
City of McMinnville

Housing Needs Analysis

November 2023

Prepared for:
City of McMinnville

FINAL REPORT

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Acknowledgments

ECONorthwest prepared this report for the City of McMinnville. ECONorthwest and the City of McMinnville thank those who helped develop the McMinnville Buildable Lands Inventory and Housing Needs Analysis. This project is funded 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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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.

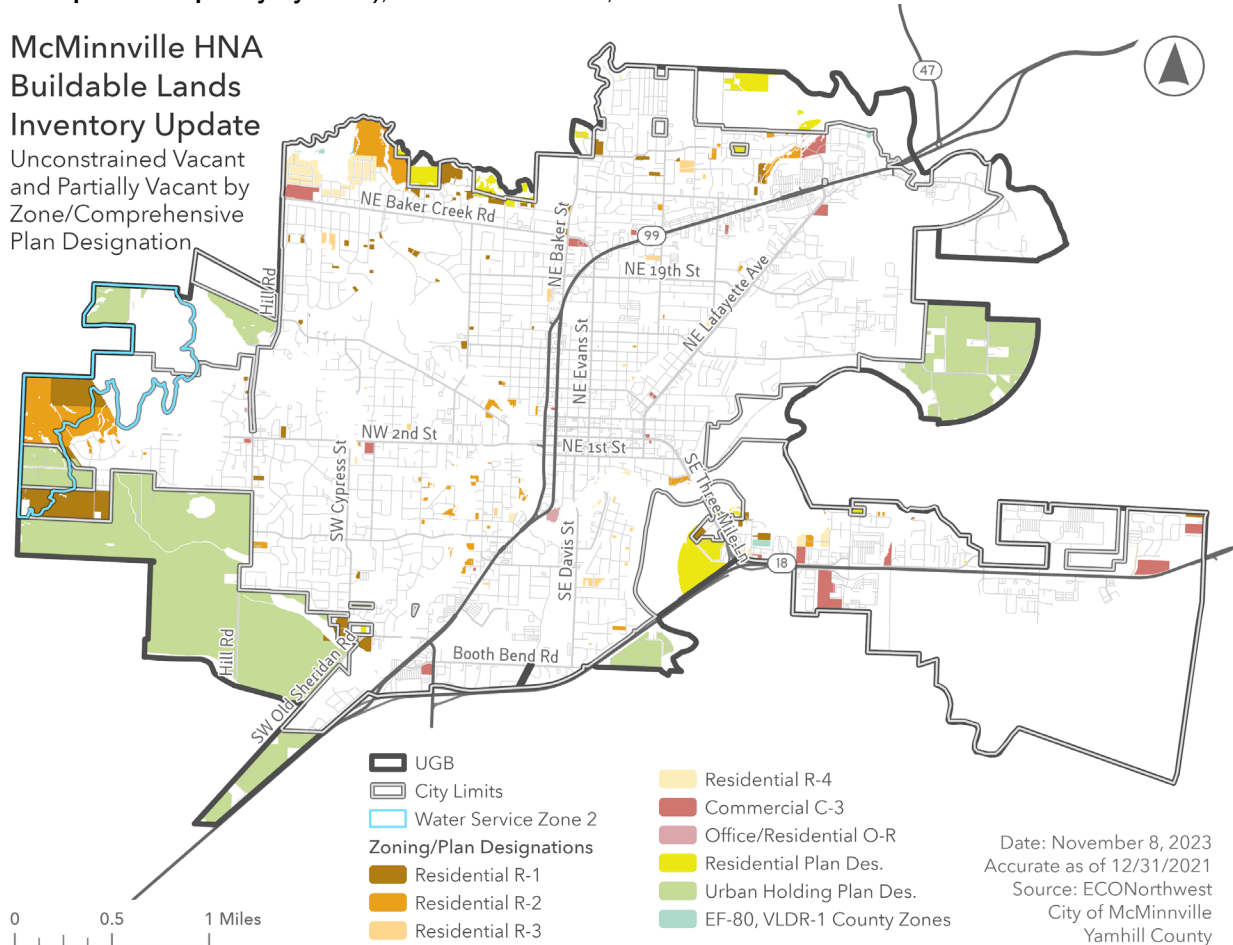
While the City was trying to finalize the UGB amendment for the 2003 acknowledged HNA, the City started working on a new HNA for the planning period of 2021-2041 and 2021 - 2067 in 2018. A draft was completed in 2020, and then amended in 2023 to include the results of the 2021 UGB amendment and the provisions 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.

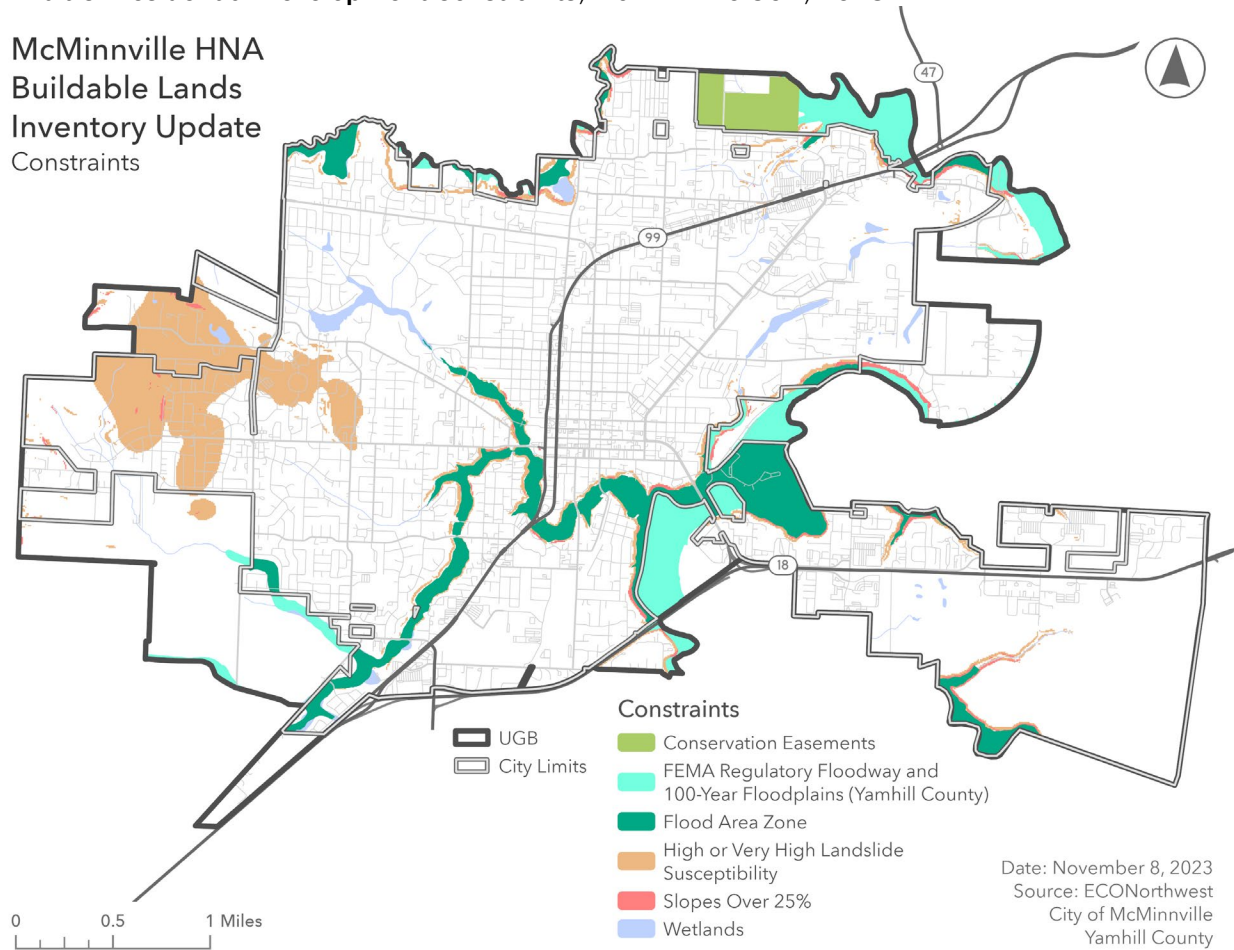
- *Land with conservation easements.* Lands within conservation easements, as identified by City staff, were included in the constrained area.

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.

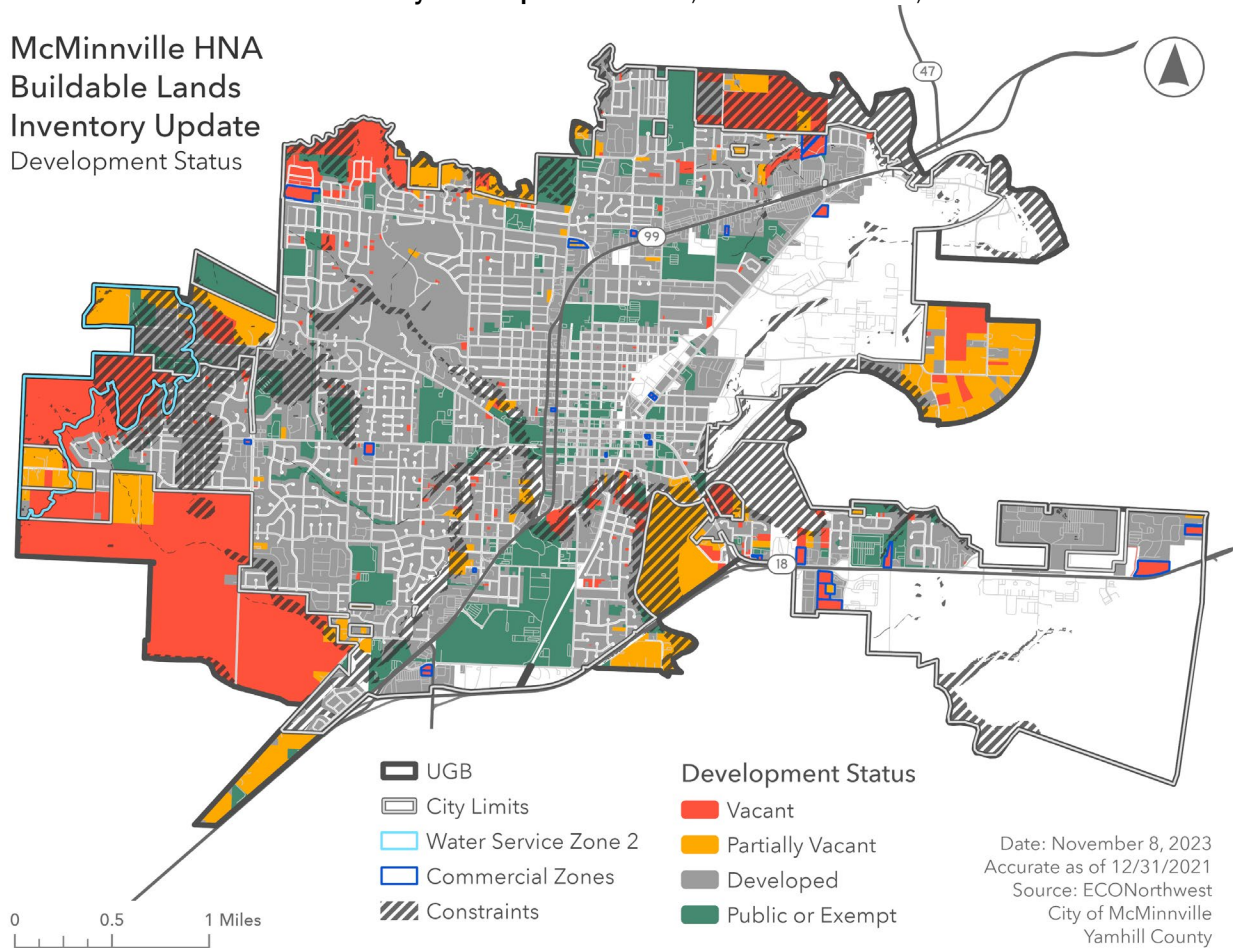
Zone/Plan Designation	Total acres			Committed acres			Constrained acres			Buildable acres		
	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total	Zone 1	Zone 2	Total
City Limits, by Zone												
Residential R-1	853	67	920	630	3	633	148	30	179	75	33	108
Residential R-2	1,232	78	1,310	992	-	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



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	-	-	-
VLDL-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

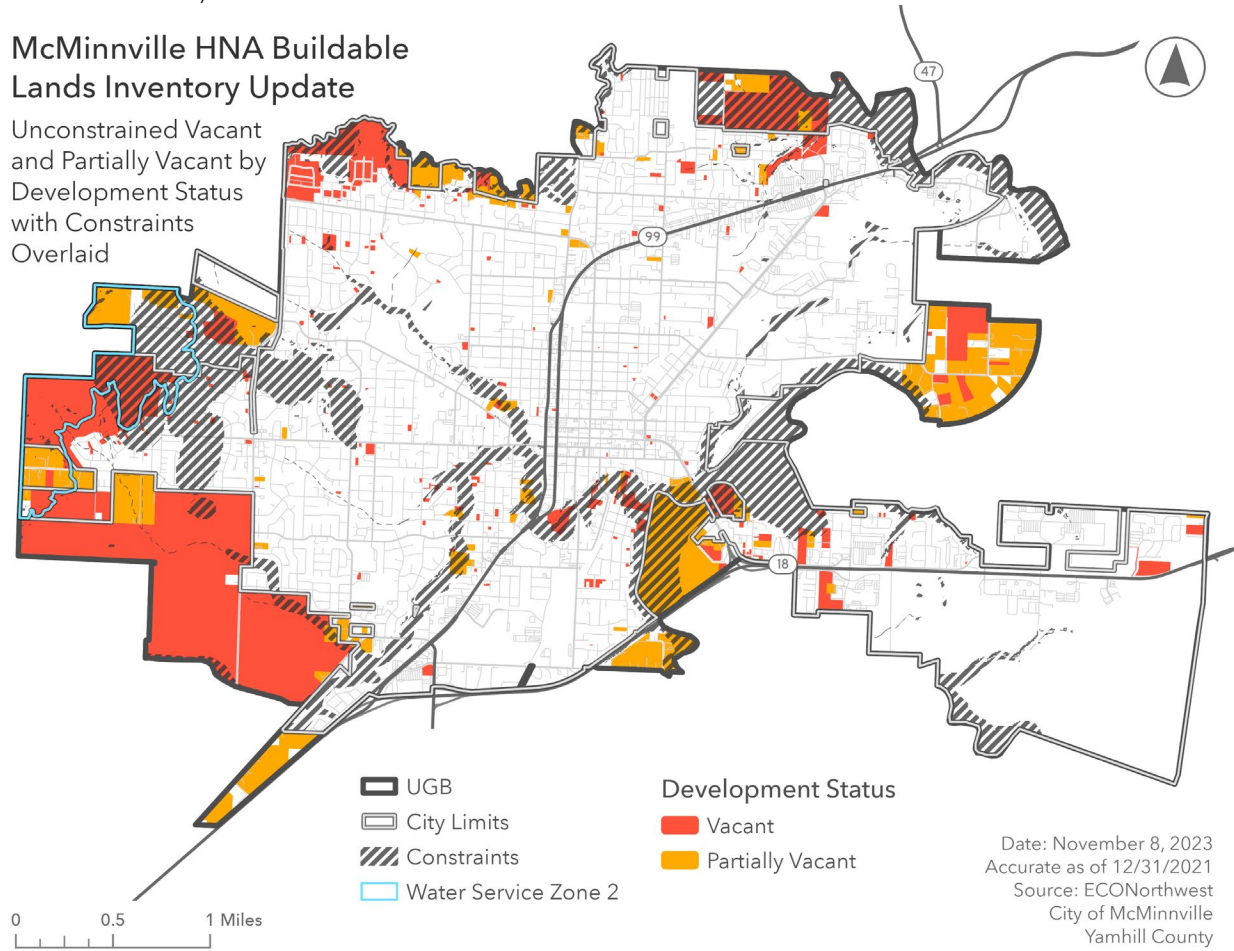


Exhibit 13. Buildable Lots with Development Capacity, McMinnville UGB, 2023

McMinnville HNA Buildable Lands Inventory Update

Buildable Lots with
Development Capacity

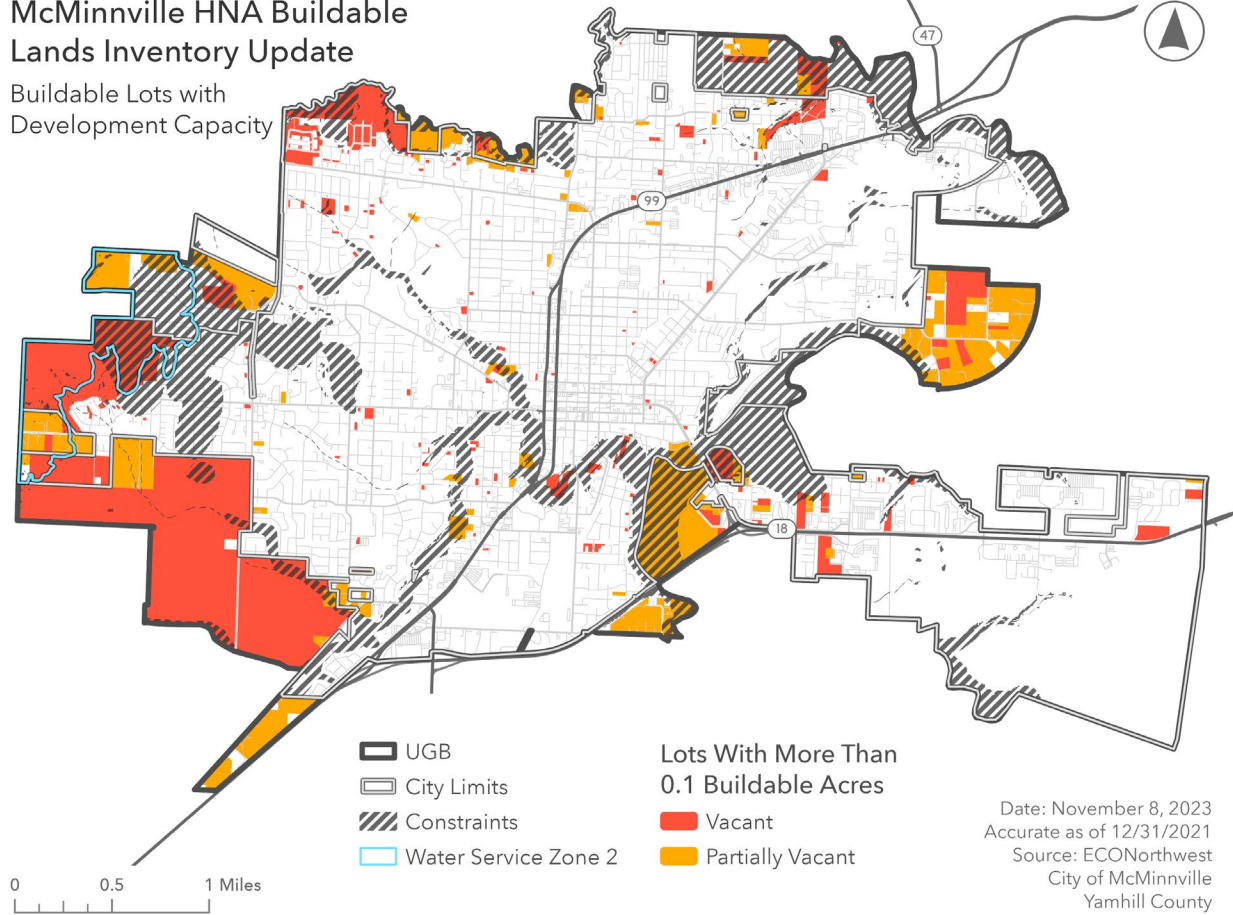
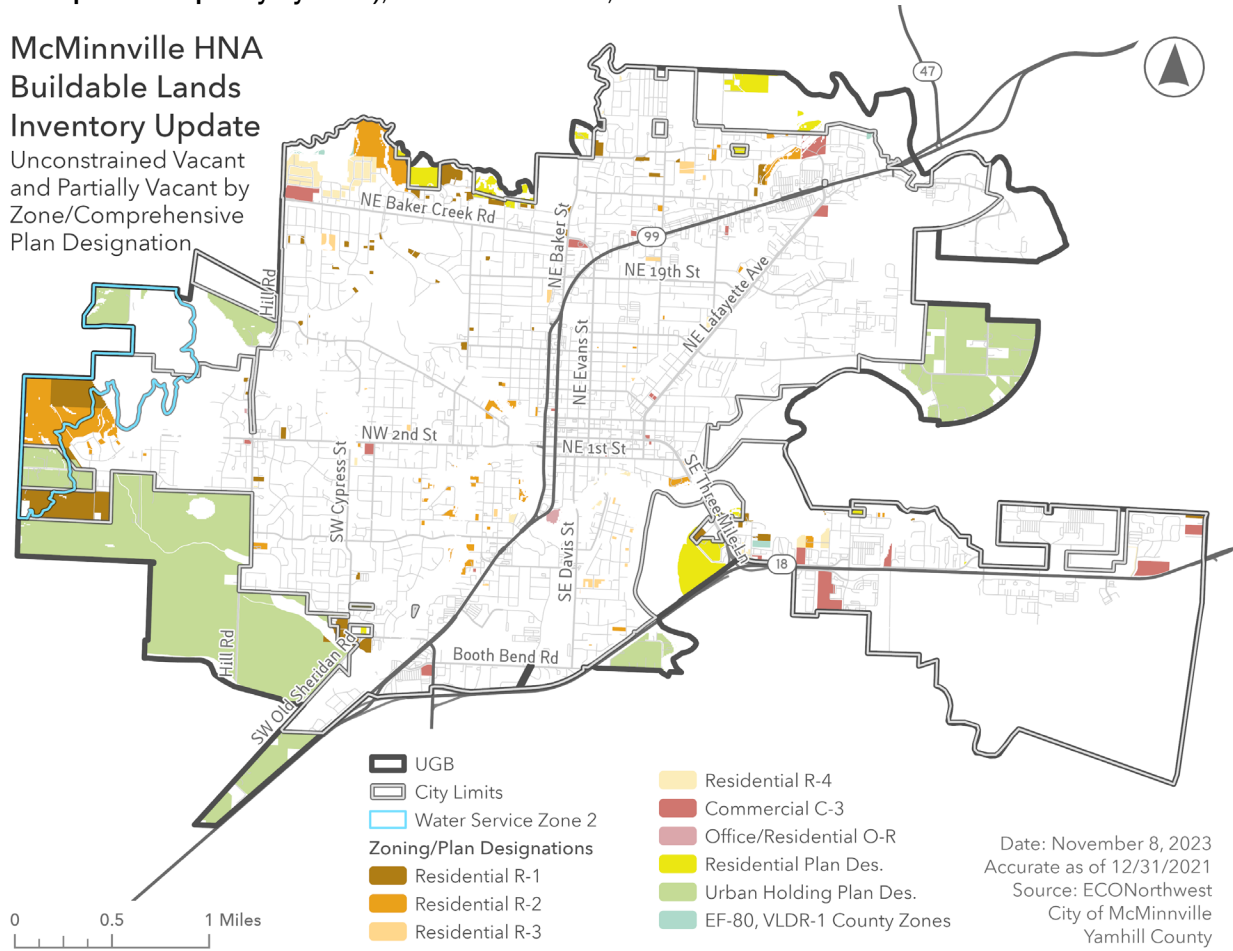


Exhibit 14. Buildable Acres (Unconstrained Portions of Vacant and Partially Vacant Parcels with Development Capacity by zone), McMinnville UGB, 2023

**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

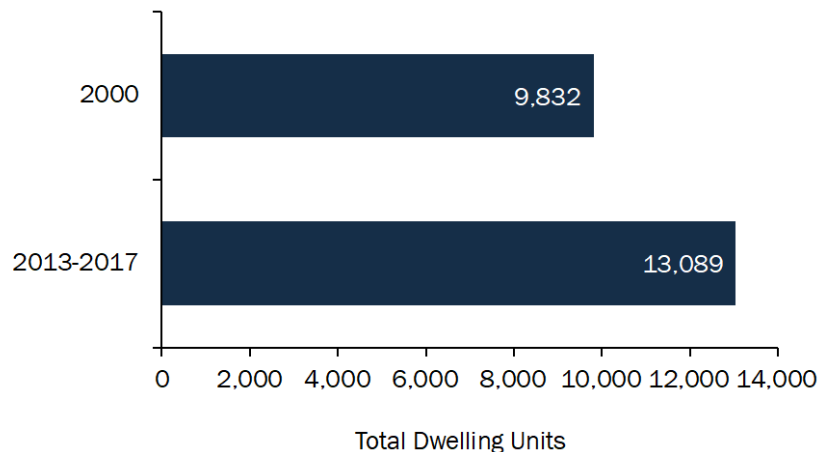
¹² A thorough description of the ACS can be found in the Census Bureau’s publication “What Local Governments Need to Know.” <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

- **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.

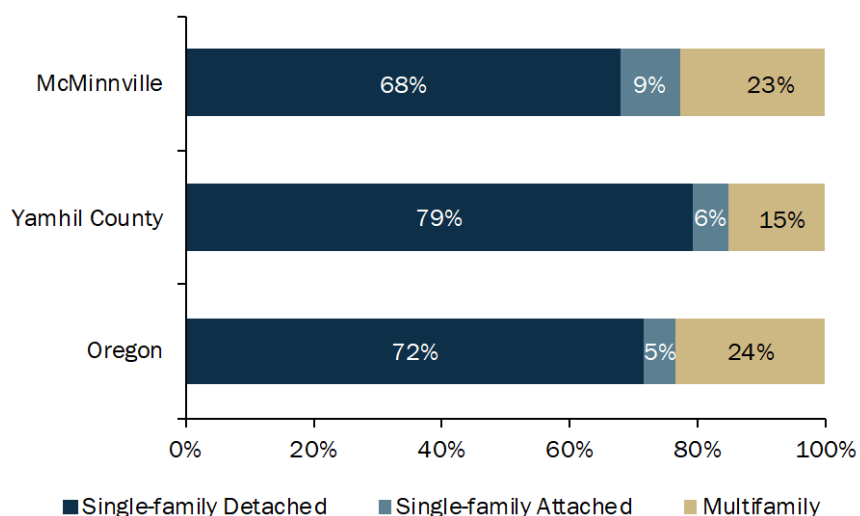


About two-thirds of McMinnville's total housing stock is single-family detached.

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.

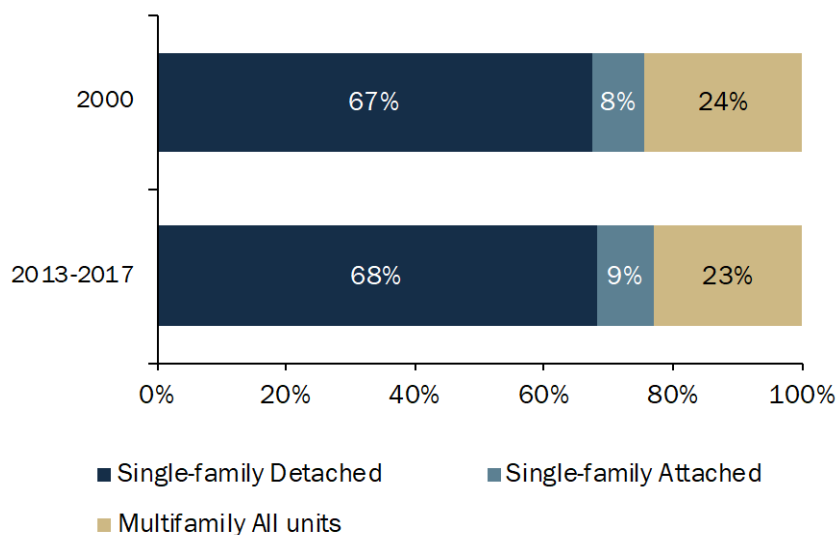


The mix of housing in McMinnville stayed relatively static from 2000 to 2017.

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

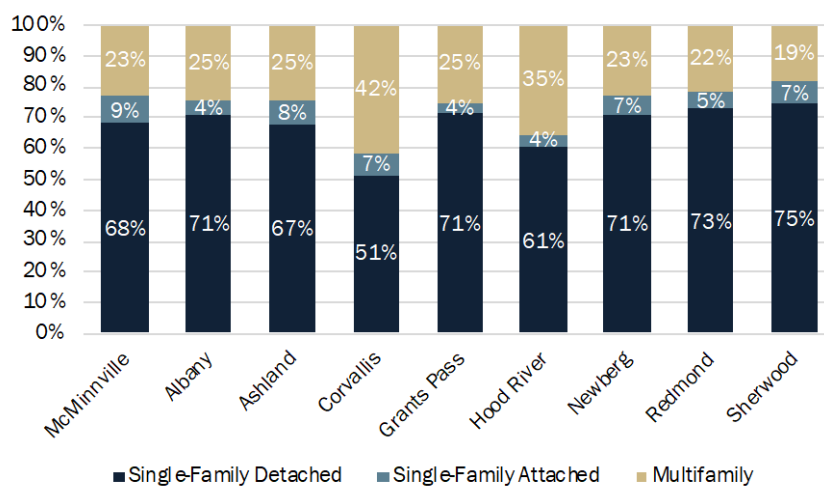
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.



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.

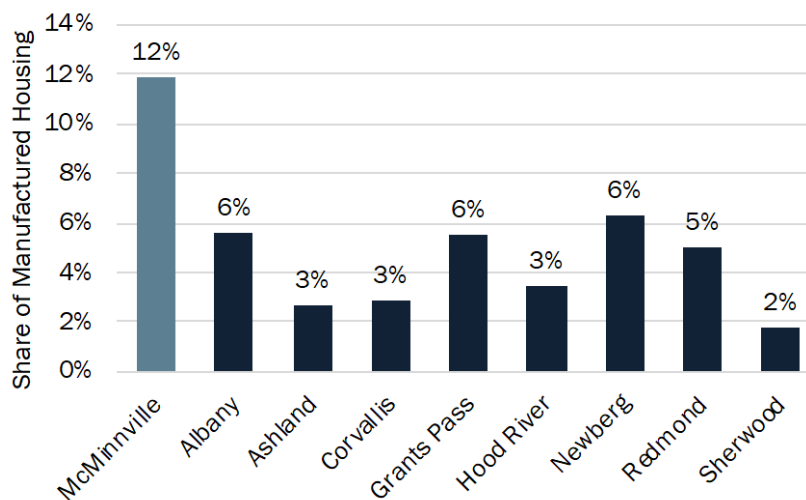


About 12% of McMinnville's housing stock is manufactured housing.

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



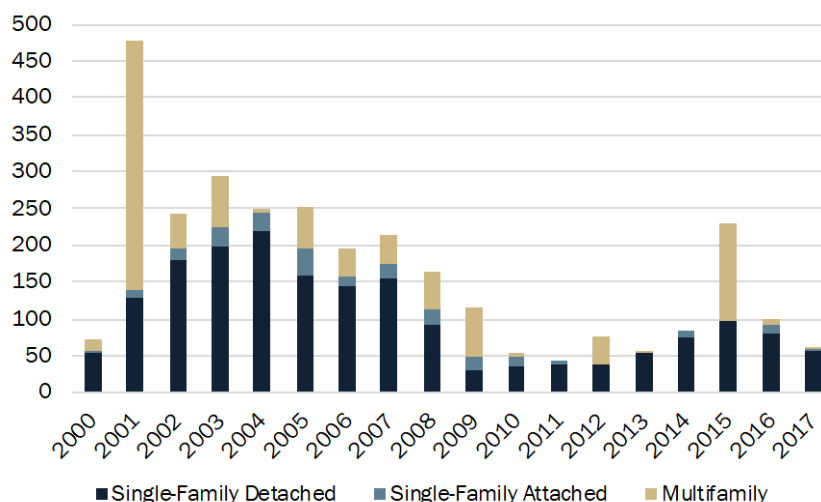
Building Permits

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

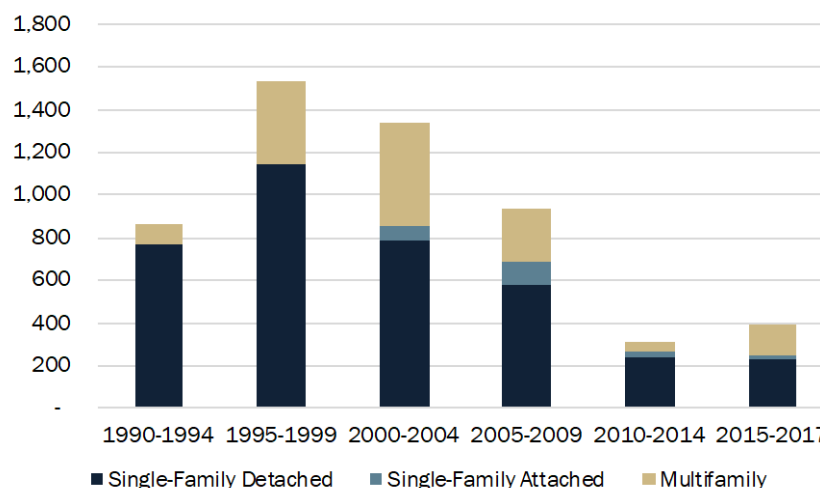
Source: City of McMinnville. Note: This chart shows a ~200 unit discrepancy from ACS data presented in Exhibit 15. That said, there is a margin of error associated with ACS data.



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

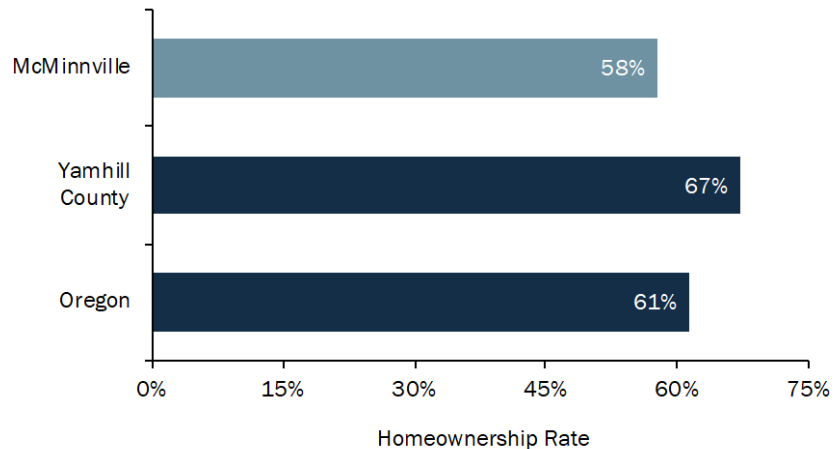
Housing tenure describes whether a dwelling is owner- or renter-occupied. The data shows:

- **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

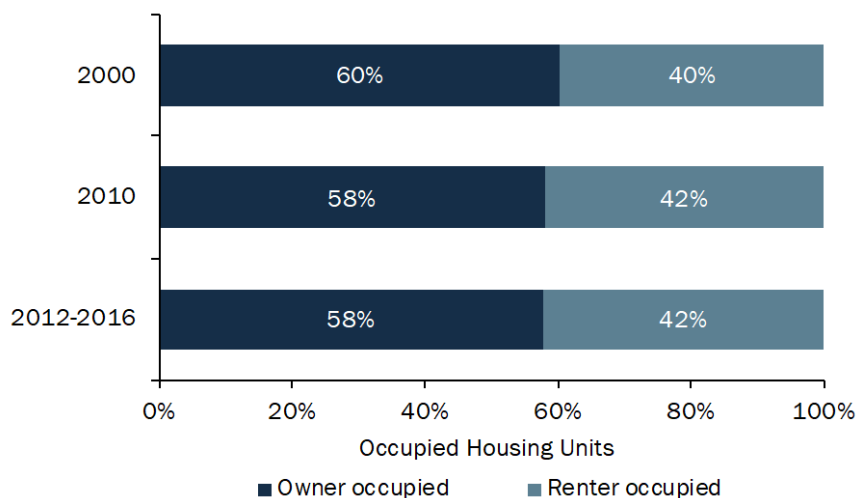
Source: US Census Bureau, 2012–2016 ACS Table B24003.



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.

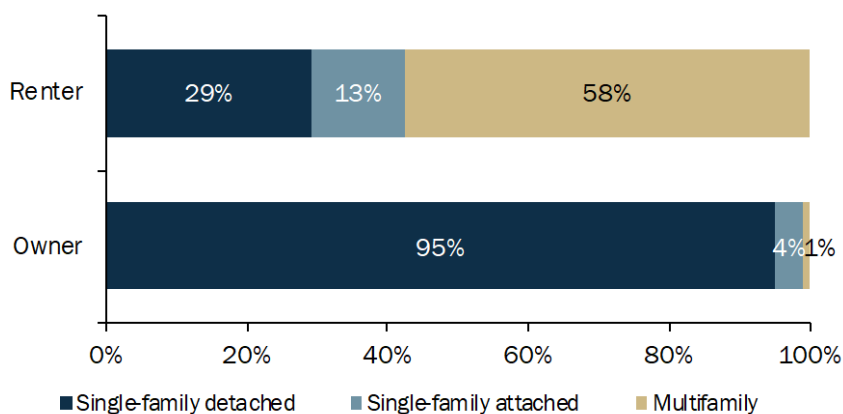


Nearly all homeowners and about a third of all renters lived in single-family detached housing.

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

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

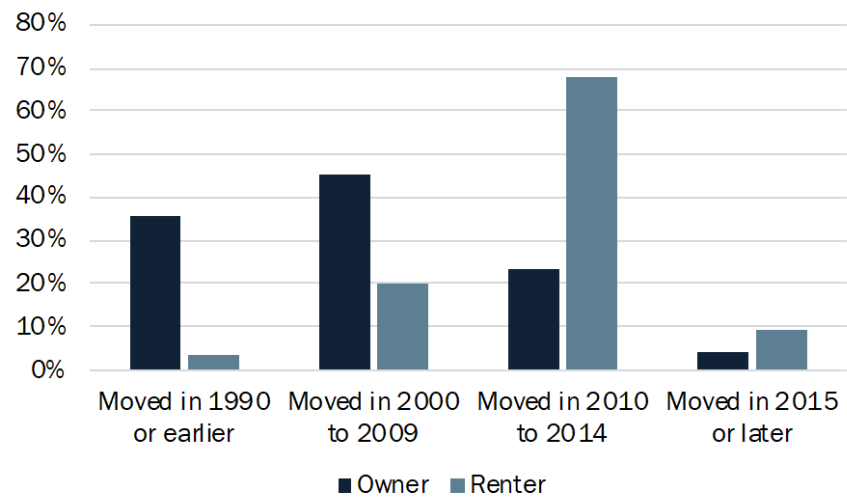
Source: US Census Bureau, 2012–2016 ACS Table B25032.



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

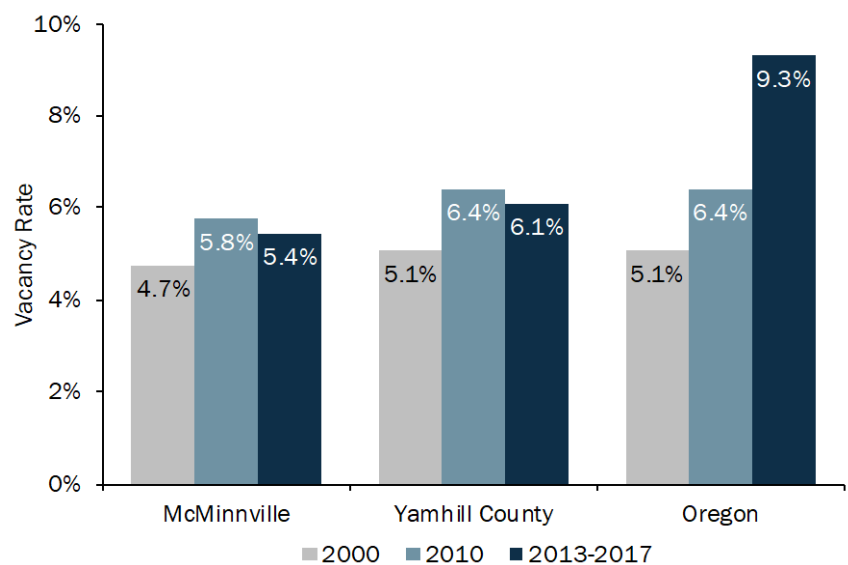
Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal 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

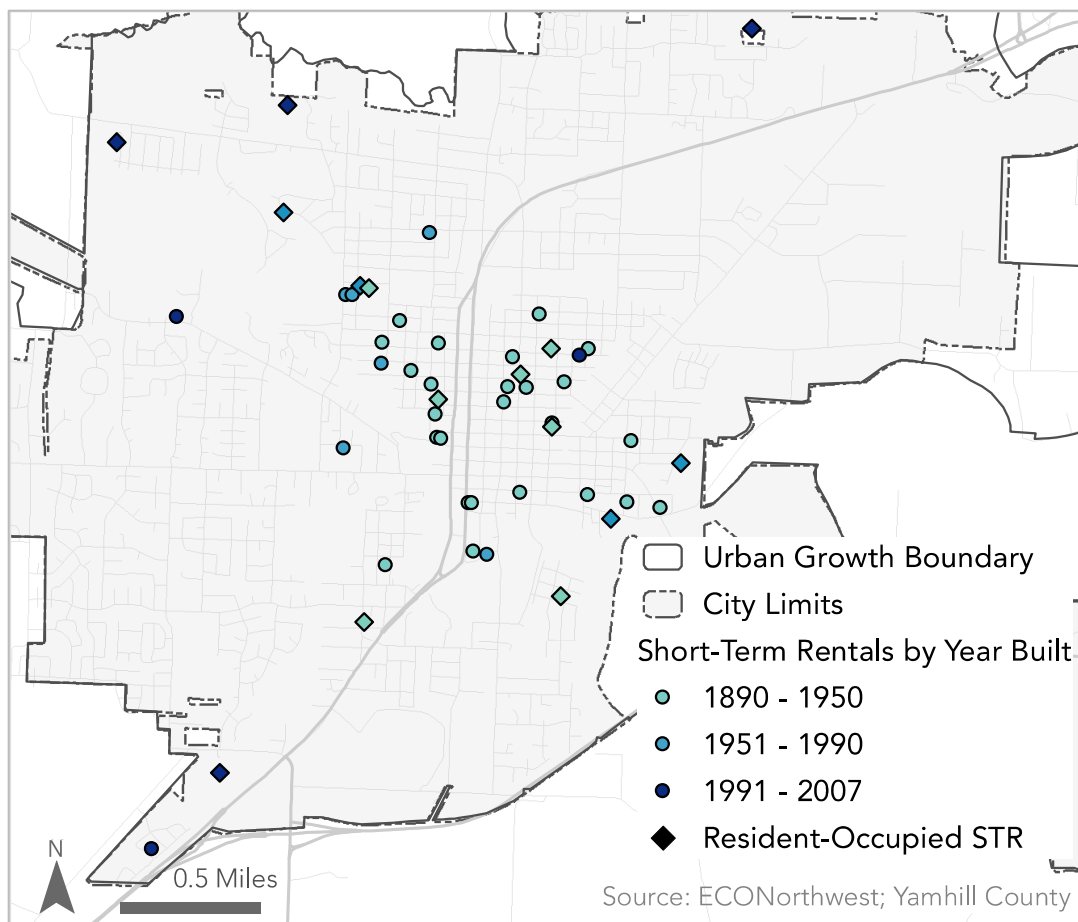
McMinnville defines a short-term rental as “the use of an entire dwelling unit by any person or group of persons entitled to occupy for rent for a period of no more than 30 (thirty) consecutive days. Short term rentals include vacation home rentals approved under the regulations in effect through May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

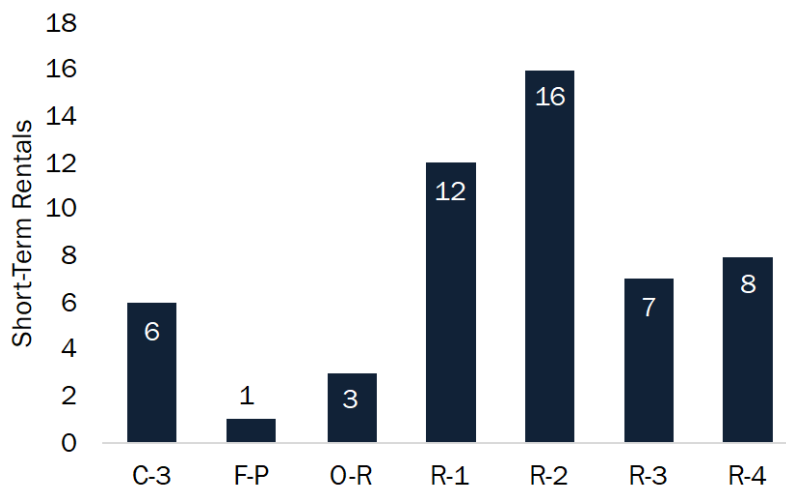


About 87% of McMinnville’s short-term rentals are located in a residential zone (O-R, R-1, R-2, R-3, and R-4).

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.

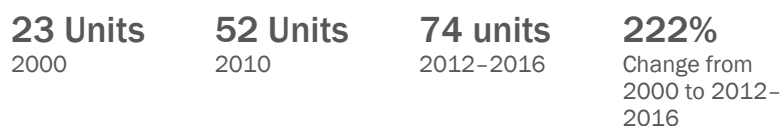


McMinnville has more vacant units categorized as “seasonal, recreational, or occasional use” than it did in 2000.

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 staunch 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.

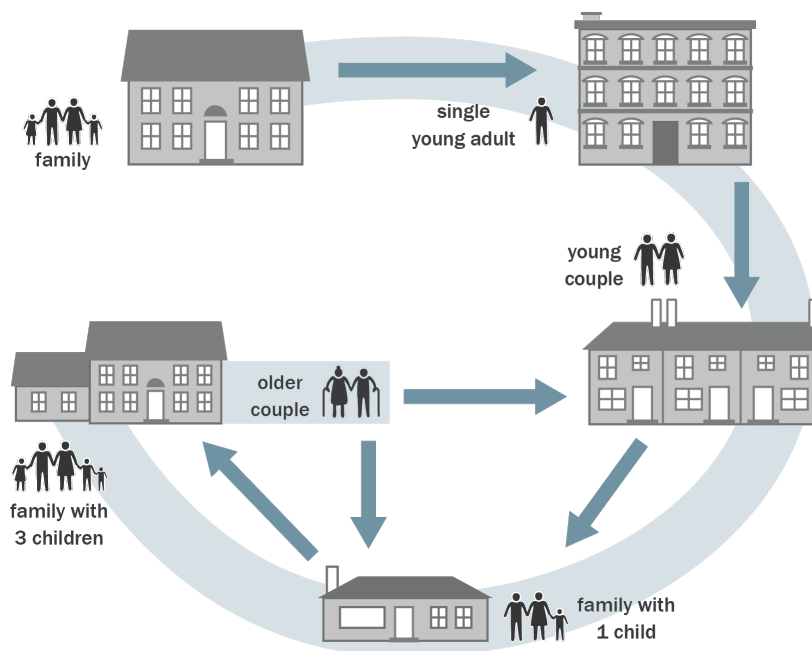
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As McMinnville's population ages, 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

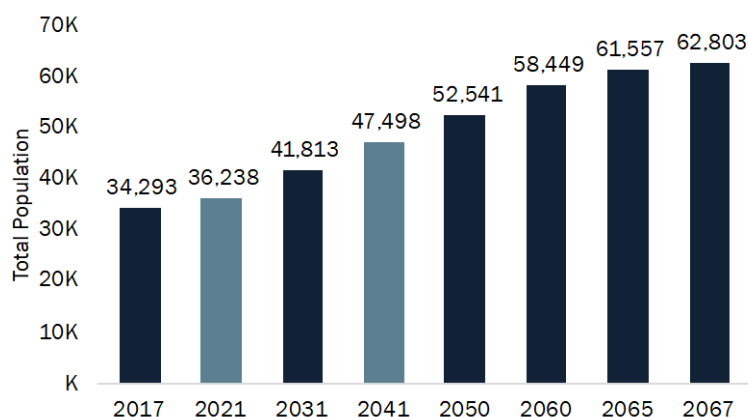
Source: US Decennial Census 1990, 2000, and 2010. Portland State University Population Research Center, 2017 Estimate.

	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."

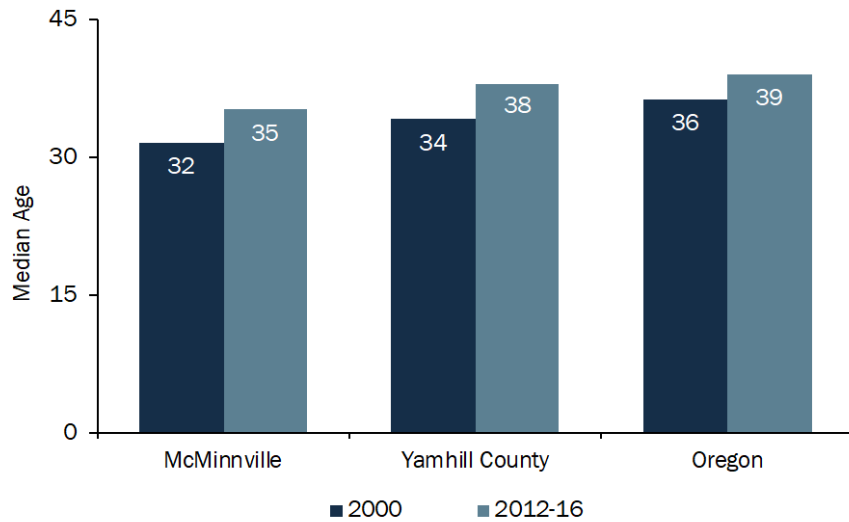
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences."

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

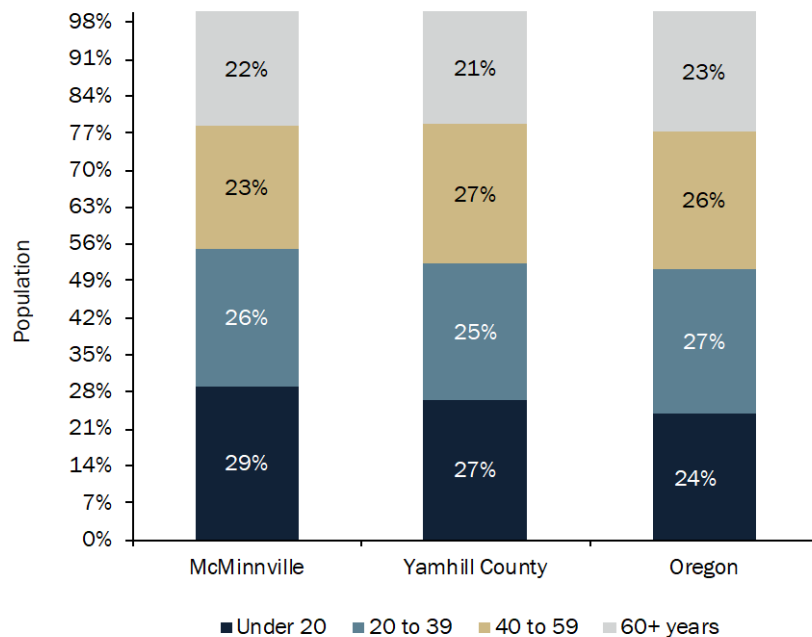
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



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

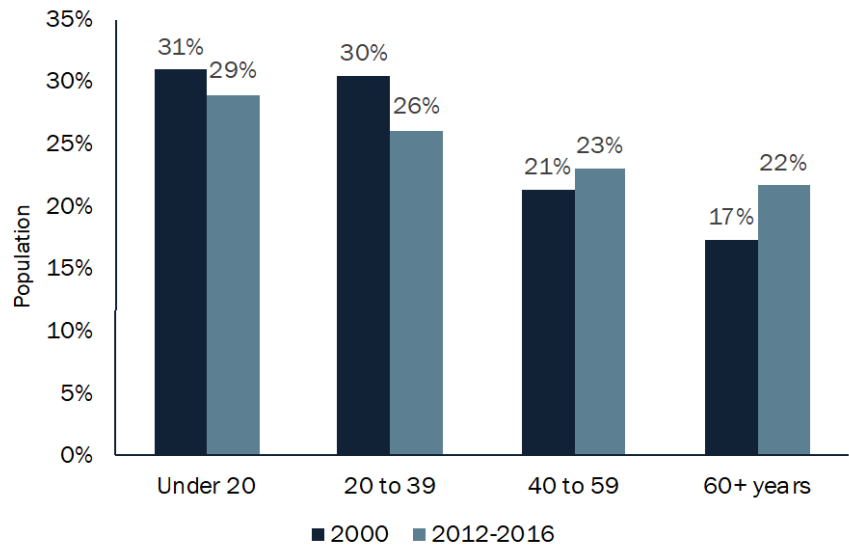
Source: US Census Bureau, 2012–2016, ACS, Table B01001.



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

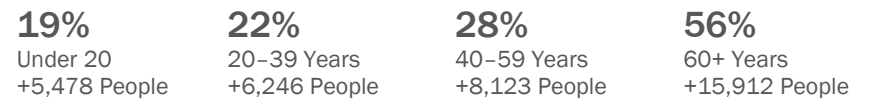
Source: US Census Bureau, 2000 Decennial Census Table P012, 2012–2016 ACS, Table B01001.



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.

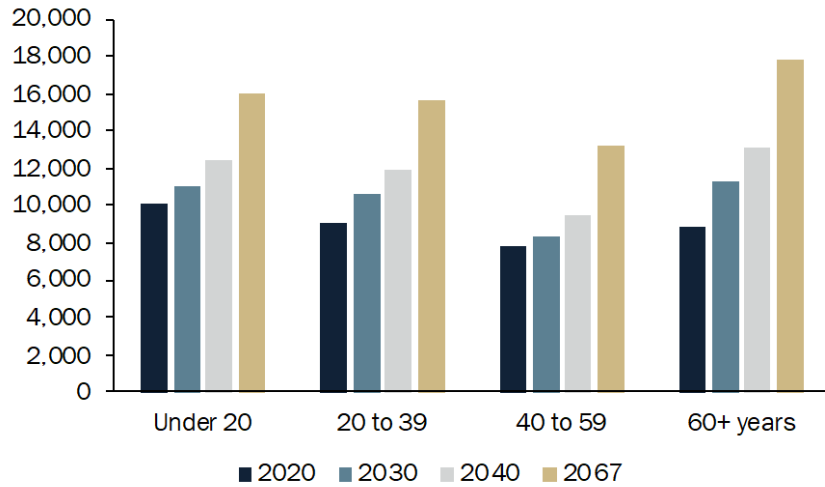


All age groups in McMinnville will add to the population between 2020 and 2040, with the senior population projected to grow the most at 48%.

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

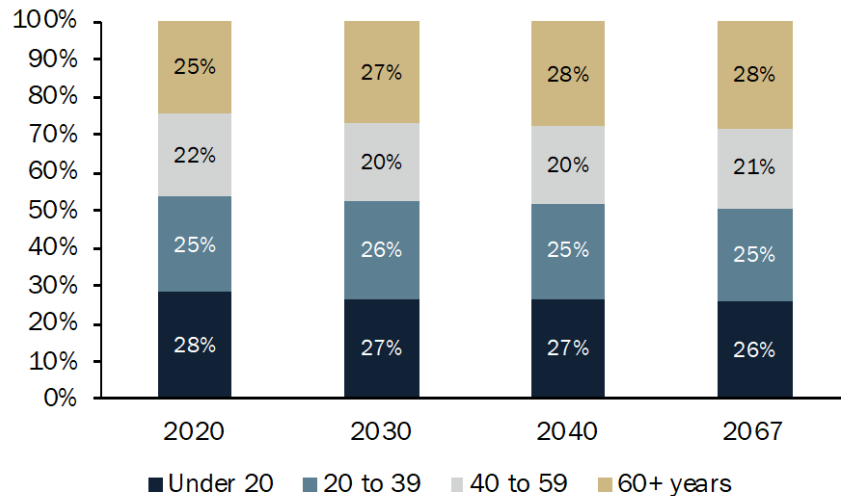
Source: Portland State University, Population Research Center. Note: This exhibit presents trend data from the PSU forecast. It is not forecast data for McMinnville's 2021–2041 planning period. It provides relevant data closely associated to the 2021–2041 planning period.



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*.

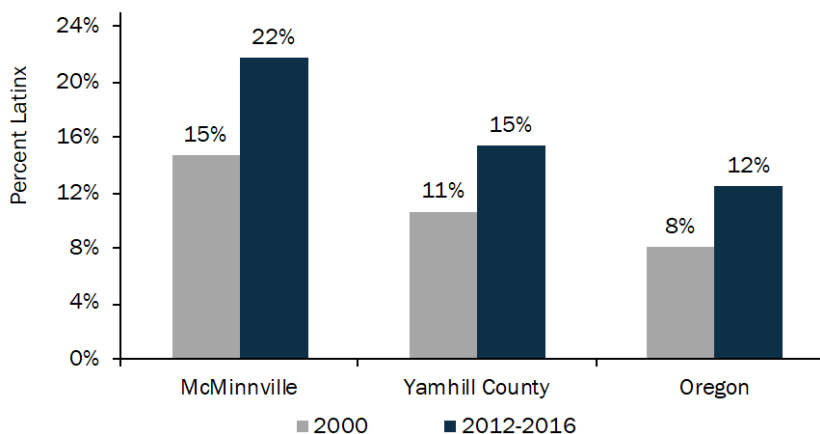
Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations and larger household sizes.

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.

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

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%	11%	7%	0%	0%
3,708 Persons	495 Persons	315 Persons	15 Persons	10 Persons
Latin America	Asia	Europe	Oceania	Africa

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%	35%	5%
White	Latino	Another ethnicity

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

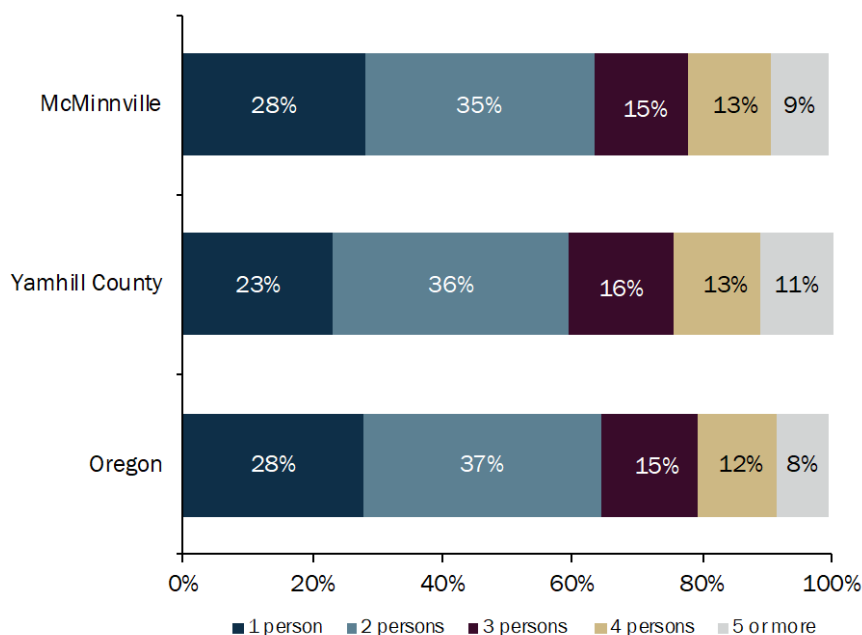
Source: US Census Bureau, 2013–2017 ACS Table B25010. US Census Bureau, 2010 Decennial Census, Table H12H, H12.

(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

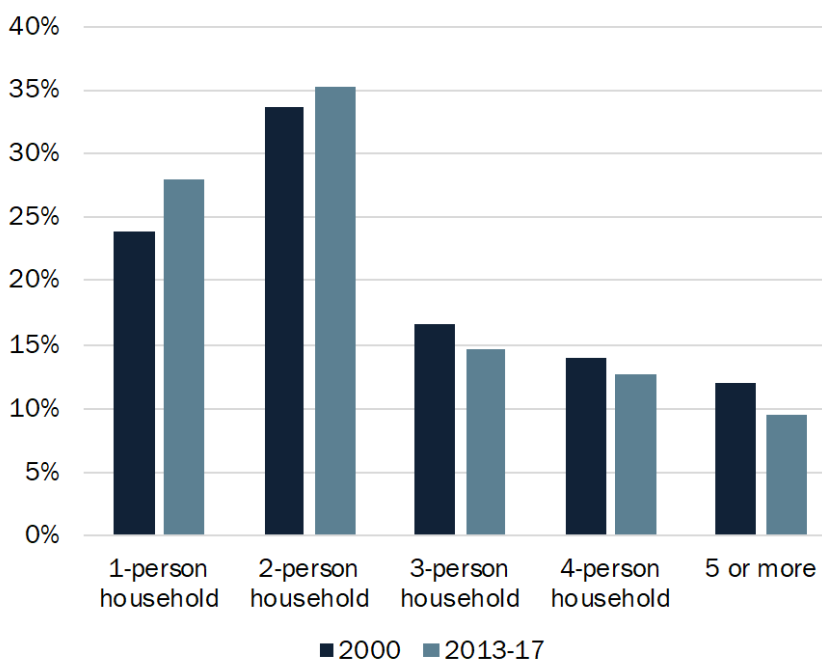


McMinnville's household size composition stayed relatively constant from 2000 to 2013–2017.

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.

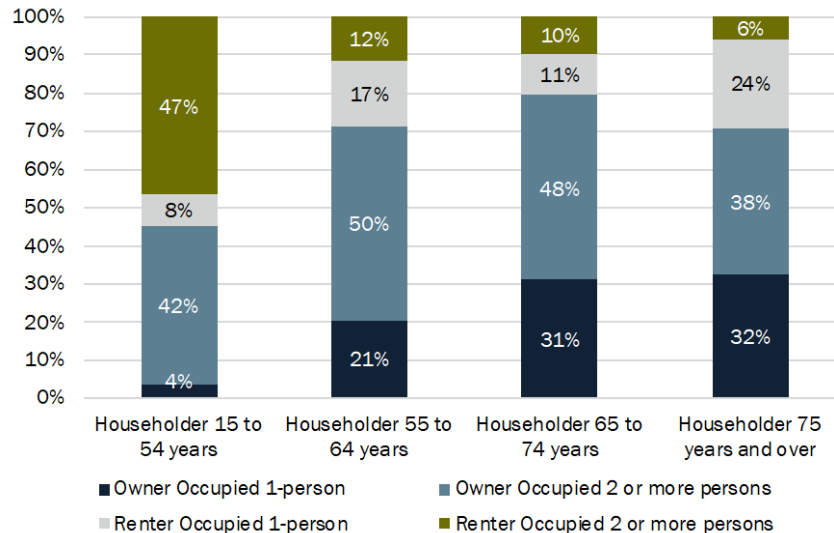


Homeownership rates peak between 65 and 74 years of age—nearly 80% of households in this age group owned their home.

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.

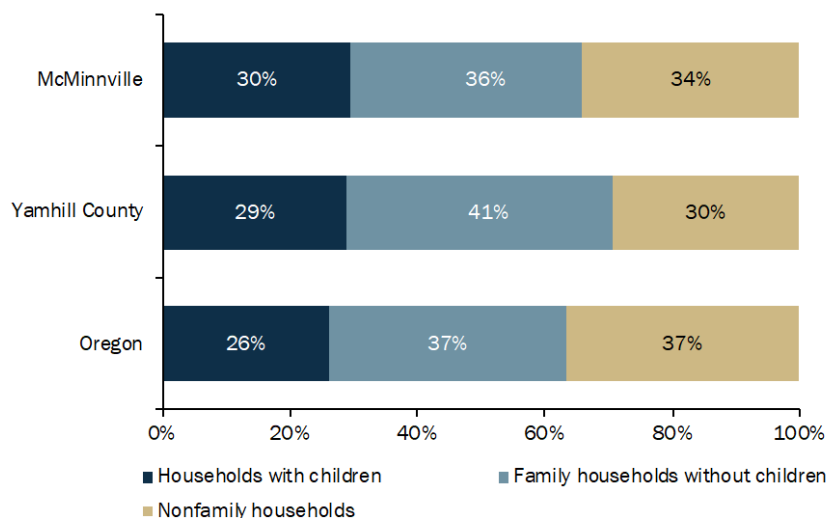


McMinnville and the County have a smaller share of nonfamily households than the State.

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

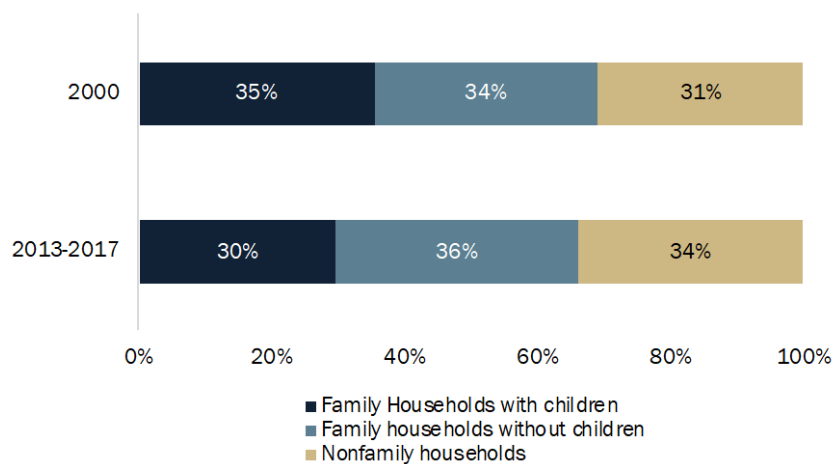
Source: US Census Bureau, 2013–2017 ACS, Table DP02.



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.



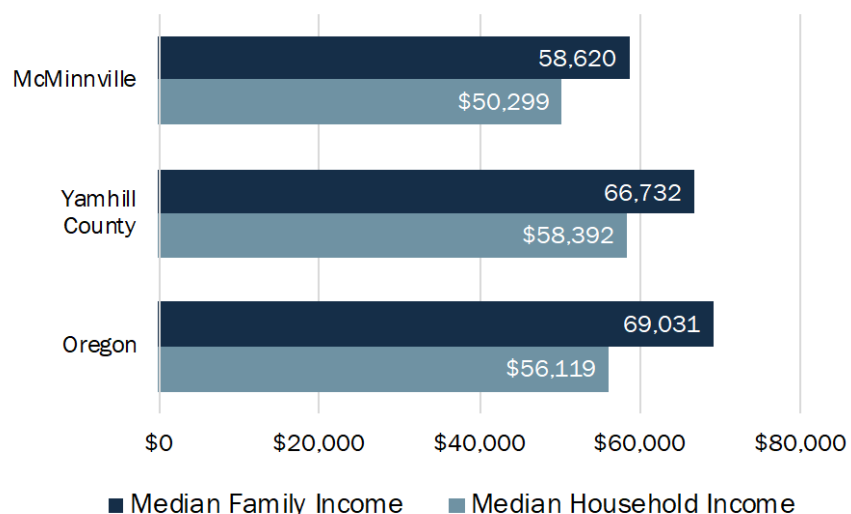
Income of McMinnville Residents

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.

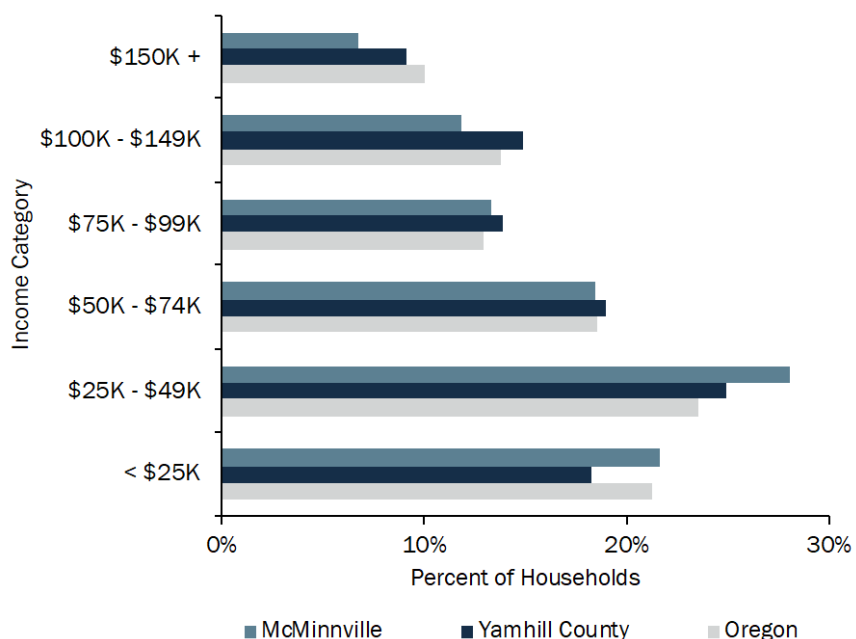


Fifty percent of McMinnville households make \$50,000 or less per year.

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.

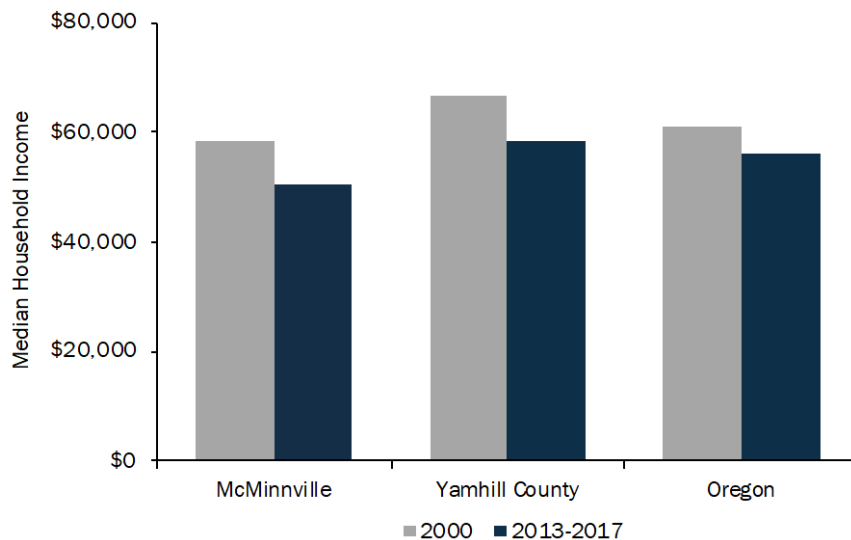


After adjusting for inflation, McMinnville's median household income decreased by 14% from 2000 to 2013–2017, from \$58,356 to \$50,299 per year.

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

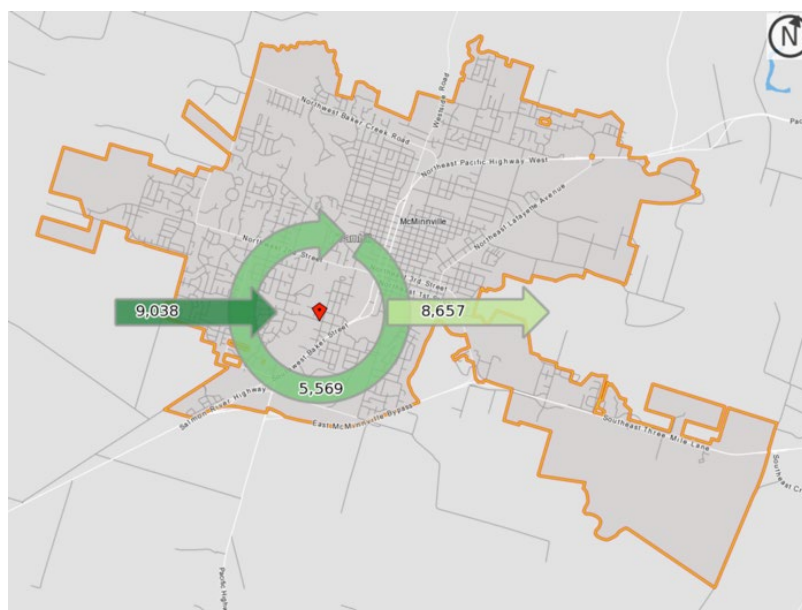
Commuting Trends

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

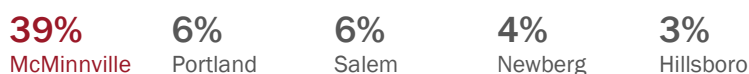
Source: US Census Bureau, Census On the Map.



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

Exhibit 60. Places Where McMinnville Residents Were Employed, 2015

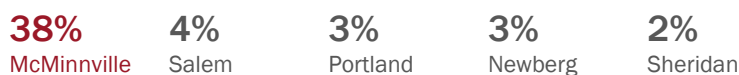
Source: US Census Bureau, Census On the Map.



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.

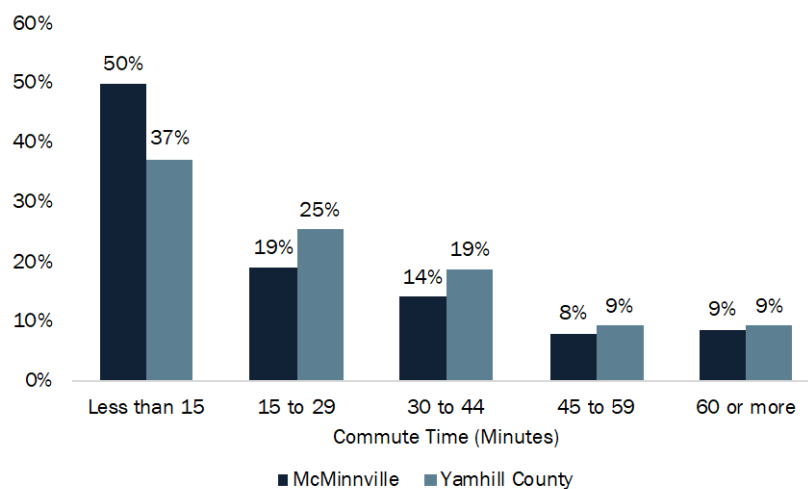


Half of McMinnville residents had a commute time of less than 15 minutes compared to the 37% of Yamhill residents.

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).

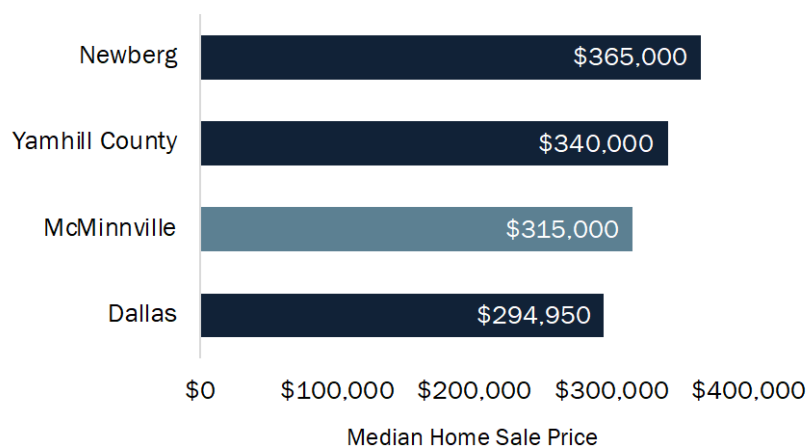
Changes in Housing Costs

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.

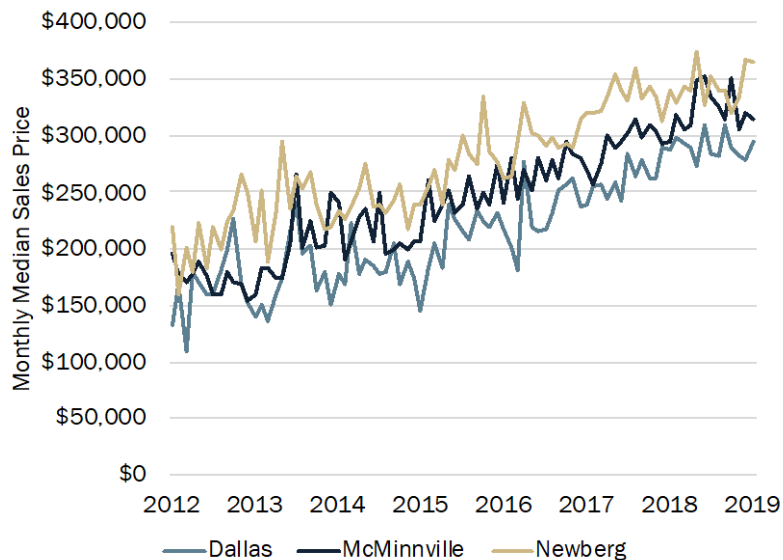


Between February of 2012 and February of 2019, median home sales prices in McMinnville rose steadily, increasing from \$196,400 to \$350,000.

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.

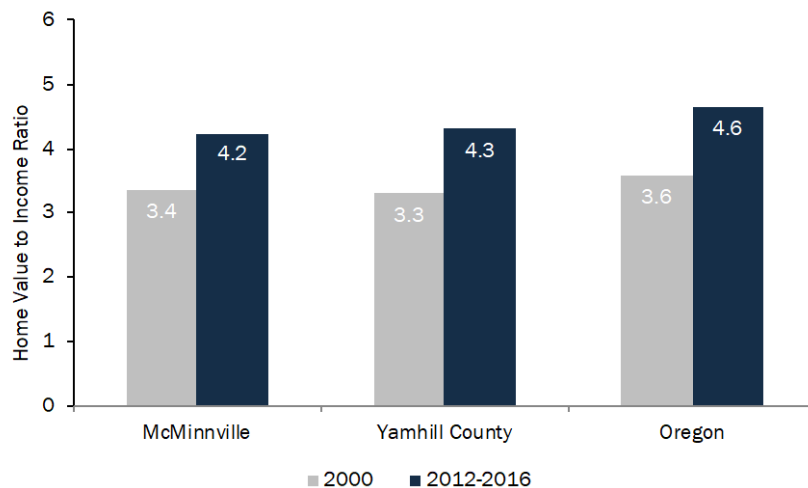


Since 2000, housing costs in McMinnville, like comparison regions, have increased faster than incomes.

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.

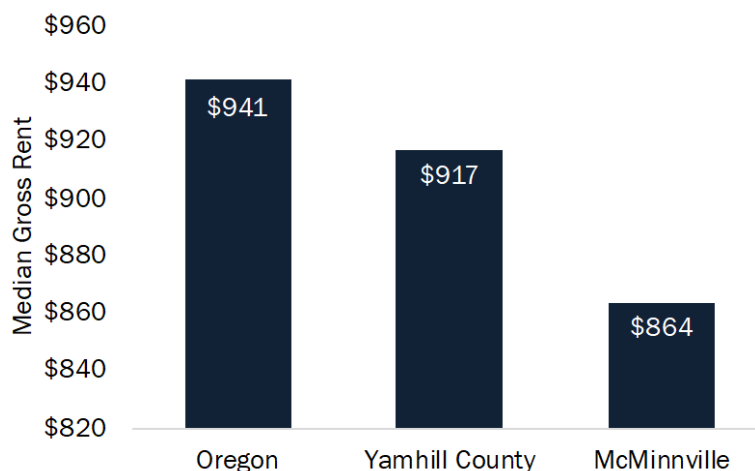
Changes in Rental Costs

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

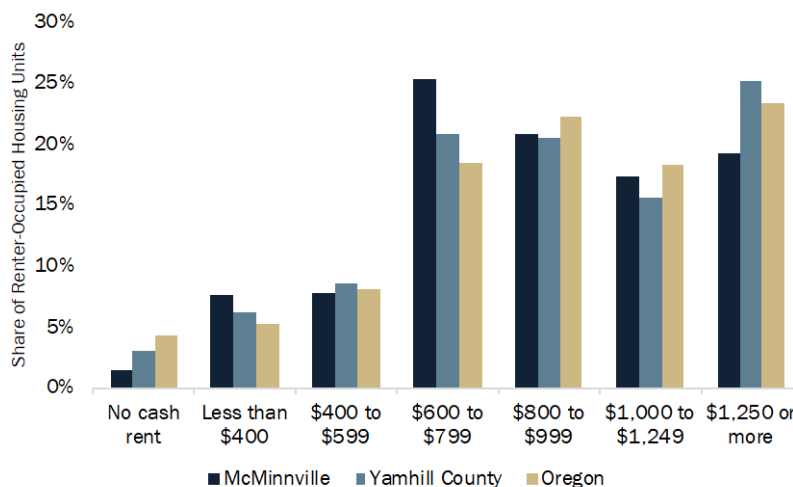
Source: US Census Bureau, 2012–2016 ACS Table B25064.



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.

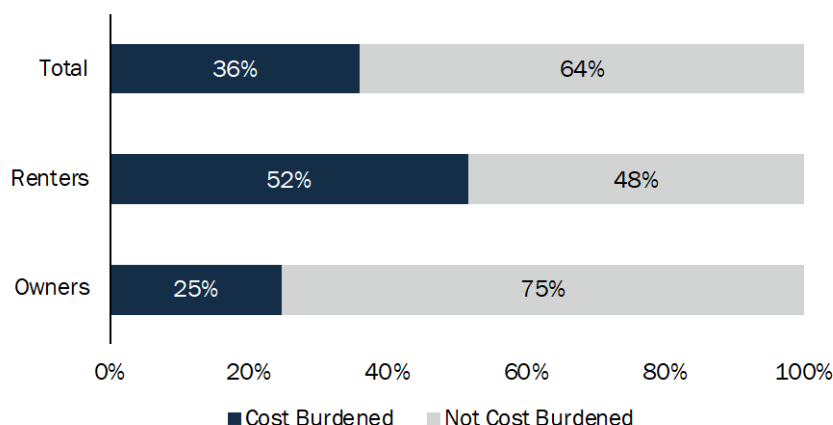
The section uses 2012–2016 ACS data, as findings are not safe harbor assumptions (which require use of data from the 2013–2017 census).

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

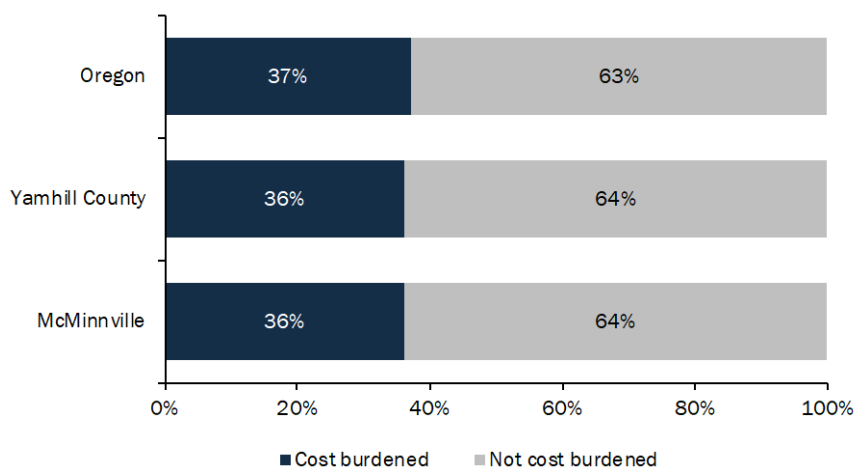
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



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

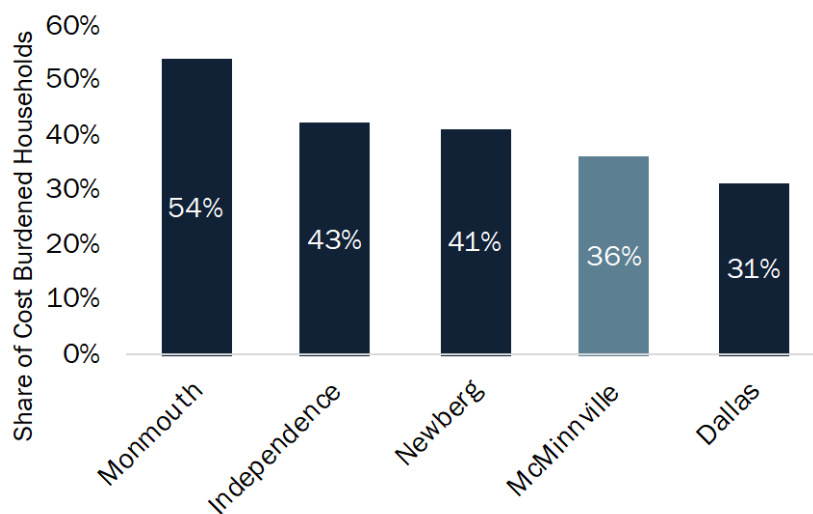
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



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

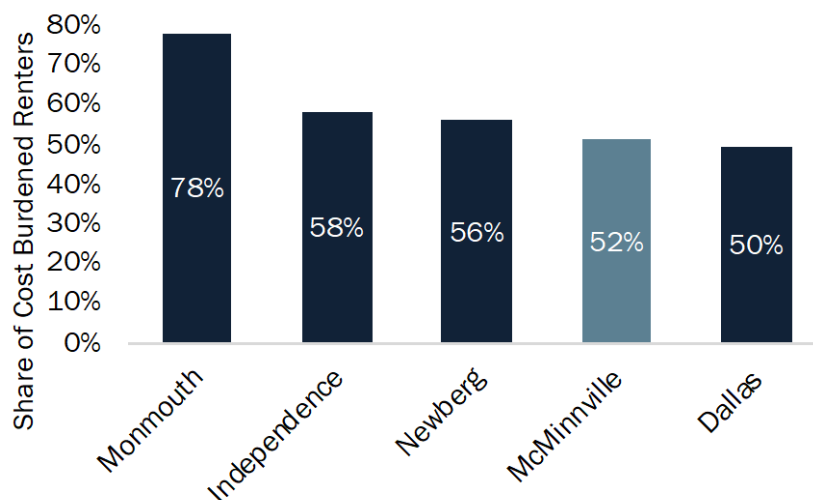
Source: US Census Bureau, 2012–2016 ACS Tables B25091 and B25070.



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

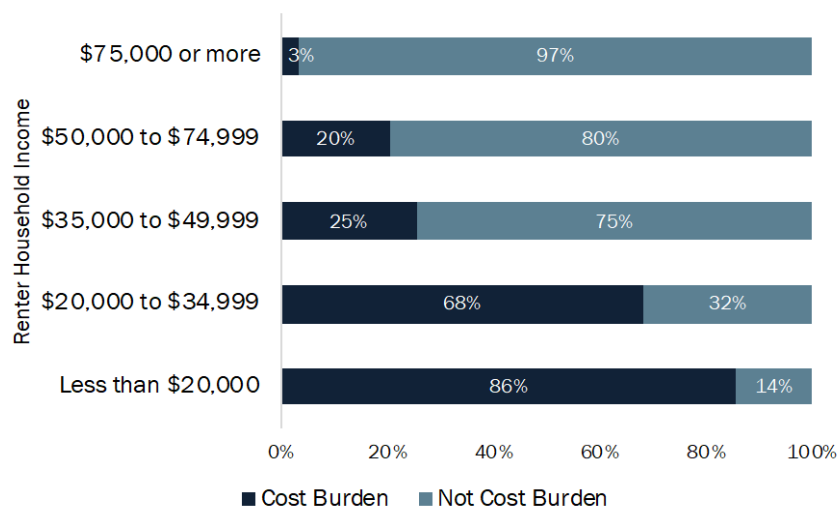
Source: US Census Bureau, 2012–2016 ACS Table B25070.



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.

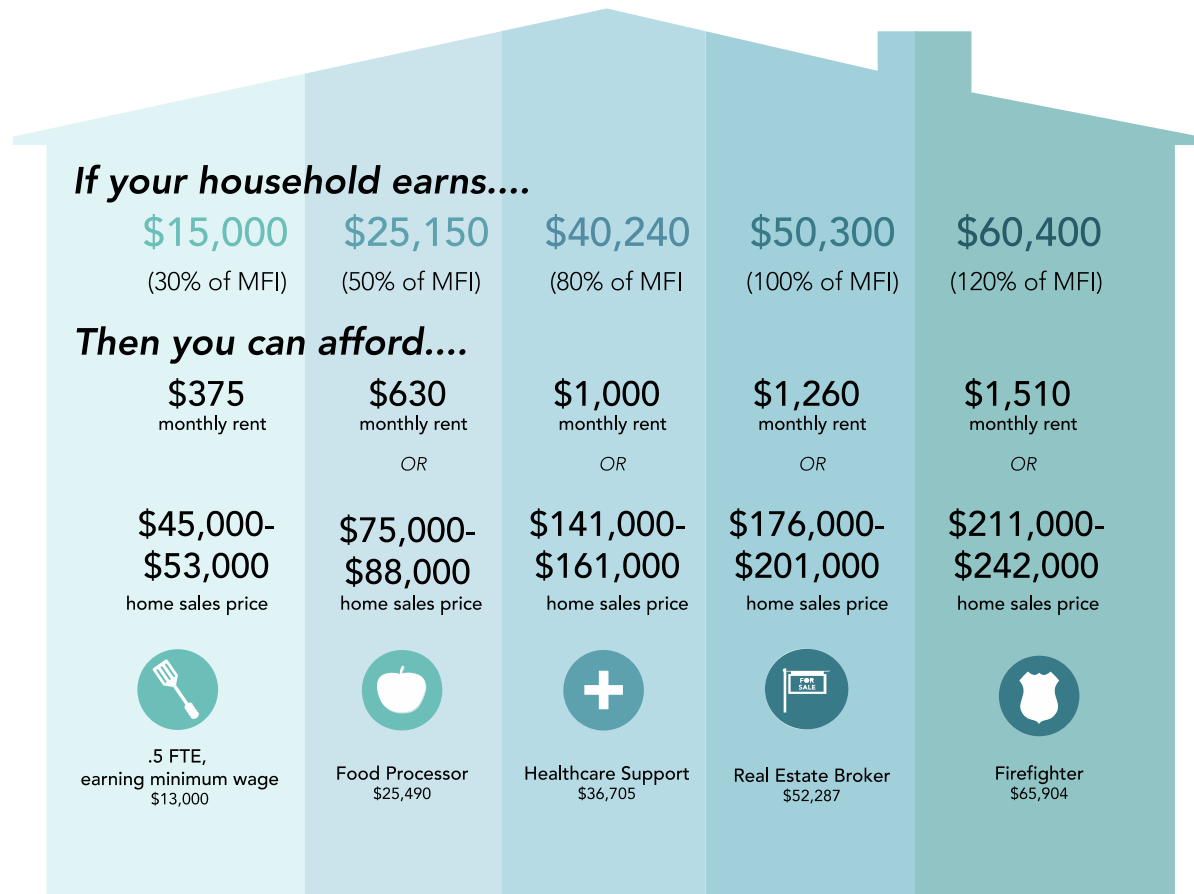
\$25.58/hour

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

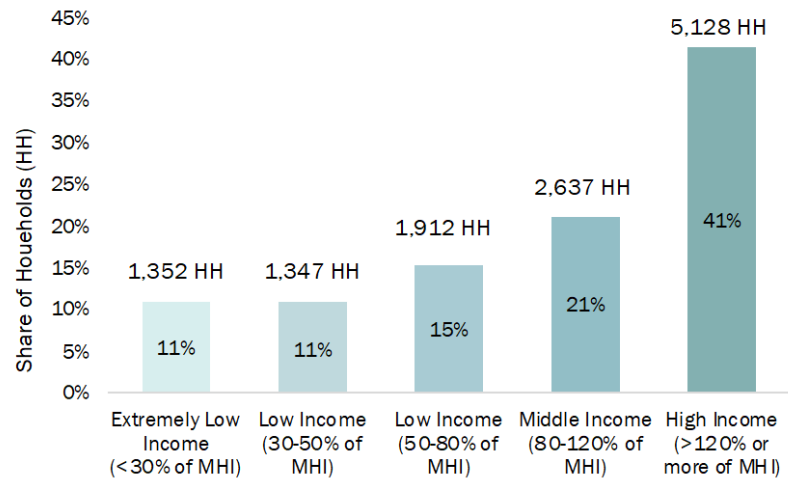
Source: US Census Bureau, 2013–2017 ACS Table B25119.



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

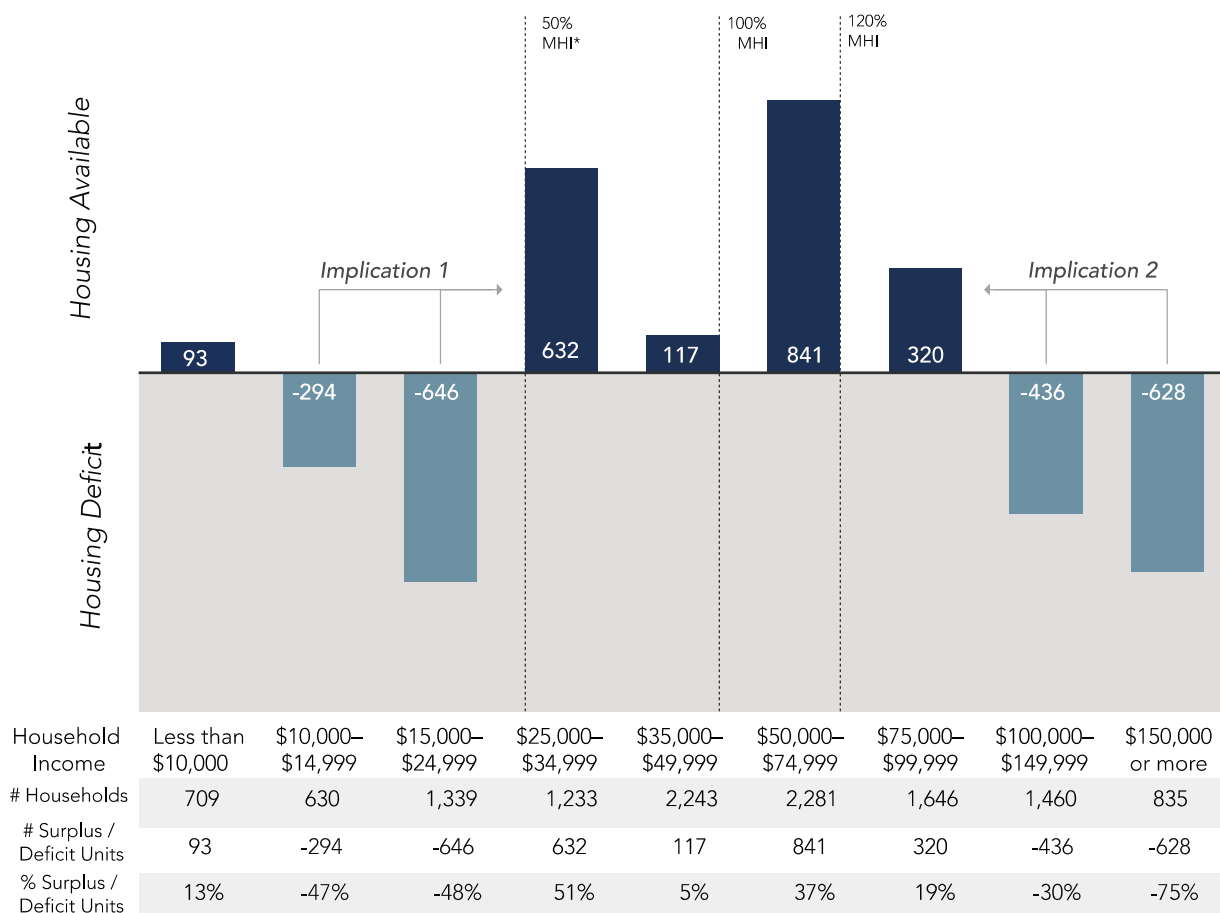
Source: US Census Bureau, 2013–2017 ACS Table 19001 and B25119.



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
times Aggregate vacancy rate	5.4%
equals 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

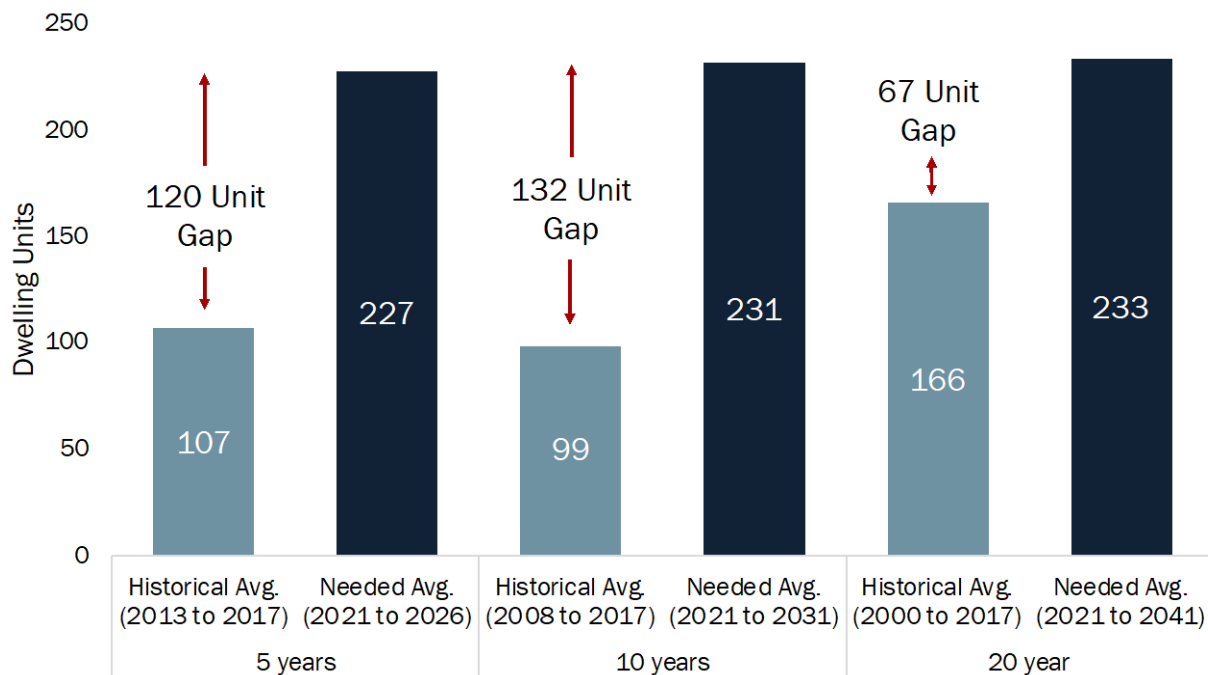
Source: Calculations by ECONorthwest

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
times Aggregate vacancy rate	5.4%	5.4%	5.4%	5.4%
equals 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).

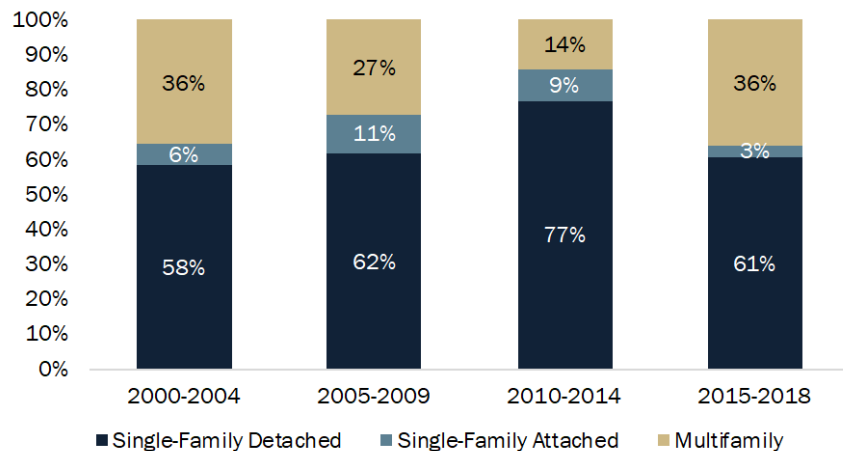
A majority share of new housing built in McMinnville, since 2000, has been single-family detached housing. Since 2015, about 36% of new housing built was multifamily, consistent with trends in the early 2000s. Single-family attached housing has consistently made up a smaller share of new housing built.

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

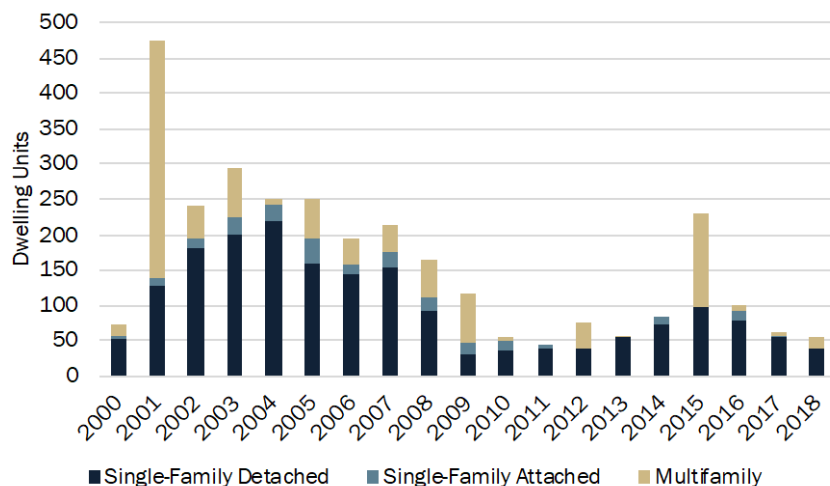
Source: McMinnville Building Permit Database.



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

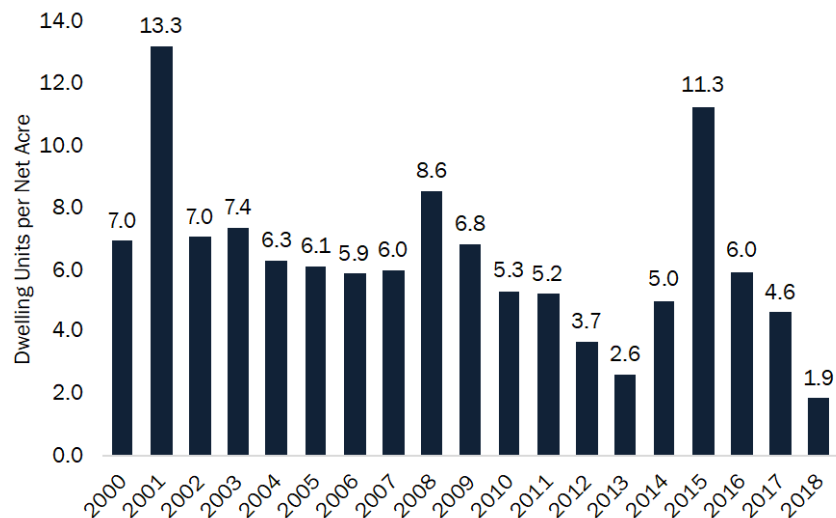
Source: McMinnville Building Permit Database.



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.

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

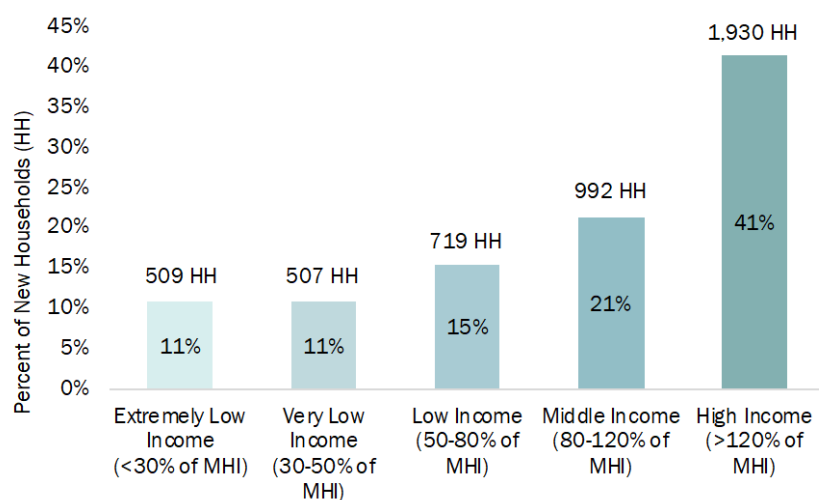


Exhibit 97. Future (New) Households in 5-, 10-, 20-, and 46-years, by Median Household Income (MHI) for McMinnville (\$50,300), McMinnville UGB, 2021–2026, 2021–2031, 2021–2041, and 2021–2067

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)
<i>Capacity Based on Land in Water Zone:</i>	<i>1</i>	<i>1</i>	<i>1&2</i>	<i>1&2</i>
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)
<i>Equals</i> 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

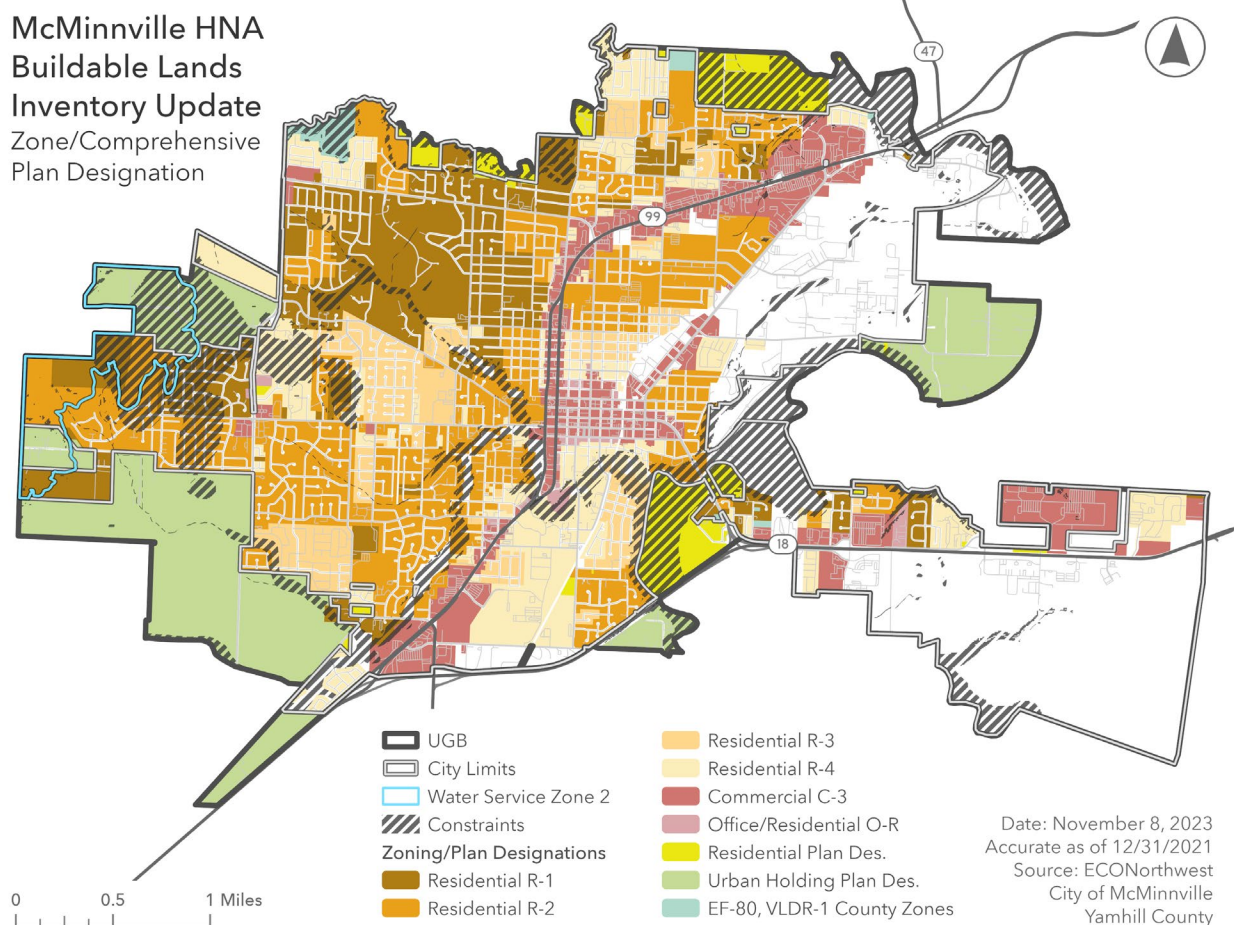
Inventory, DOGAMI landslide hazards and susceptibility, floodway and floodplains, conservation easements, and slopes. The tax lot data was current as of April 2023.

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



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				
Number	1,579	1,512	1,622	1,711
Percent	9%	9%	9%	10%
Multifamily Units				
Number	4,023	4,366	4,335	4,467
Percent	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)