansion, armory and more coming to SE Redmond.” Stephen Hamway. *The Bulletin*. Feb 3, 2019.

<https://www.bendbulletin.com/localstate/6884610-151/fairgrounds-expansion-armory-and-more-coming-to-se-redmond>

¹¹² *Yamhill County Agri-Business Economic and Community Development Plan Summary Report*. Barney & Worth, Inc. June 2009. https://www.co.yamhill.or.us/sites/default/files/Summary_Report_-_Yamhill_County_Agri-Business.pdf

summarizes the land needs for these other needed sites. (Appendix C. provides a detailed version of this table.)

The June 2023 update of the EOA removed the following items from Exhibit 58:

- See Ya Later Foundation Champions Center.
- Equestrian center with supporting commercial activity inside UGB, which located elsewhere (not within McMinnville).

These changes reduced the land needs in Exhibit 58 to 49 acres.

Exhibit 58. Land needs identified in the MAC-Town 2032 Economic Development Strategic Plan (EDSP): Other needed sites not reflected in average employment density calculations

Use	Description or Example*	Land Need	Total Employment Adjustment (Source)	EDSP or Other Reference
1. Community Center/Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs (Community Center and Aquatic Center).	10 acres	22 employees (Source: Parks Director)	3.2.2
2. Outdoor Stage/ Amphitheater	Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking	30 employees (Source: Britt Festival - 2,200 seating capacity)	3.2.1.
3. Arts and culture focused event center	Chehalem Cultural Center, Newberg)	3.5 acres	15 employees (Source: Chehalem Cultural Center)	3.3
4. Evergreen Aviation and Space Museum	Support existing facilities; based on facilities in master plan	27 acres	57 employees (Source: Evergreen Master Plan)	3.3
5. Wings and Waves	Opportunities for growth and expansion	Location-specific land need at existing partially vacant site	<i>Included in Evergreen Master Plan, see above</i>	6.3.
6. Conference Center:	40,000 sf conference space, accommodation, and parking:	5 acres	13 employees (Source: Feasibility Analysis)	6.4
7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	13 employees (Source: USDA Regional Food Hub Resource Guide)	3.2.2.
8. Makerspace/innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	3 employees (Source: Talent Maker City)	6.3.
TOTAL		56 acres	153 employees 153 employees @ 23 emp/acre = 7 acres 56 acres - 7 acres = <u>net increase of 49 acres</u>	

*Additional examples are provided in the following narrative.

1. COMMUNITY CENTER/RECREATION FACILITY

Strategy 3.2.2 of the MAC-Town 2032 EDSP seeks to cultivate partnerships to develop and market McMinnville’s recreation amenities. A specific action in that section is to add recreational facilities that serve the community’s needs including a Community Center and Aquatic Center.

The McMinnville Parks Department is in the process of completing a feasibility analysis for a facility and is currently estimating demand of 10 acres. Further information is expected to be available in February 2020.

This is consistent with other examples reviewed by ECONorthwest. ECONorthwest reviewed characteristics of comparable community centers. These include two facilities run by the Salvation Army (Kroc centers in Salem and Coeur d’Alene), and three city-managed facilities in Eugene, Portland, and Federal Way Washington. Exhibit 59 provides a summary of the facilities.

Exhibit 59. Community Center Characteristics

Facility	Facility Size (sq ft)	Site Size (acres)	Description
Salem Kroc Center	91,500	22.0	LEED certified with a waterpark (including a Jr. Olympic competition pool, water slide, lazy river, hot tub, and splash pad), Fitness Center, Gymnasium, Game Room, Art Studio, Library/Media Center, Amphitheater, Chapel/Performing Arts Center, 4000 ft ² of Event Space
Coeur d’Alene Kroc Center	132,000	12.0	Competition and leisure pools, health and wellness center, gym and climbing wall, game room, and classrooms
East Portland Community Center	45,000	5.7	Full-size gymnasium with retractable bleachers Transverse bouldering wall Fitness center with cardiovascular and circuit strength equipment Exercise studio with sprung wood floor and mirrors Multi-purpose, and poolside rooms Outdoor courtyard Indoor 4-lane Pool Indoor zero-depth entry leisure pool with current channel, waterslide, splashdown
Federal Way Community Center	72,000	10.0	Aquatics center, three gyms, fitness center, climbing pinnacle and Splash Café
Eugene Amazon Community Center	n/a	12.0	Outdoor pool, two community centers with many amenities, parking

Based on information from the Parks Department, and consistent with review of comparable facilities, the land need for this use is assumed to be 10 acres.

2. OUTDOOR STAGE/AMPHITHEATER

Strategy 3.2.1 of the MAC-Town 2032 EDSP seeks to update City Plans to evaluate and prioritize investments in recreation infrastructure. The strategy specifically identifies the desire to “add an outdoor stage or amphitheater to one of McMinnville’s existing parks.” The following list provides capacity and site sizes for amphitheaters in other Oregon cities.

- Les Schwab Amphitheater, Bend ~8,000 capacity ~5 acres plus parking (parking co-located with other uses)
- Bi-Mart Amphitheater, Central Point: ~6,000+ total capacity (~1985 fixed seats plus lawn), (parking co-located with other uses); ~5+ acres, plus parking & other support areas
- Britt Festival, Jacksonville: 2,200 total capacity (1,000 fixed seating plus lawn), parking co-located with other uses); Approximately 4 acres plus parking, (includes main stage, small stage, concession buildings, seating, staging area)
- Cuthbert Amphitheater, Eugene: 5,000 total capacity; parking co-located with Alton Baker Park; Approximately 4.3 acres without patron parking (includes main stage, seating, concession areas, and performer/equipment parking).

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres. Assume shared parking, otherwise additional land will be needed for dedicated parking.

Note: This is calculated separate from the See Ya Later Foundation Champion Center. While that facility proposed an amphitheater. That site plan identified an amphitheater, but the concept is a different facility than what is identified in the Economic Development Strategic Plan. The Champion center would rely on use of two athletic fields for area comparable to above facilities ranging from 2,200-8,000 capacity (plus parking).

3. ARTS AND CULTURE FOCUSED EVENT CENTER

Strategy 3.3 (Leverage arts and culture amenities) of the MAC-Town 2032 EDSP identifies the desire for an arts and culture focused center. Specifically, the plan states “Initiate a conversation between local artists, arts organizations, philanthropies and other parties to identify the potential for an arts and culture-focused event center in McMinnville.” The strategy also includes the need for a community art space “Evaluate the feasibility of a public private partnership to create a community art space or collaborative studio and cooperative gallery.” Following is a summary of similar cultural centers:

- Chehalem Cultural Center, Newberg – is located in a historic building and houses a fine arts gallery and exhibition hall, three multipurpose arts studio classrooms, a state-of-the-art clay studio, a recording studio with four music practice studios, meeting space, and a 5,200 square foot grand ballroom for public and private events.

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

4. OPPORTUNITIES TO SUPPORT EVERGREEN AVIATION AND SPACE MUSEUM

This opportunity is identified as part of Strategy 3.3 – Leverage arts and culture amenities. Specifically, the project is to establish periodic, formal dialogue with the Evergreen Aviation and Space Museum to anticipate their needs and identify opportunities to provide support.

This expansion is consistent with the adopted Evergreen Master Plan and would build out about 27 additional buildable acres of the property (with constrained areas left intact –wetlands, ravine, etc.) The master plan also includes an adventure course and associated features that extend would outside the UGB. The use of the site is limited by the Planned Development Ordinance to the master plan unless the PD Ordinance is amended.

This opportunity assumes expansion onto ownership of partially vacant land of 27 acres. This deduction is included as part of the other needed sites since a portion of the site (27 acres) was inventoried as vacant in the buildable lands inventory.

5. WINGS AND WAVES OPPORTUNITIES FOR GROWTH AND EXPANSION

This opportunity is related to Strategy 3.3 and is part of McMinnville’s overall tourism strategy. The Waterpark was bought by The Falls Event Center in 2017, and is now run as a separate organization.

This opportunity assumes expansion onto ownership of partially vacant land.

6. CONFERENCE SPACE

This opportunity relates to Strategy 6.4 – Market and promote McMinnville. The plan includes a project to “Work with visit McMinnville and local hoteliers to identify gaps in available conference space and to establish a plan to expand McMinnville’s offerings for small and large conferences.” Towards that end, Visit McMinnville retained Johnson Consulting to complete a market analysis for conference facilities. The January 2018 report, titled *McMinnville Conference Center and Destination Analysis*, identifies need for a 40,000 sq ft conference space not including accommodations and parking. We looked at the following comparable facilities:

- Washington County Event Center: 89,000 sf; ~8 acres with parking
- Seaside: 25,000 sf, 10 meeting rooms; 4 acres with parking
- Pendleton: 28,000 sf, 9 meeting rooms; 12.5 acres with parking
- Blair County Convention Center, PA. 2 levels, ~50,000 sf; 11 acres with parking
- Blue Water Convention Center, MI: ~40,000 sf; 12 acres

Based on review of comparable facilities, the land need for this use is assumed to be 5 acres.

7. CRAFT FOOD AND BEVERAGE FOOD HUB/FARMERS MARKET

McMinnville wants to develop an integrated food hub and year-round farmers market. Farmers markets are physical retail marketplaces intended to sell foods directly by farmers to consumers. Food hubs offer a combination of aggregation, distribution, and marketing services at an affordable price. Food hubs make it possible for many producers to gain entry into new larger-volume markets that boost their income and provide them with opportunities for scaling up production. Combining food hubs and farmers markets creates opportunities to better integrate local food value chains. Examples of farmers markets and food hubs include:

- Olympia Farmers Market, Olympia WA - supports local sustainable agriculture by connecting the public with local farmers, artisans, and other producers in an economically viable marketplace, has over 100 vendors and an estimated 400,000 visitors per year; 4.7 acres
- Bellingham Farmers Market, Bellingham WA – promotes and encourages the development of local, small scale agriculture and ensure a market balance for small, local growers and has over 100 vendors and is co-located at a transit station in downtown Bellingham; 1.5 acres
- Fallon Food Hub Co-op, Fallon NV – has the mission of educate residents about the benefits of eating seasonally and healthfully in order to create a thriving and expanding local food scene resulting in increased opportunities for area producers; 2.2 acres
- Catskills Food Hub, Sullivan County NY – a non-profit organization working to strengthen local agriculture, increase access to fresh food, and improve health outcomes for Sullivan County and the region; 2.7 acres
- Puget Sound Food Hub, Mt. Vernon WA – supports the relationship between regional farmers and their customers, enabling a values-based supply chain for food safety and transparency; 3.2 acres

Based on review of comparable facilities, the land need for this use is assumed to be 3.5 acres.

8. MAKERSPACE/INNOVATION HUB/ FABRICATION CENTER

Most industrial land demand is already reflected in the employment forecast. McMinnville wants to develop additional strategies to bolster the local maker community and the entrepreneurial ecosystems. Makerspace and fabrication laboratories are strategies that communities are pursuing. Makerspaces are community-operated, often nonprofit, workspaces where people with common interests, such as computers, machining, technology, science, digital art, or electronic art, can meet, socialize and collaborate. CraterWorks Makerspace, located in Central Point, also includes a commercial kitchen and market space. It is about 2 acres in size.

Based on review of comparable facilities, the land need for this use is assumed to be 2 acres.

Site Characteristics and Needed Sites

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), states that “[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the City “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by: (1)

plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, McMinnville groups its future employment uses into three general categories based on land use types: (1) commercial (includes retail commercial, office & commercial services, and tourism services)¹¹³; (2) industrial; and (3) sites needed to meet specific economic development objectives (e.g., other land needs not addressed in the employment forecast as discussed above).

In short, in addition to estimating the acreage needed to accommodate current and future employment, it is necessary for the city to determine if it has sites with characteristics suitable for the development to address needs and opportunities. This includes site size, topography, access, utilities, and other characteristics such as location and proximity to other uses and amenities.

As a first step, ECONorthwest analyzed the size distribution of developed employment sites in McMinnville by land use type. Exhibit 60 shows the results. The majority of commercial lots are small – 88% of commercial lots are less than 1 acre, and 42% of the commercial land (in acres) is in lots less than 1 acre. No developed commercial lots are larger than 20 acres. (Some shopping centers include multiple tax lots).

¹¹³ At early stages of the EOA, McMinnville broke commercial out into separate land use categories, but found that many overlap and do not have distinct site needs from other commercial categories by NAICS sector.

Industrial sites show a different pattern. Seven industrial sites (about 2 percent of all industrial sites) are greater than 10 acres but account for 25% of all industrial land in acres. While McMinnville has 122 industrial sites less than 1 acre, those sites account for only 7% of developed industrial land (in acres). Some industrial users occupy multiple buildings and/or tax lots.

Exhibit 60. Size distribution of developed employment sites by land use type, McMinnville UGB, 2019

Land Use Type	Developed acres size									Total
	<0.50 acre	0.50-0.99 acres	1.00-1.99 acres	2.00-4.99 acres	5.00-9.99 acres	10.00- 19.99 acres	20.00- 25.00 acres	25.01- 49.99 acres	50.00+ acres	
Commercial										
Acres	96	54	57	90	26	34	-	-	-	357
Percent of Acres	27%	15%	16%	25%	7%	9%	0%	0%	0%	100%
Tax Lots	509	80	41	30	4	3	-	-	-	667
Percent of Tax Lots	76%	12%	6%	4%	1%	0%	0%	0%	0%	100%
Industrial										
Acres	12	19	43	87	91	61	25	-	79	417
Percent of Acres	3%	4%	10%	21%	22%	15%	6%	0%	19%	100%
Tax Lots	96	26	32	29	13	5	1	-	1	203
Percent of Tax Lots	47%	13%	16%	14%	6%	2%	0%	0%	0%	100%

In addition to basic logistical considerations, there are workforce considerations for locating within a community. For example, in the Three Mile Lane study, it was found that employers located to the area because there were sites that had land needed for expansion; however, employees preferred to be in amenity-rich locations. Employers have had to adjust business practices to accommodate employees in these locations absent the presence of amenities, such as those which were available in prior locations before relocating to accommodate space needs. This largely illustrates the need for the city’s growth management strategy of balanced land uses that provide for a nearby mix of uses and opportunities to reduce vehicle miles travelled.

For certain development types, there is a standardized taxonomy and these types have specific site characteristic needs. The City’s economic development vision and strategy may deviate from some of these typical prototypes in order to promote an authentic place-based experience, but the real estate principles must still function properly. Exhibit 61 and Exhibit 62 show taxonomies for industrial and commercial categories. The site characteristics for commercial and industrial uses shown in the exhibits equate to characteristics that are both “necessary” and “typical” for the target industries identified in the City’s MAC-Town 2032 Economic Development Strategic Plan.

It should be noted that certain development types need larger sites that must be planned and located all at one time, even if future phases within the development build out over time. Therefore, those sites need to be accounted for up-front, rather than incrementally. Other land uses have needs that don’t fit into these broad categories but have other programmatic needs that define the site needs. Examples of these other needed sites apply to uses such as convention/ conference space, regional athletic facilities, etc. For those facilities identified in the Economic Development Strategy that have special sites needs that aren’t sufficiently accounted for in the land needs calculated by the employment forecast and employment density, site characteristics have been separately described below.

Exhibit 61. Shopping Center Taxonomy, ICSC



U.S. Shopping-Center Classification and Typical Characteristics*								
Type of Shopping Center	Concept	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
General-Purpose Centers								
Super-Regional Mall	Similar in concept to regional malls, but offering more variety and assortment.	800,000+	60-120	3+	50-70%	N/A	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster.	5-25 miles
Regional Mall	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line department store, mass merchant, discount department store, fashion apparel store, mini-anchor, cineplex or other large-scale entertainment attraction, and food-and-beverage service cluster.	5-15 miles
Community Center ("Large Neighborhood Center")	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	125,000-400,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Neighborhood Center	Convenience-oriented.	30,000-125,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	< 30,000	<3	Anchor-less or a small convenience-store anchor.	N/A	N/A	Convenience store, such as a mini-mart.	<1 mile
Specialized-Purpose Centers								
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.	250,000-600,000	25-80	3+	70-90%	N/A	Category killers, such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting.	150,000-500,000	10-40	0-2	0-50%	N/A	Large-format upscale specialty	8-12 miles
Factory Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount.	50,000-400,000	10-50	N/A	N/A	N/A	Manufacturers' and retailers' outlets	25-75 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often in urban areas, they may be adapted from older—sometimes historic—buildings, and part of a mixed-use project.	80,000-250,000	5-20	Unspecified	N/A	N/A	Restaurants, entertainment	25-75 miles
Limited-Purpose Property								
Airport Retail	Consolidation of retail stores located within a commercial airport	75,000-300,000	N/A	N/A	N/A	N/A	No anchors; retail includes specialty retail and restaurants	N/A

*Disclaimer: While every effort is made to ensure the accuracy and reliability of the information contained in this report, ICSC does not guarantee and is not responsible for the accuracy, completeness or reliability of the information contained in this report. Use of such information is voluntary, and reliance on it should only be undertaken after an independent review of its accuracy, completeness, efficiency, and timeliness. Criteria used in the definitions above are intended to be only typical of general features, rather than covering all situations.

Exhibit 62. Industrial Development Profile Matrix, 2015

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix



CRITERIA	PREFERENCE	Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribution		Specialized		
		A	B	C	D	E	F	G	I	H	J	K	L
		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
<p>1 GENERAL REQUIREMENTS</p> <p>What is permitted nearby, located in 1000' or equivalent and outside flood plain, and the (P)CA does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.</p>													
2	PHYSICAL SIZE												
2	TOTAL USE SIZE*	Competitive Average†	80 - 200+	5 - 100+	5 - 25+	5 - 25+	5 - 25+	20 - 100+	5 - 25+	20 - 100+	10 - 25+	10 - 25+	10 - 25+
3	COMPETITIVE SCORE:	Must meet Score	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%	8 to 9%
<p>4 TRANSPORTATION</p>													
5	TRUCK GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / Acre)	40 to 60 (ADT / Acre)	50 to 60 (ADT / Acre)	40 to 60 (ADT / Acre)	40 to 60 (ADT / Acre)	40 to 100 (ADT / Acre)	40 to 100 (ADT / Acre)	40 to 100 (ADT / Acre)	40 to 100 (ADT / Acre)	20 to 40 (ADT / Acre)	40 to 60 (ADT / Acre)
6	NEEDS TO KNOWLEDGE OF OTHER PHYSICAL FEATURES:	Miles	w/ in 10	w/ in 10	w/ in 10	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only Interstate or equivalent)	w/ in 5 (only Interstate or equivalent)	N/A	w/ in 10
7	BARBER ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive
10	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred
<p>5 UTILITIES</p>													
11	WATER:	Min. Line Size (Inches/feet)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 8"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"
		Min. Fire Line Size (Inches/feet)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	6"
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required
		Flow (GPD / Acre)	5000	5200	5000	2700	1800	2400	5000	500	500	5000	100-200 (Dishes per Month) ‡
		Min. Service Line Size (Inches/feet)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8" - 10"
		Flow (GPD / Acre)	4700	2900	2500	1700	2800	5000	500	500	5000	1000 (Dish / Acre) §	
12	NATURAL GAS:	Preferred Min. Service Line Size (Inches/feet)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred
13	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-4 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required
14	TELECOMMUNICATIONS:	Major Commercial On Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required
		Major Specialty Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required
		Year Cycle Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required
15	SPERM CONSIDERATIONS:	Adequate distance from sensitive land uses (residential, parks, agricultural) necessary. High throughput of materials. Large yard space a/w/o buffering required. Often, transportation related requiring materials links.	Average allotment includes expansion space (often an optional). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	Many require high volume supply of water and sanitary sewer to treatment. Often needs substantial storage yard space for input storage. On-site water pretreatment needed in many instances.	Surrounding environment of great concern (b-vibrates, noise, air quality, etc.). Increase within 1/2 mile by required. On-site utility service areas. Avoid direct contact with water by treatment plants, landfills, storage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand on all infrastructure systems.	High diversity of facilities within business parks. All facilities should be close proximity to highway for water and sewer. Higher demand for electricity, gas, and telecom.	Relatively higher parking ratios are necessary. All facilities should be close to labor force and the location of other land uses in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements as secondary. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Large sites may be needed. The 25-acre size requirement represents the most typical size. Power supply, and water supply, and security are critical. Surrounding area(s) of interests or city of more than 50,000 people. May require high volume supply of water and sanitary sewer treatment.			



Current Revision Date: 6/23/2015

To meet the requirements of OAR 660-009-0015(2) to identify the number of needed sites by type, we analyzed the existing distribution of developed sites by size (Exhibit 60) and applied it to overall land need for the 2021-2041 period. Exhibit 63 summarizes needed sites by size class. Exhibit 64 allocates needed sites to target sizes within those size class ranges consistent with the methodology in the Industrial Sites Information memorandum distributed at the February 27, 2020 PAC meeting.¹¹⁴ This was based on the range and distribution of site sizes for larger industrial sites described in the MEDP letter (Appendix D. Site Need Letters). These tables also include the estimates for the smaller site sizes of 0.5-2.0 acres discussed in the Employment Sites memo, consistent with the tables labeled “Need 2” in that memo, which was supported by the PAC. Exhibit 63 and Exhibit 64 now also incorporate smaller site sizes less than 0.5 acres, as described in the buildable lands inventory methodology.

Exhibit 63. Revised Employment Site Size Classes and Assignment of Needed Sites

Original Size Classes and Assignments			Revised Size Classes and Assignments		
Original Size Classes	Needed Sites	Ac Range	Revised Size Classes	Needed Sites	Ac Range
NA <i>(By definition in OAR 660 Division 9, undeveloped sites less than ½ acre are not defined as vacant sites)</i>	NA	NA	<0.5 acre	23	0-12
0.5-0.99 ac	10	5-10	0.5-0.99 ac	10	5-10
1.00-1.99	12	12-24	1.00-1.99	12	12-24
2.00-4.99	4	8-20	2.00-4.99	4	8-20
5.00-9.99	3	15-30	5.00-9.99	3	15-30
10.00-19.99	10	100-200	10.00-19.99	10	100-200
20.00-49.99	8	160-400	20.00-25.00	7	140-175
			25.01-49.99	1	25-50
50.00+	0	0	50.00+	0	0
Total	47 sites	300-684 ac	Total	70 sites	305-521 ac

Needed Industrial Sites Provide for at Least an Adequate Supply

Goal 9 and ORS 197.712(2)(c) specify that Comprehensive Plans for urban areas shall:
 ...“Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies.”

The employment forecast and employment density factors identified a need for 153 industrial acres. The needed sites identified above in Exhibit 64, appropriately located, would provide for at least an adequate supply of sites of suitable sizes for a variety of industrial uses consistent with plan policies, as required by Goal 9. To be competitive, this would assure there would be a

¹¹⁴ https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/1675/7-industrial_sites_narrative_summ_2-26-2020_letterhead.pdf

supply of available of sites with a variety of sizes and characteristics to meet a variety of needs at any given time during the planning period.

Exhibit 64. Needed sites, competitive supply and choice consistent with IFA criteria

Site Size Class	Needed Sites By Class	Ac Range for Needed Sites	Needed Sites By Target Size	Ac for Needed Sites
<0.5	23	0-12	23@0.48 ac	11.0
0.5-0.99 ac	10	5-10	5@0.5 ac 5@ 1ac	2.5 5.0
1.00-1.99	12	12-24	6@1 ac 6@2 ac	6.0 12.0
2.00-4.99	4	8-20	2@2 ac 2@4 ac	4.0 8.0
5.00-9.99	3	15-30	3@5 ac	15.0
10.00-19.99	10	100-200	5@10 ac 5@15 ac	50.0 75.0
20.00-25.00	7	140-175	4@20 ac 3@25 ac	80.0 75.0
25.01-49.99	1	25-50	1@40ac	40.0
50.00+	0	0	0	0
Total	70 sites	305-521 ac	70 sites	384 ac

Note: MIP/MEDP Input re: Size Class Distribution – Size Assigned. Appendix D. Site Need Letters provides letters from MIP and MEDP stating needed site sizes.

Exhibit 65 provides a detailed summary of the needed sites between 5 and 50 acres listed in Exhibit 64. The sites listed in this table are identified based on industries listed in the IFA matrix (Exhibit 62) and the target sectors identified in McMinnville’s 2019 Economic Development Strategic Plan. The results of Exhibit 64 and Exhibit 65 show that McMinnville needs 384 acres for industrial land over the 20-year period.

Exhibit 65. Needed industrial and traded sector employment sites

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinnville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
<u>Production Manufacturing</u>			4:							
A. Heavy Industrial / Manufacturing (10-100+ ac)	EDSP: Traditional Ind.& Advanced Manuf.	A. Preferred	2	10-25 ac	(1) 15ac, (1) 25ac			1	1	
B. High Tech/Clean Tech Manufacturing (5-100+ ac)	2013 EOA: Advanced Manufacturing	B. Preferred	2	5-25 ac	(1) 10ac, (1) 25ac		1		1	
<u>Value-Added Manufacturing & Assembly</u>			4:							
C. Food Processing (5-25+ ac)	EDSP: Craft Beverages and Food Systems	C. Preferred	2	5-25 ac	(1) 5ac, (1) 10ac	1	1			
D. Advanced Manufacturing and Assembly (5-25+ ac)	EDSP: Traditional Ind. & Advanced Manuf.	D. Not Required	2	5-25 ac	(1) 15ac, (1) 20ac			1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinnville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50

Light/Flex Industrial

6:

E. General Manufacturing (5-15+ ac)	EDSP: Technology and Entrepreneurship	E. Preferred	3	5-15 ac	(1) 5ac, (1) 10ac, (1) 15ac	1	1	1		
F. Indust. Business Park and R&D Campus (20-100+ ac)	EDSP: Education, Medicine and Other Sciences	F. Preferred	2	5-15 ac	(1) 40ac (Innovation Campus)	1	1			1
G. Business / Admin Services (5-15+ ac)	2013 EOA: Healthcare/Traded Sector Services	G. Not Required			(1) 5ac, (1) 10ac					

Warehousing & Distribution

5:

H. Regional Warehouse / Distribution (20-100+ ac)	EDSP: Craft Beverages and Food Systems	H. Preferred	2	20-25 ac	(1) 20ac, (1) 25ac					2
I. Local Warehouse / Distribution (10-25+ ac)	EDSP: Craft Beverages and Food Systems	I. Preferred	3	10-25 ac	(1) 10ac, (1) 15ac, (1) 20ac		1	1	1	

Infrastructure Finance Authority (IFA) Industrial Development Competitive-ness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets	Rail Access Per IFA?	Needed Sites	Needed Range for McMinnville	Needed Site Sizes	Size Class				
						5-9.9	10-14.9	15-19.9	20-25	25.1-50
Specialized			2:							
J. UAV Manufacturing / Research (10-25+ ac)	EDSP: Traditional Industry and Advanced Manuf.	J. Not Required	1	10-25 ac	(1) 15ac			1		
K. Data Center (10-25+ ac)	EDSP: Technology and Entrepreneurship	K. Avoid	1	10-25 ac	(1) 20ac				1	
L. Rural Industrial (5-25+ ac)		L. N/A	N/A	5-25 ac	N/A					
Total:			21 sites of 5-40 acres		SUM: 21 sites 5ac-40ac (335 ac.)	3	5	5	7	1
					(Rail Preferred for 14 sites)					

*RP=Rail Preferred

Land Sufficiency

This section addresses Step 10: Compare Land Demand to Supply

Exhibit 66 shows commercial and industrial land sufficiency within the McMinnville UGB. It shows:

- **Vacant or partially vacant unconstrained land** from within the UGB. Exhibit 66 shows that McMinnville has 354 gross acres of industrial land, and 154 gross acres of commercial land (see Exhibit 45).
- **Demand for commercial and industrial land** from Exhibit 55, which shows McMinnville will need a total of 153 gross acres for industrial uses and 252 gross acres for commercial uses over the 2021-2041 period based on portion of demand determined through the forecast.
- **Retail Leakage** Additional needs, addressed previously in this Chapter, include retail leakage that is current demand that predates the employment forecast associated with new population growth (12-acre demand over the 20-year period)
- **Demand for commercial land needs with other needed sites** not adequately accounted for in the average employment density calculations. Forecast commercial land includes land use types of retail commercial, office and commercial services, and tourism services. These uses for other needed sites for target sectors are identified in the Economic Development Strategic Plan (56-acre demand over the 20-year period), a net difference of 49 additional acres after adjusting for associated employment.
- **Needed site sizes** from Exhibit 64 shows that McMinnville has an overall need for 384 acres of industrial land in site sizes between less than 0.5 acres and up to 50 acres in size.

Exhibit 66 shows that McMinnville has:

- A 29-acre deficit of industrial land in 2041
- A 159-acre deficit of commercial land in 2041.

Exhibit 66. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021-2041

Land Use Type	Land Supply (Suitable Gross Acres)	Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	354	384	(29)
Commercial	154	313	(159)
<i>Forecast</i>		252	
<i>Retail leakage</i>		12	
<i>Other needed sites</i>		49	
Total	508	697	(189)

Source: ECONorthwest

Summary of Land Sufficiency for Employment Land in McMinnville

This section summarizes the analysis completed in Chapter 5 and the findings related to land sufficiency for employment land in McMinnville.

The current EOA update brings the 2013 document to the current 20-year planning period of 2021-2041, incorporating new trend and forecast data, and ensuring the City's land use planning documents provide the land use foundation to support the City's newly adopted economic development strategy, and ensure the Comprehensive Plan supports that strategy. It also considers a longer 46-year planning period. Since the City's economic development strategy is articulated in the new EDSP, this EOA update supports and references that work, but the scope didn't duplicate the work that was completed in the EDSP.

Demand

McMinnville will need about 697 gross acres (384 industrial and 313 commercial) for employment for the 2021 to 2041 period and 954 gross acres (384 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 67).

Demand was calculated in following components:

- By developing an employment forecast and assigning employment density factors to determine associated land needs, Employment forecasts indicate that McMinnville will add 6,885 jobs between 2021 and 2041 and 16,001 jobs between 2021 and 2067. *For this component of the demand, McMinnville will need at least 405 gross acres (153 industrial and 252 commercial) for employment for the 2021 to 2041 period and 899 gross acres (329 industrial and 570 commercial) for the 2021 to 2067 period (Exhibit 56).*
- By removing the following employment from the employment forecast, and instead estimating land needs for these employers based on interviews with the respective entities: local government, K-12, and higher education. *These are discussed in the public and institutional land needs section of the Urbanization Summary report, and are not discussed in the land sufficiency analysis for commercial and industrial employment.*
- The City assumed 5% of new employment would be accommodated on sites that don't require new vacant land, through infill, redevelopment, and locations that don't require new employment land.
- By identifying the existing retail leakage identified in a market analysis, which identifies existing deficits in the base year which are not otherwise accounted for in the forecast of future employment from 2021-2041. *McMinnville will need about 12.2 acres to address existing retail leakage.*
- By estimating other needed sites which are not accounted for in the average density assumptions. The sites for these uses are unique and not accounted for in the standard employment density factors. These are target industries and uses in the MAC-Town 2032 Economic Development Strategic Plan. *McMinnville will need 56 acres for other*

needed sites on commercial (e.g., land needs not accounted for in the employment projections) in the 2021 to 2041 period. A net increase of 49 acres when adjusting the employment forecast to reflect these unique site needs and adjustments to average density assumptions for these sites and uses.

- Calculation of additional needed sites on industrial land, based on target industries identified in the EDSP, resulted in *overall demand for 384 acres of industrial land.*

Supply

In 2019, within the UGB, McMinnville has 508 buildable acres of employment land. This includes 154 buildable acres of commercial land and 354 buildable acres of industrial land.

- **Commercial.** Of the 154 buildable acres of commercial land, about 50 acres are in vacant lots, 65 acres are in partially-vacant lots, and 39 acres in the Urban Holding zone for future neighborhood commercial services. About 56 acres (approximately 36% of the buildable commercial land) is on the Evergreen property, which is subject to a Planned Development that limits uses to tourism-related uses consistent with the master plan. There are only 39 tax lots with buildable commercial acreage, and only some of these contiguous.
- **Industrial.** Of the 354 buildable acres of industrial land, about 301 acres are in vacant lots, and 53 acres are in partially-vacant lots. About 50% of the supply (177 acres) is in two tax lots over 50 acres, about 88 and 90 acres. McMinnville has one 24 acre site. The remaining sites are smaller than 15 buildable acres.

Sufficiency

Exhibit 67 shows the capacity of unconstrained vacant land and the demand for employment land over the 5-, 10-, 20-, and 46-year planning periods.

Exhibit 67. Comparison of the capacity of unconstrained vacant land with employment land demand by land use type, McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

Land Use Type	5-year (2021-2026)			10-year (2021-2031)			20-year (2021-2041)			46-year (2021-2067)		
	Land Supply	Land Demand	Land Sufficiency (Deficit)	Land Supply	Land Demand	Land Sufficiency (Deficit)	Land Supply	Land Demand	Land Sufficiency (Deficit)	Land Supply	Land Demand	Land Sufficiency (Deficit)
Industrial	354	38	316	354	77	277	354	384	(29)	354	384	(29)
Commercial	154	63	91	154	126	28	154	313	(159)	154	570	(416)

Source: ECONorthwest.

The next chapter provides a discussion of McMinnville’s existing Comprehensive Plan goals and policies related to economic development. It suggests updates to policies that may not align with the findings of this EOA or recent updates to supporting planning work including the MAC-Town 2032 Economic Development Strategic Plan.

6. Comprehensive Plan Policies

OAR 660-009-0020 outlines requirements for industrial and other economic development policies.

Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are fulfillment of community economic development objectives.

Economic Development Goals and Policies

As noted at the outset of this EOA update report, the 2019 MAC-Town Economic Development Strategic Plan states the City of McMinnville's mission related to economic development:

"McMinnville provides economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors, from steel manufacturing to technology. Economic growth is collaborative, and inclusive of individuals from diverse backgrounds. Businesses leverage local and regional talent pipelines while attracting new employees and residents who value McMinnville's high quality of life. Our strong downtown serves residents and visitors alike, featuring unique shops and world-class restaurants that offer locally-produced food products and globally-renowned wine. As we evolve, we prize our small-town roots and we maintain McMinnville's character."

The currently adopted Comprehensive Plan also includes more detailed goal statements, and some goals include specific policies. This EOA update provides suggested changes to goals and policies that may not align with the city's current vision for economic development. The suggested changes are indicated with items to **remove** or items to consider **adding**.

Goal IV 1: To encourage the continued growth and diversification of McMinnville's economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Policy:

- 21.00 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the City. Such uses shall locate according to the goals and policies in the comprehensive plan.
- 21.01 The City shall periodically update its economic opportunities analysis to ensure that it has within its urban growth boundary (UGB) a 20-year supply of lands designated for commercial and industrial uses. The City shall provide an adequate

number of suitable, serviceable sites in appropriate locations within its UGB. If it should find that it does not have an adequate supply of lands designated for commercial or industrial use it shall take corrective actions which may include, but are not limited to, redesignation of lands for such purposes, or amending the UGB to include lands appropriate for industrial or commercial use. (Ord.4796, October 14, 2003)

- 21.02 The City shall encourage and support the start up, expansion or relocation of high-wage businesses to McMinnville.
 - 1. The City shall coordinate economic efforts with the Greater McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, McMinnville Downtown Association, Yamhill County, Oregon Economic and Community Development Department, and other appropriate groups.
 - 2. Economic development efforts shall identify specific high-wage target industries and ensure that adequately sized, serviced, and located sites exist within the McMinnville urban area for such industries. (Ord.4796, October 14, 2003)
- 21.03 The City shall support existing businesses and industries and the establishment of locally owned, managed, or controlled small businesses. (Ord.4796, October 14, 2003)
- 21.04 The City shall make infrastructure investments that support the economic development strategy a high priority, in order to attract high-wage employment. (Ord.4796, October 14, 2003)
- 21.05 Commercial uses and services which are not presently available to McMinnville residents will be encouraged to locate in the city. Such uses shall locate according to the goals and policies in the comprehensive plan. (Ord.4796, October 14, 2003)

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

General Policies:

- 22.00 The maximum and most efficient use of existing commercially designated lands will be encouraged as will the revitalization and reuse of existing commercial properties.
- 23.00 Areas which could in the future serve as commercial sites shall be protected from encroachment by incompatible uses.
- 24.00 The cluster development of commercial uses shall be encouraged rather than auto-oriented strip development. (Ord.4796, October 14, 2003)

Locational Policies:

- 24.50 The location, type, and amount of commercial activity within the urban growth boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord.4796, October 14, 2003)

- 25.00 Commercial uses will be located in areas where conflicts with adjacent land uses can be minimized and where city services commensurate with the scale of development are or can be made available prior to development.
- 26.00 The size of, scale of, and market for commercial uses shall guide their locations. Large-scale, regional shopping facilities, and heavy traffic-generating uses shall be located on arterials or in the central business district, and shall be located where sufficient land for internal traffic circulation systems is available (if warranted) and where adequate parking and service areas can be constructed.
- 27.00 Neighborhood commercial uses will be allowed in residential areas. These commercial uses will consist only of neighborhood oriented businesses and will be located on collector or arterial streets. More intensive, large commercial uses will not be considered compatible with or be allowed in neighborhood commercial centers.
- 28.00 A commercial planned development should be encouraged in the proximity of the intersection of Hill Road and West Second Street. Such a development should service the needs of people in western McMinnville. The development should be anchored by a grocery store.

Design Policies:

- 29.00 New direct access to arterials by large-scale commercial developments shall be granted only after consideration is given to the land uses and traffic patterns in the area of development as well as at the specific site. Internal circulation roads, acceleration/deceleration lanes, common access collection points, signalization, and other traffic improvements shall be required wherever necessary, through the use of planned development overlays.
- 30.00 Access locations for commercial developments shall be placed so that excessive traffic will not be routed through residential neighborhoods and the traffic-carrying capacity of all adjacent streets will not be exceeded.
- 31.00 Commercial developments shall be designed in a manner which minimizes bicycle/pedestrian conflicts and provides pedestrian connections to adjacent residential development through pathways, grid street systems, or other appropriate mechanisms. (Ord.4796, October 14, 2003)
- 32.00 Where necessary, landscaping and/or other visual and sound barriers shall be required to screen commercial activities from residential areas.
- 33.00 Encourage efficient use of land for parking; small parking lots and/or parking lots that are broken up with landscaping and pervious surfaces for water quality filtration areas. Large parking lots shall be minimized where possible. All parking lots shall be interspersed with landscaping islands to provide a visual break and to provide energy savings by lowering the air temperature outside commercial structures on hot days, thereby lessening the need for inside cooling. (Ord.4796, October 14, 2003)
- 34.00 The City of McMinnville shall develop and maintain guidelines concerning the size, placement, and type of signs in commercial areas.

- 35.00 The City of McMinnville shall encourage the development of a sign system that directs motorists to parking areas.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Downtown Development Policies:

- 36.00 The City of McMinnville shall encourage a land use pattern that:
 - 1. Integrates residential, commercial, and governmental activities in and around the core of the city;
 - 2. Provides expansion room for commercial establishments and allows dense residential development;
 - 3. Provides efficient use of land for adequate parking areas;
 - 4. Encourages vertical mixed commercial and residential uses; and,
 - 5. Provides for a safe and convenient auto-pedestrian traffic circulation pattern.
(Ord.4796, October 14, 2003)
- 37.00 The City of McMinnville shall strongly support, through technical and financial assistance, the efforts of the McMinnville Downtown Steering Committee to implement those elements of Phase II of the “Downtown Improvement Plan” that are found proper, necessary, and feasible by the City. (Ord.4796, October 14, 2003)
- 38.00 The City of McMinnville shall encourage the renovation and rehabilitation of buildings in the downtown area, especially those of historical significance or unique design.
- 39.00 The City of McMinnville shall encourage and allow the development of pocket parks, landscaping, and other natural amenities to provide a visual contrast between streets and parking lots and buildings to enhance the general appearance of the downtown.
- 40.00 The City of McMinnville shall encourage and develop a policy of cooperation with federal, state, and local governments and agencies regarding the location of public administrative and service facilities in the downtown area and further encourage these same agencies to develop off-street parking opportunities and transportation alternatives for their employees.
- 41.00 The City of McMinnville shall encourage the expansion of retail and other commercial enterprises east of the railroad tracks and north and south of Third Street consistent with the adopted “Downtown Improvement Plan.” (Ord.4796, October 14, 2003)
- 42.00 The City of McMinnville shall continue to redesignate streets and traffic patterns in and around the downtown area to facilitate the movement of automobile traffic and provide for the safety and convenience of pedestrians.

- 43.00 The City of McMinnville shall allow the closing and/or vacating of streets to provide additional areas for off-street parking where such closure will not affect the ability of the police and fire departments, and public utilities to provide their designated service functions or where such closures will not negatively affect the overall traffic circulation in the downtown area.
- 44.00 The City of McMinnville shall encourage, but not require, private businesses downtown to provide off-street parking and on-site traffic circulation for their employees and customers.
- 45.00 The City of McMinnville shall study the feasibility of developing bicycle and pedestrian paths and/or lanes between residential areas and the activity centers in the downtown. (Ord.4961, January 8, 2013)
- 46.00 The City shall work to implement the recommendations of the adopted “McMinnville Downtown Improvement Plan.”
- 46.01 The City shall, through its Landscape Review Committee, develop a list of street trees acceptable for planting within the public rights-of-way, parks and open spaces, and downtown. In addition, the committee shall develop standards for the planting of these trees, particularly within the downtown area, such that sidewalk and tree root conflicts are minimized. This effort should be coordinated with McMinnville Water and Light in an effort to minimize conflicts with utility lines.
- 46.02 The City shall, as funding permits and generally in the following order, periodically inventory trees within its public rights-of-way, parks and open spaces, and downtown area in order to assess the overall health of the city’s urban forest and to determine those specific trees that may require maintenance, or removal and replacement. As a goal, the City seeks to maintain a diverse urban forest in terms of age and species.
- 46.03 The City shall take steps to minimize hardships to property owners situated adjacent to street trees that may have been found to be the cause of, but not limited to, the cracking or raising of a public sidewalk, or interfering with sewer lines that serve his/her property. In such cases, the City shall install root barriers, if practicable, or remove the offending tree(s). (Ord. 4816, December 14, 2004; Ord.4796, October 14, 2003)

Proposals:

- 6.00 A planned development overlay should be placed on the large cluster commercial development areas and the entrances to the City to allow for review of site design, on-site and off-site circulation, parking, and landscaping. The areas to be overlaid by this designation shall be noted on the zoning map and/or comprehensive plan map.
- 7.00 The City of McMinnville should study the feasibility of designating areas fronting Third Street east of the railroad tracks for retail commercial only, and designated areas on the fringes of the downtown as office residential.

- 8.00 The City of McMinnville should encourage the development of a commercial planned development center in the southwestern portion of the city large enough in scale to serve the needs of the area’s population. The center should be in proximity of the intersection of Old Sheridan Road, U.S. Highway 99W, and Oregon Highway 18.

Goal IV 5: To continue the growth and diversification of McMinnville’s industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

General Policies:

- 47.00 Industries that locate in the community shall meet federal, state, and local environmental standards. These standards shall be given full weight in evaluating the desirability of the industry. Criteria for evaluation shall include, but not be limited by the effect the industry would have on:
 - 1. The natural environment, including air and water quality, natural drainage ways, and soil properties and other physical characteristics of the land including topography.
 - 2. The human environment, including the amount of noise and traffic generated and the ability of the housing industry to provide sufficient dwelling units with at least an adequate level of required urban services.
 - 3. The physical facilities of the community, including the ability of sanitary and storm sewer systems, water supply and distribution system, energy supply distribution systems, police and fire, and schools to provide designated services.
- 48.00 The City of McMinnville shall encourage the development of new industries and expansion of existing industries that provide jobs for the local (McMinnville and Yamhill County) labor pools.

Locational Policies:

- 49.00 The City of McMinnville shall use its zoning and other regulatory methods to prevent encroachment into industrial areas by incompatible land uses.
- 49.01 The City shall designate an adequate supply of suitable sites to meet identified needs for a variety of different parcel sizes at locations which have direct access to an arterial or collector street without having to pass through residential neighborhoods. (Ord. 4961, January 8, 2013)
- 49.02 The location, type, and amount of industrial activity within the Urban Growth Boundary shall be based on community needs as identified in the Economic Opportunities Analysis. (Ord. 4961, January 8, 2013)

- 49.03 In designating new industrial properties, and in redesignating properties to industrial zoning from other designations, the City shall work to provide employment opportunities in locations that are reasonably accessible to McMinnville residents, while minimizing the need to drive through existing or planned residential neighborhoods. (Ord. 4961, January 8, 2013)
- 50.00 The City of McMinnville shall encourage industrial uses to locate adjacent to the airport and south of Three Mile Lane, adjacent to the existing Riverside Drive industrial area, and in existing industrial areas through the proper designation of lands on the comprehensive plan and zoning maps. Comprehensive plan and/or zoning map changes to industrial designations in other areas may be granted if all the applicable goals and policies of the plan can be met.
 - *The City should consider updating this policy to reflect findings of the Three Mile Lane Area Plan, which discusses potential commercial uses in this area.*
- 51.00 The City of McMinnville shall encourage the location of airport-related industrial uses only on the industrial land which is adjacent to the airport. Those lands so reserved shall be designated in the planned development overlay covering this area.
 - *The City should consider updating this policy to reflect updated goals for the area near the airport.*
- ~~▪ 52.00 The City of McMinnville shall create a new "limited light industrial" zone which shall be placed on the industrial areas on the south side of Three Mile Lane in those areas where residential development is expected on the north side of the road. The new zone will allow only those types of industrial uses that will not conflict with the residential uses.~~
- ~~▪ 53.00 The City of McMinnville shall encourage the phased development of industrial land so that a moderate rate of growth occurs. A moderate rate of growth will be considered that rate which enables the City to provide urban services in a timely, orderly, and economic fashion, and which allows the private sector to provide for the needs of the new residents.~~
- 54.00 The City of McMinnville shall establish industrial planned development ordinances which shall be placed over the future industrial areas designated on the McMinnville Comprehensive Plan Map, the industrial reserve area, and certain existing industrially designated areas within the city limits. The overlay shall also be applied to any areas which are in the future designated for future industrial use through an amendment to the comprehensive plan map. The overlays shall provide standards to control the nuisance and negative environmental effects of industries. These controls shall cover, but not be limited to, the following areas:
 - 1. Landscaping and screening
 - 2. Noise suppression
 - 3. Light and heat suppression
 - 4. Pollution control for air, water, and land

- 5. Energy impacts
- 6. Traffic impacts
- 55.00 Deleted as per Ord. 4796, October 14, 2003.
- 56.00 Deleted as per Ord. 4796, October 14, 2003.
- 57.00 Agricultural activities shall be encouraged on industrially designated lands until such time as the lands are utilized for industrial purposes.

Appendix A. Buildable Lands Inventory

ECONorthwest prepared a Goal 10 compliant Economic Opportunities Analysis (EOA) for the City of McMinnville to assess whether the city has sufficient land within its Urban Growth Boundary (UGB) to accommodate population and employment growth forecast for the 20-year period between 2021 and 2041, as well as 5-, 10-, and 46-year planning periods. A key component of this study is the buildable lands inventory (BLI).

The legal requirements that govern the BLI for the City of McMinnville are defined in Statewide Planning Goal 10, OAR 660-009-0005, and OAR 660-009-0015(3). This Appendix summarizes the methods ECONorthwest used to conduct employment buildable lands inventory.

In 2023, ECONorthwest updated the BLI from the 2020 *McMinnville Economic Opportunities Analysis* report to December 2021 to account for: land brought into the UGB through the 2020 Urban Growth Boundary (UGB) expansion; development that occurred between January 1, 2018 and December 31, 2021; and other changes such as changes in zoning or tax lot divisions. For this update, ECONorthwest used 2022 (assessor tax year) data.

Study Area

The Commercial and Industrial BLI for McMinnville includes all commercial and industrial land within the McMinnville UGB. From a practical perspective, this means that all lands within tax lots identified by the Yamhill County Assessment and Taxation Office that fall within a commercial or industrial plan designation were inventoried. Note that tax lots do not generally include road or railroad rights-of-way or water. ECONorthwest used an April 2023 tax lot shapefile (the same data used for the residential BLI) from the City of McMinnville for the analysis, as well as previous information used for the 2018 EOA. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Methods for Inventory of Commercial and Industrial Lands

For commercial and industrial land, the general structure is similar to the residential lands process with a few differences. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. Following are the administrative rules that provide guidance on the commercial and industrial BLI.

OAR 660-009-0005:

(1) *"Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.*

(2) *"Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to,*

wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) "Total Land Supply" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) "Vacant Land" means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The 2023 update used building permits from 2019 to December 2021 to identify tax lots where new development has occurred. Tax lots that were previously designated as vacant in 2019 but had an associated building permit on them were re-designated as developed. As an additional step to maintain thoroughness, tax lots were again filtered through the development status classification scheme to identify any tax lots where the improvement value increased from \$0 to values over \$10,000. Beyond these changes, we used the 2019 BLI results unless there was a clear reason for doing otherwise.

Unlike with residential lands, the rules for employment lands include the concept of "suitability" which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 (11) and (12) above.) The proposed BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land. ECONorthwest had additional discussions with City staff about the assumptions embedded in the BLI as well as whether to apply additional suitability factors to employment lands, and if so, what factors to use.

Inventory Steps

The steps in the inventory of commercial and industrial buildable lands are:

1. Generate UGB “land base”
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB “land base”

The commercial and industrial inventory used all of the tax lots in the McMinnville UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial¹¹⁵
- Industrial

Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation of Commercial or Industrial (based on the lot’s status as of April 2023) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Vacant small lot land
- Partially vacant land
- Public or exempt land

ECONorthwest initially identified buildable land and classify development status using a rule-based methodology. The rules are described below.

¹¹⁵ The inventory also includes the 39 acres of land that McMinnville brought into the UGB for neighborhood servicing commercial uses, per Ordinance No. 5098, the McMinnville Urban Growth Management Plan. This land is in the Urban Holding zone, as discussed in the *McMinnville Housing Needs Analysis* report.

Development Status	Definition	Statutory Authority
Vacant Land	A tax lot: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements For the purpose of criteria (a) above, lands with improvement values of \$0 were be considered vacant.	OAR 660-009-005(14)
Vacant Small Lot	Tax lot less than one half-acre without buildings or improvements.	No statutory definition. Included based on PAC recommendation at February 27, 2020 meeting.
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination is based on a visual assessment and City staff verification.	No statutory definition
Public or Exempt Land	Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands are identified using the Yamhill County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as “Non-vacant land that is likely to be redeveloped during the planning period.” Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.	OAR 660-009-005(1)

Step 3: Identify constraints

The commercial and industrial inventory uses development constraints consistent with guidance in OAR 660-009-0005(2). Most of the development constraints are the same as those used for residential lands. (The exception is steep slopes, which are defined as 15% or greater for employment lands and 25% or greater for residential lands.) Note that the previous EOA in 2013 used the 25% threshold for steep slopes. In the 2020 update, the PAC recommended using 15% to better reflect needs for development of employment land.

Constraint	Statutory Authority	Threshold	File name
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Goal 5 Natural Resource Constraints			
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory	NWI
Natural Hazard Constraints			
Floodways	OAR 660-009-0005(2)	Lands within FEMA FIRM identified floodway	Floodplains_and_Floodways
100 Year Floodplain	OAR 660-009-0005(2)	Lands within FEMA FIRM 100-year floodplain	Floodplains_and_Floodways
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%	TBD
Conservation Easements	OAR 660-009-0005(2)	Lands within conservation easements, as identified by City staff.	

These areas were treated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that were identified as vacant or partially vacant.

Step 4: Verify inventory results

As with the residential BLI, ECONorthwest used a multi-step verification process. This included review of aerial imagery, discussion and verification with City staff, and review of 2013 EOA results.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in Chapter 5.

Appendix B. Employment on Other Land and Employment Density

This appendix presents research and findings that ECONorthwest completed to provide rationale for employment density and “refill” and redevelopment assumptions for the 2020 update of the City of McMinnville’s EOA. It presents empirical analysis of existing employment densities in McMinnville and information on assumptions used for EOAs in comparison cities noted in *Exhibit 1*.

Exhibit 1. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

In addition, with the 2013 EOA, the City also previously collected comparative data from other cities and the 2001/03 EOA for employment density and “refill” and redevelopment factors. That is summarized in Figure 40 of the 2013 EOA, which is also attached at the end of this document. It also includes guidelines from DLCD’s Goal 9 Guidebook. The City elected to add additional comparable cities to the analysis as three of the five cities in Figure 40 are metro cities with considerably different economic development opportunities and strategies.

Employment on Other (Non-Vacant) Land

ECONorthwest compiled information from the comparison cities on assumptions used in each city’s EOA for employment that doesn’t require vacant commercial or industrial land. (This corresponds to step 6 in the EOA summary matrix.) The 2013 McMinnville EOA used an overall assumption for employment on non-vacant land of 17%. Exhibit 2 summarizes assumptions used in other Oregon comparison cities.

Exhibit 2. Employment on other land assumptions for comparison cities

City	Emp. on Other Land	Rationale/Approach	Date
Ashland	20%	Empirical analysis of capacity on redevelopable lands.	2007
Newberg	5% (retail only)	Empirical analysis. (See Figure 40 on pg. 85 of 2013 McMinnville EOA)	2006
Redmond	10%	Reasonable judgement. (pg. 5-29).	2005
Grants Pass	10%	Reasonable judgement based on comparison areas. (pg. 8-46)	2007
Albany	0%	Redevelopment was accounted for in the BLI, so they did not account for it again in the forecast. (pg. 11)	2005
Corvallis	Industrial: 11% Retail: 12% Office: 29%	Reasonable judgement based on available buildable land. (pg. 4-56)	2016
Bend		Note: Bend used a site-based approach for estimating land need. We do not recommend this approach.	2016

DLCD's Goal 9 workbook presented guidelines of 85-90% growth on vacant land, based on 10-15% refill and redevelopment cited as a rule of thumb.

The effect of applying refill and redevelopment rates to existing developed land is to implicitly increase the employment density on those lands. Employment density is discussed further in the next section, but must be evaluated together with assumptions about refill and redevelopment. As discussed in the next section, the observed density of employment in commercial and industrial plan designations is currently about 10 employees/net acre in industrial plan designations (down slightly from the 2013 EOA) and 23 employees/net acre in commercial plan designations (up slightly from the 2013 EOA). Exhibits 3A-3C show the effective densities resulting from applying 17%, 10%, and 5% of new employment to developed commercial and industrial sites.

For industrial employment, this ranges from absorbing between 96 to 325 additional employees from present through 2041, and increasing to absorb between 191 to 650 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 10 employees/acre to between 11 to 12 employees/acre.

For commercial development, this ranges from absorbing between 295 to 1,003 additional employees from present through 2041, and increasing to absorb between 619 to 2,103 additional employees from present through 2067 on *currently* developed properties. This would increase the employment density for these sites from 23 employees/acre to between 25 to 29 employees per acre.

Exhibit 3A. Effective Employment Densities with 17% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	17% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 17% of emp to 2041	17% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 17% of emp to 2067
Industrial	3,422	4,485	428	10	325	4,810	11	650	5,135	12
Commercial	6,245	8,184	357	23	1,003	9,187	26	2,103	10,287	29

Exhibit 3B. Effective Employment Densities with 10% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	10% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 10% of emp to 2041	10% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 10% of emp to 2067
Industrial	3,422	4,485	428	10	191	4,676	11	383	4,868	11
Commercial	6,245	8,184	357	23	590	8,774	25	1,237	9,421	26

Exhibit 3C. Effective Employment Densities with 5% Refill/Redevelopment Assumption on Current Developed Commercial and Industrial Sites

Plan Designation	Covered Employment by Plan Des.	Total Emp. Calc. by Plan Des.	Net Unconstrained Developed Acres in Plan Designation	Effective Employment per Net Acre on Current Developed, Non-Vacant Sites						
				Current Calc Emp Density	5% of Add'l Emp to 2041	Tot Emp Exist Sites by Plan Des. In 2041	Emp. Density Exist Sites with 5% of emp to 2041	5% of Add'l Emp to 2067	Tot Emp Exist Sites by Plan Des. In 2067	Emp. Density Exist Sites with 5% of emp to 2067
Industrial	3,422	4,485	428	10	96	4,581	11	191	4,676	11
Commercial	6,245	8,184	357	23	295	8,479	24	619	8,803	25

Both the industrial and commercial employment densities have remained nearly the same over time: from the 2001/03 EOA, the empirical calculations in the 2013 EOA, and the empirical calculations in the current analysis. Industrial densities have decreased slightly from about 11 employees/acre to about 10 employees/acre. Commercial densities have increased slightly from about 22 employees/acre to about 23 employees/acre.

The 2001/03 EOA used variable assumptions for refill/redevelopment, with 17% for industrial, 15% for commercial, and 13% for institutional, while the 2013 EOA increased these all to 17%.

Average employment densities don't appear to have increased consistent with those rates. Actual changes compared to assumptions about refill/redevelopment of the existing developed sites may be the result of:

- Refill/redevelopment has not occurred, or has occurred at lower rates than assumed in McMinnville's prior EOAs
- Employment densities of existing businesses may have declined, through reduction of employees or through expansion of facilities without commensurate increases in employment densities
- Increases in employment density in some cases may have been offset by reductions in employment density in other cases

Potential reasons may include:

- Increases in automation, where operations occupy the same space, but with fewer employees
- More new businesses/new land use of types with the same or lower employment densities than previous business' employment densities
 - Potential increases in area devoted to storage, cold storage, warehousing, and distribution, some of which may increase together with surrounding agricultural uses.
 - Potential increases in area devoted to indoor grow operations, potentially further increasing from the growth of industrial hemp production.¹¹⁶

The dynamics of new job creation should also be considered in evaluating refill and redevelopment.

- How strongly is job growth correlated with the size or age of a business? How much job growth is created through newer start-ups vs. long-term growth of more established businesses? How many smaller entrepreneurial businesses intend to grow to be larger businesses vs. remain smaller?
- While there may be capacity to add employees within established space for existing businesses, new businesses may need their own facilities that can't be located within the facilities of other businesses. Some existing businesses may retain partially vacant sites in the event they need to expand. Some businesses will require ownership of their land and facilities rather than leasing space on existing developed sites.

An assumption of 5% industrial refill/redevelopment would result in an increase in employment density from about 10 emp/ac to about 11 emp/ac on existing developed sites. This is generally consistent with McMinnville's historic trends.

¹¹⁶ <https://www.forbes.com/sites/andrebourque/2019/01/31/how-hemp-is-moving-oregon-marijuana-to-an-indoor-grow-crop/#10ff80b960ed>

The empirical calculated density for commercial sites in the 2013 EOA was 22 emp/acre, but an aspirational policy of 26 emp/acre was adopted. Any of the three scenarios calculated above (5%, 10%, or 17%) for refill/redevelopment on *currently* developed sites would result in an increase in density on these sites that would exceed currently observed densities, ranging from 24 to 26 emp/acre by 2041. Carrying over the 17% assumption from the 2013 EOA would mean an assumed employment density of 29 emp/acre on these sites by 2067, compared to the current 23 emp/acre, and exceeding even the aspirational overall assumption of 26 emp/acre used in the 2013 EOA. An assumption of 5% commercial refill/redevelopment would result in an increase in employment density from 23 emp/ac to 25 emp/ac on these sites in 2067.

Recommended approach and assumptions

This update could simply carry forward the 17% refill/redevelopment assumption from the 2013 EOA for all categories, but the analysis of empirical data, calculations of effective density, and comparisons with other cities and the DLCDC Goal 9 Guidebook suggest that assumption is high, and that McMinnville hasn't achieved this historically. Further, even if that level of refill/redevelopment had been achieved historically, carrying over an assumption for each planning period would have a compounding effect of assuming unlimited, successively higher capacity of the same existing developed sites to absorb more employment each time. This would push the employment density for those developed lands up each planning cycle, where infill and redevelopment would have already theoretically occurred and increased in each previous planning cycle.

A reasonable assumption would be 5% refill/redevelopment for both commercial and industrial employment, which is what we would recommend. This would result in an increase in employment density on currently developed sites, still exceeding the empirical employment densities from the 2013 EOA.

The assumed 17% refill/redevelopment rate from the 2013 EOA would be an aspirational assumption that exceeds the empirical densities and exceeds the aspirational density from the 2013 EOA. It is an estimate that we don't anticipate will be achieved, and is higher than most comparisons. The 2001/03 EOA refill/redevelopment assumption of 17% for industrial and 15% for commercial is another aspirational assumption that hasn't been observed historically.

The tables below show the result of the 5%, 10%, and 17% refill/redevelopment assumptions for comparison for the 2021-2041 period.

The government land use type is excluded from the remaining employment forecast calculations, as we account for government employment in calculations for other land needs.

Exhibit 4a. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (17% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	283	1,384
Retail Commercial	383	65	318
Office & Commercial Services	3,346	569	2,777
Tourism Services	1,269	216	1,053
Total	6,665	1,133	5,532

Exhibit 4b. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (10% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	167	1,500
Retail Commercial	383	38	345
Office & Commercial Services	3,346	335	3,011
Tourism Services	1,269	127	1,142
Total	6,665	667	5,998

Exhibit 4c. Estimate of new employment that will require vacant land, McMinnville UGB, 2021 to 2041 (5% Assumption)

Land Use Type	New Employment Growth	Emp. on Other Land	New Emp. on Vacant Land
Industrial	1,667	83	1,584
Retail Commercial	383	19	364
Office & Commercial Services	3,346	167	3,179
Tourism Services	1,269	63	1,206
Total	6,665	332	6,333

Employment Density

ECONorthwest completed an empirical analysis of the overall employment density in commercial and industrial areas, as well as in sample areas for the following land use types included in the employment forecast—industrial, office commercial, and retail commercial.¹¹⁷ The 2013 McMinnville EOA used the following assumptions for employment density:

- **Industrial:** 11 employees per acre
- **Commercial:** 26 employees per acre

The 2013 EOA included an empirical analysis of employment density. The 11 employee/acre industrial density was the empirical calculated density. The empirical commercial employment density was 22 employees per acre. The 26 employee/acre density was an aspirational, policy-based assumption.

In the PAC materials provided for the meeting on September 5, 2019, we completed a sensitivity analysis for employment density based on the 2013 EOA assumptions. The analysis shows the effect of a 10% increase and 10% decrease of the 2013 employment density assumptions and the range of resulting needed acreage. The PAC requested further research based on existing employment density in McMinnville. The results of that analysis are provided in this section.

Overall employment density for existing employment in McMinnville

The analysis of overall employment density for commercial and industrial areas included lots identified as “developed” in the buildable lands inventory (BLI) and summarized the employment per acre on these sites by plan designation (commercial or industrial land only). Land in wetlands was removed from the acreage calculation to better account for land used for employment. We calculated employment density, expressed here as total employees per acre, by dividing the number of employees on developed sites in commercial and industrial plan designations by the acreage (less wetlands) of those developed sites. The results of this calculation were:

- **Industrial:** 10 employees per acre
- **Commercial:** 23 employees per acre

Exhibit 5 shows the results of applying these employment density assumptions for the remaining land use types.

¹¹⁷ The other land use types—tourism services and government—were excluded from the sample area analysis. The PAC will be discussing site characteristics. The sites needed for tourism services are typically similar to the needs for retail commercial. Thus, it is reasonable to assume the same employment density for both tourism services and retail commercial. Government employment will not require vacant commercial and industrial land, so we did not analyze employment density for this land use type.

Exhibit 5a. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,467	10	147	156
Retail Commercial	337	23	15	18
Office & Commercial Services	2,945	23	128	156
Tourism Services	1,117	23	49	59
Total	5,866		338	389

Exhibit 5b. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	10	150	160
Retail Commercial	345	23	15	18
Office & Commercial Services	3,011	23	131	160
Tourism Services	1,142	23	50	61
Total	5,998		346	398

Exhibit 5c. Estimate of future land demand for new employment (plan designation approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	10	158	169
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	6,333		365	420

While this approach provides a reasonable indication of employment densities in McMinnville, the mix of types of employment on sites may affect the overall result (i.e., not all employment in industrial areas is classified as industrial employment). However, these results align with comparable areas and previous guidelines for calculating employment density, and are therefore reasonable assumptions for the purposes of the EOA.

Sample area employment density for existing employment in McMinnville

ECONorthwest also analyzed sample areas representative of employment in McMinnville by land use type. City staff assisted in choosing these areas for further analysis based on local knowledge as well as requirements for data confidentiality. Again, we calculated the employment density by dividing the number of total employees in each sample area by the total acreage of the sample area site. The results by land use type were:

- **Industrial:** 11 employees per acre
- **Office commercial:** 29 employees per acre
- **Retail commercial:** 19 employees per acre

Similar to the first approach to calculate overall employment density, a sample area approach also has limitations. Sample areas, by definition, do not provide information on employment density across McMinnville. However, these areas were chosen based on a representation of typical employment areas in McMinnville. Limitations in data availability, reporting, and confidentiality also present limitations in results.

The results of both approaches align with results from other studies in comparable cities, as well as the guidelines in DLCD's *Industrial and Other Employment Lands Analysis—Basic Guidebook*, which states:

“Typical employment densities per net acre range from 8 - 12 jobs for industrial; 14 - 20 jobs for commercial; and 6 - 10 jobs for institutional/other jobs.”

The next section provides background information on employment density assumptions used in cities that are comparable to McMinnville.

Exhibit 6 shows the results of applying these employment density assumptions for the remaining land use types.

Exhibit 6a. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 17% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,384	11	126	134
Retail Commercial	318	19	17	20
Office & Commercial Services	2,777	29	96	117
Tourism Services	1,053	19	55	68
Total	5,532		294	339

Exhibit 6b. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 10% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,500	11	136	145
Retail Commercial	345	19	18	22
Office & Commercial Services	3,011	29	104	127
Tourism Services	1,142	19	60	73
Total	5,998		319	367

Exhibit 6c. Estimate of future land demand for new employment (sample area approach), McMinnville UGB, 2021 to 2041, after 5% deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	19	19	23
Office & Commercial Services	3,179	29	110	134
Tourism Services	1,206	19	63	77
Total	6,333		336	388

Employment density comparison

City of McMinnville staff provided ECONorthwest with a list of cities typically used for comparison purposes. The cities and their population are listed in Exhibit 7.

Exhibit 7. Cities used for comparison to the City of McMinnville by population and county

City	Population (2018 PSU Estimate)	County
Ashland	20,815	Jackson
Newberg	23,795	Yamhill
Redmond	29,190	Deschutes
Grants Pass	37,285	Josephine
Albany	53,145	Linn & Benton
Corvallis	59,280	Benton
Bend	89,505	Deschutes

Each city listed above has completed an EOA between 2005 and 2016. Methodologies for each EOA varied, and information related to employment density assumptions was not consistently reported. The assumptions document in each EOA are listed in Exhibit 8, along with a description of the rationale or approach used for arriving at the employment density numbers, if available. These approaches generally fell into two categories, either (1) a reasonable judgement based on comparable cities or (2) an empirical analysis of existing employment density or other metric.

Exhibit 8. Employment densities for comparison cities

City	Employment Density (employees per acre)			Rationale/Approach	Date
	Industrial	Commercial	Retail		
Ashland	12	17	--	Reasonable judgement/comparison (pg. C-6)	2007
Newberg	11	21	21	Empirical analysis (pg. 84 McMinnville 2013 EOA)	2010
Redmond	5 (low) – 12 (high)	12 (low) – 20 (high)	--	Empirical analysis/comparison (pg. 5-29)	2005
Grants Pass	10	17	17	Reasonable judgement/comparison (pg.8-47)	
Albany	12	--	20	Reasonable judgement/comparison (pg 11)	2007
Corvallis	10	35	25	Empirical analysis (pg 4-60)	2016
Bend	--	--	--	<i>Note: Bend did not use an EPA approach for the 2016 EOA.</i>	2016

Recommended assumptions and approach

The results of the empirical analysis are within reasonable ranges for employment densities. Exhibit 9 shows the recommended approach of 11 employees per acre for industrial and 23 employees per acre for all other land use types. It would also be possible to use the commercial density as a total control for the commercial subcategories and allocate a proportion of the total acreage to each subcategory based on the share from the sampled employment densities if preferred, but we believe this method is reasonable.

Exhibit 9. Estimate of future land demand for new employment (recommended approach), McMinnville UGB, 2021 to 2041, after 5% refill/redevelopment deduction

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	1,584	11	144	153
Retail Commercial	364	23	16	19
Office & Commercial Services	3,179	23	138	169
Tourism Services	1,206	23	52	64
Total	6,333		351	405

These calculations do not include the government land needs, which are calculated separately.

During discussion of site characteristics, a portion of the commercial uses will be split out and assigned to neighborhood-serving commercial and services to be located in neighborhood areas.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Range for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.

Appendix C. Other Site Needs

Use	Description or Example*	Land Need	EDSP Reference or Other Reference	Employment/Acreage Adjustment	Notes
1. Community Center/ Recreation Facility	Update, improve, expand and add recreational facilities that serve the community's needs including a Community Center and Aquatic Center.	10 acres	3.2.2	<p>22 Employees net increase for additional programs</p> <p>(In addition to assuming no net change with transfer of existing FTE from old to new location).</p> <p><i>Source: Parks Director</i></p>	<p>The description in the EDSP wasn't explicit regarding a public or private facility. Therefore, for purposes of the EOA, this wasn't initially assigned to public land. The City's feasibility analysis work is now underway, and this is calculated as a public facility.</p> <p>The Parks LOS of 14 acres/1000 population is for neighborhood parks, community parks, and greenways, and doesn't include this type of special use facility.</p> <p>For City of McMinnville non-park needs, the assumption was 7 additional acres for 2021-2041, including 4.5 acres for fire stations, plus 0.26 acres per 1,000 population. There is a need for 10 acres for a community center and aquatic center, which alone would exceed the total additional need already identified for the 20-year period, unless it could be sited on land already owned by the City. The feasibility analysis has not yet progressed to the siting criteria / site selection phase, so there hasn't been a determination about location.</p> <p>Therefore, at this time, the proposal retains an assumption of an additional 10 acre land need. If it is later determined the facility can be sited on property already owned by the city, then the additional 10 acres could be removed from this category, and accordingly, no further deduction of employment would be made for calculating the land need associated with the use, as it wouldn't be separately classified as an 'other needed site.'</p>

2. Outdoor Stage/ Amphitheater	Examples: Britt, Jacksonville Cuthbert, Eugene Bi-Mart, Central Point Les Schwab, Bend	5 acres plus parking (Assume parking is co-located and shared with other use)	3.2.1	15 Full Time, 45 Seasonal, (60 total payroll June-September). 30 Employees. Tot Adj for Annual Average. <i>Source: Britt Festival (2,200 seating capacity)</i>	If an amphitheater is to serve a tourism-driving economic development function that would attract artists on a tour circuit, it would need to be sized to meet the minimum criteria for seating capacity necessary to reflect the realities of ticket sales. Of the four such examples evaluated for facility size, Britt was at the low end of seating capacity, at 2,200. Several of these are located in public parks and operated by separate operators. The location within a park helps allow for shared parking facilities. Therefore, the size estimate is just for the amphitheater, and not for the additional land needed for venue parking.
3. Arts and culture focused event center	Example: Chehalem Cultural Center, Newberg	3.5 acres	3.3	7 Full Time + 2 FTE estimated as 8 Part-Time = 15 Employees <i>Source: Chehalem Cultural Center</i>	This item combines items which are separately identified in the EDSP (community art space, collaborative studio, cooperative gallery, arts and culture-focused event center).
4. Evergreen Aviation and Space Museum	Support existing facilities Based on facilities in master plan for site	27 acres	(3.3)	Master Plan Facilities: Adventure Park (50 person capacity): 6 Lodge (96 rooms) 45 Other: Admin Building, Restoration Building, <u>Support Building,</u> <u>Student Housing</u>): 6 Sum: 57 Employees	In the EDSP, a single strategy discusses assisting efforts of uses including Evergreen and the Yamhill County Heritage Museum. However, since the EOA effort is focused on the UGB, the language used in the EOA related to this item has been revised to discuss only the Evergreen property which is in the UGB, to clarify the land-use aspects of this item pertaining to the UGB focus on Evergreen and not the Heritage Museum, which is not in the UGB. The employment estimate relates to the master plan for the property.
5. Wings and Waves	Opportunities for growth and expansion	Location- specific land need at existing partially vacant site. See above.	6.3	See above.	For purposes land needs discussion, this is discussed in the context of the overall larger Evergreen properties, without separately discussing site needs separately for Evergreen and Wings & Waves. Therefore, the needs discussed for “Evergreen” above are inclusive of the property for Wings & Waves.
6. Conference Center	40,000 sf conference space, accommodation, and parking:	5 acres	6.4	13 Employees <i>Source: Feasibility Analysis</i>	

7. Food hub and public market	Focused on local craft foods & beverages	3.5 acres	3.2.2	13 Employees <i>Source: USDA "Regional Food Hub Resource Guide"</i>	The referenced resource guide indicates that the average number of employees created by a food hub is 13 employees.
8. Makerspace/ innovation hub/ fabrication center	Supports local innovation & entrepreneurial ecosystem	2 acres	6.3	3 Employees + Contracted Services <i>Source: Talent Maker City</i>	Talent Maker City is a nonprofit organization that operates a makerspace in Talent, Oregon, in the heart of their downtown. They have two full-time employees and one part-time employee. They also contract with independent contractors, including retired teachers and specialists in their fields to conduct classes and workshops.
TOTAL		56 acres (total)		<u>Average Annual Employment:</u> Community Center: 22 (net) Amphitheater: 30 Arts & Culture Center: 15 Evergreen + Wings & Waves: 57 Conference Center: 13 Food Hub: 13 <u>Makerspace: 3</u> Sum: 153 Employees 153 Employees @ 23 emp/acre = 7 acres 56 acres - 11 acres = net increase of 49 acres for other needed sites, over acres calculated from average employees/acre	

