



# McMinnville Housing Production Strategy

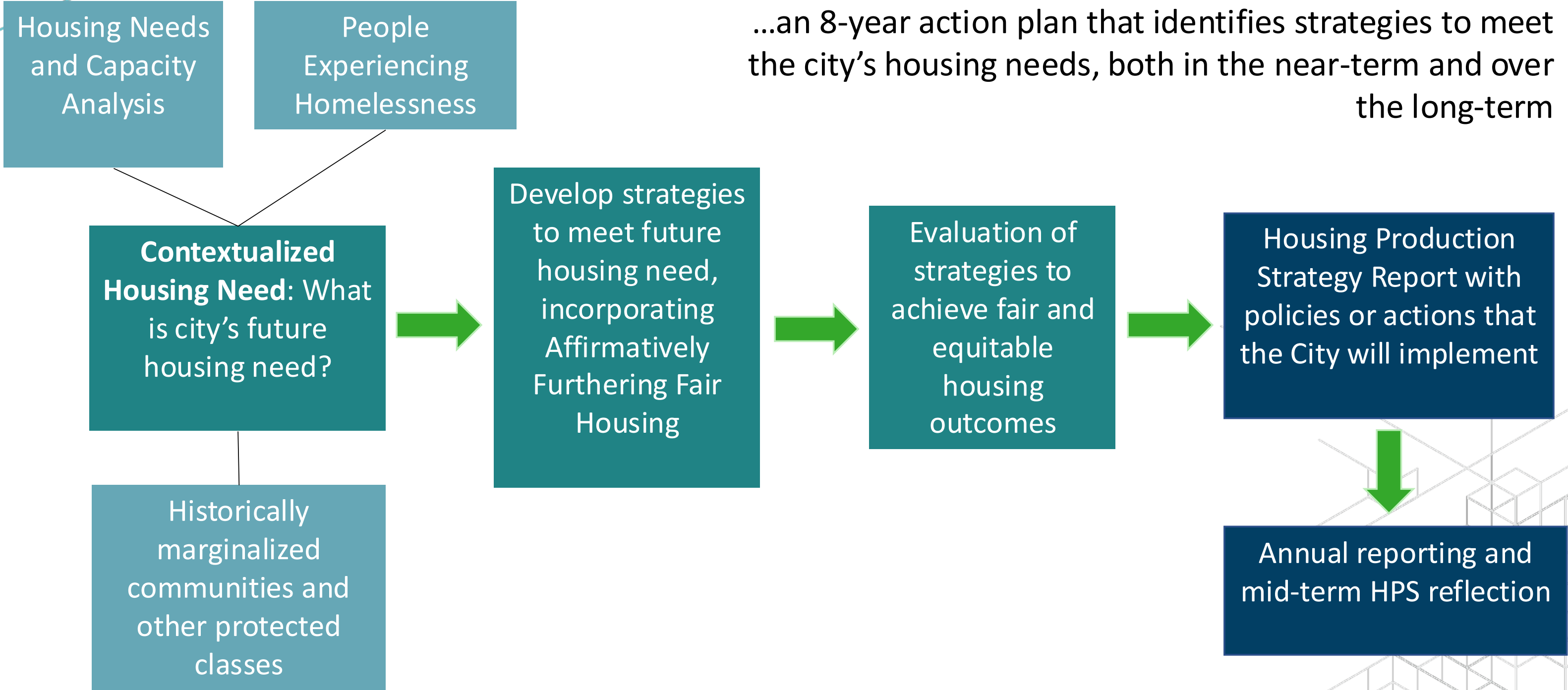
Joint City Council and Planning Commission

September 10, 2024



# The Housing Production Strategy Steps are...

...an 8-year action plan that identifies strategies to meet the city's housing needs, both in the near-term and over the long-term



# How is this different than a Housing Needs Analysis?

## Housing Needs Analysis

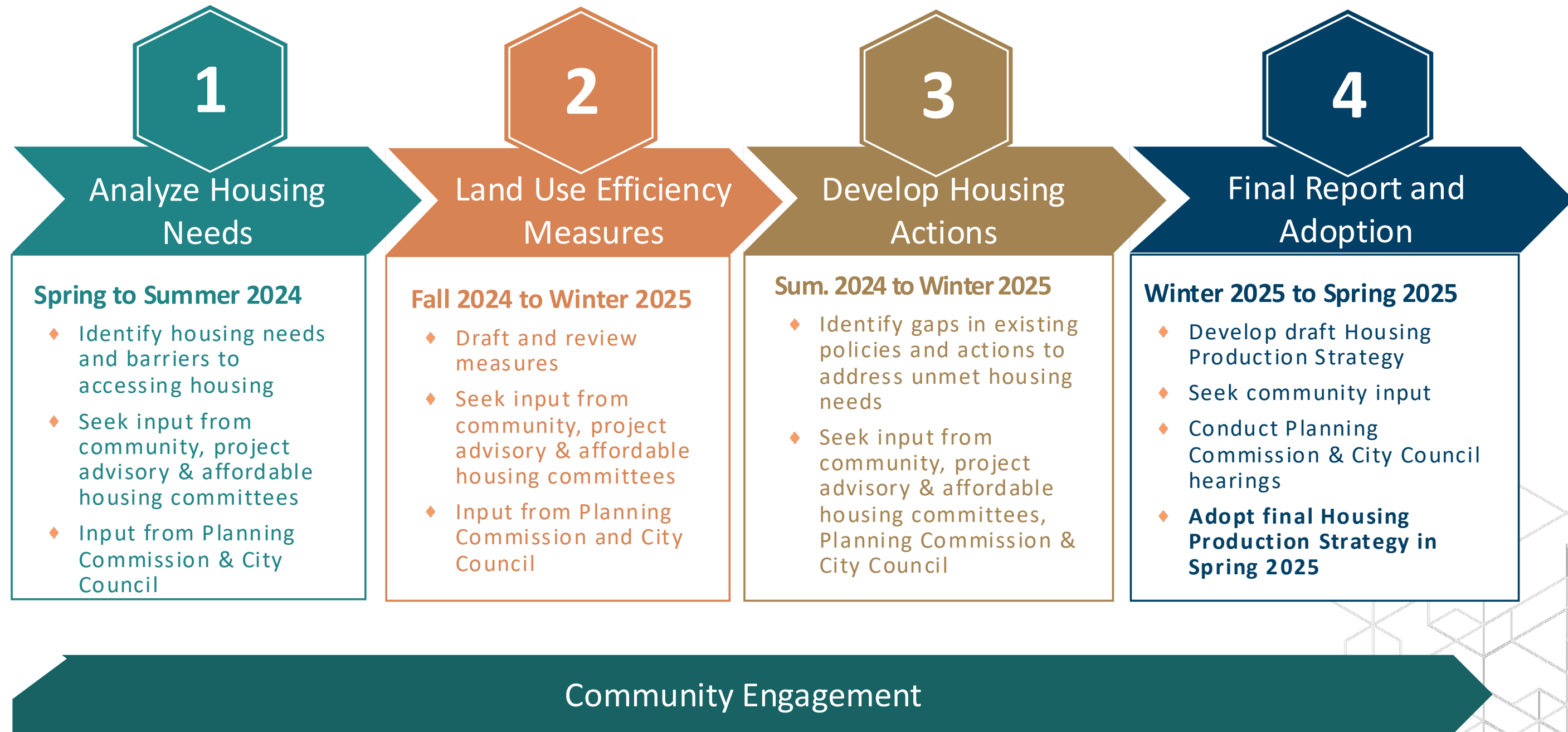
- Buildable lands inventory
- Housing market
- Demographics & socioeconomic characteristics
- Housing affordability
- Forecast of new housing
- Assessment of land sufficiency

## Housing Production Strategy

### New State requirement: HB 2003 (2019)

- Refined understanding of housing need
- Evaluation of gaps in existing policies
- Identification of potential strategies
- Evaluation of new strategies
- Assessment of whether the strategies help achieve fair and equitable outcomes

# McMinnville's Housing Production Strategy Schedule





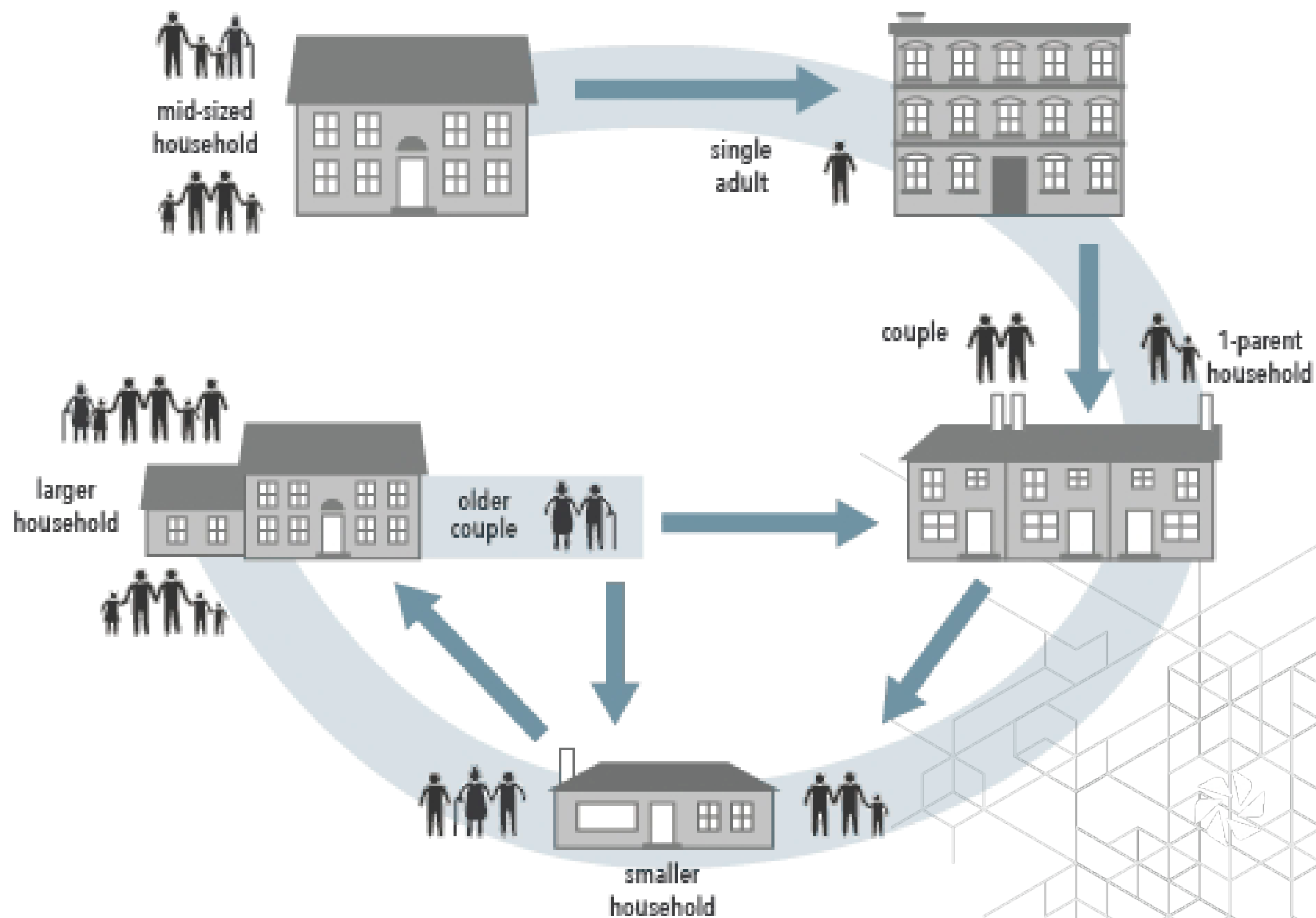
# McMinnville's Unmet Housing Needs

# Unmet Housing Needs: Results of the HNA

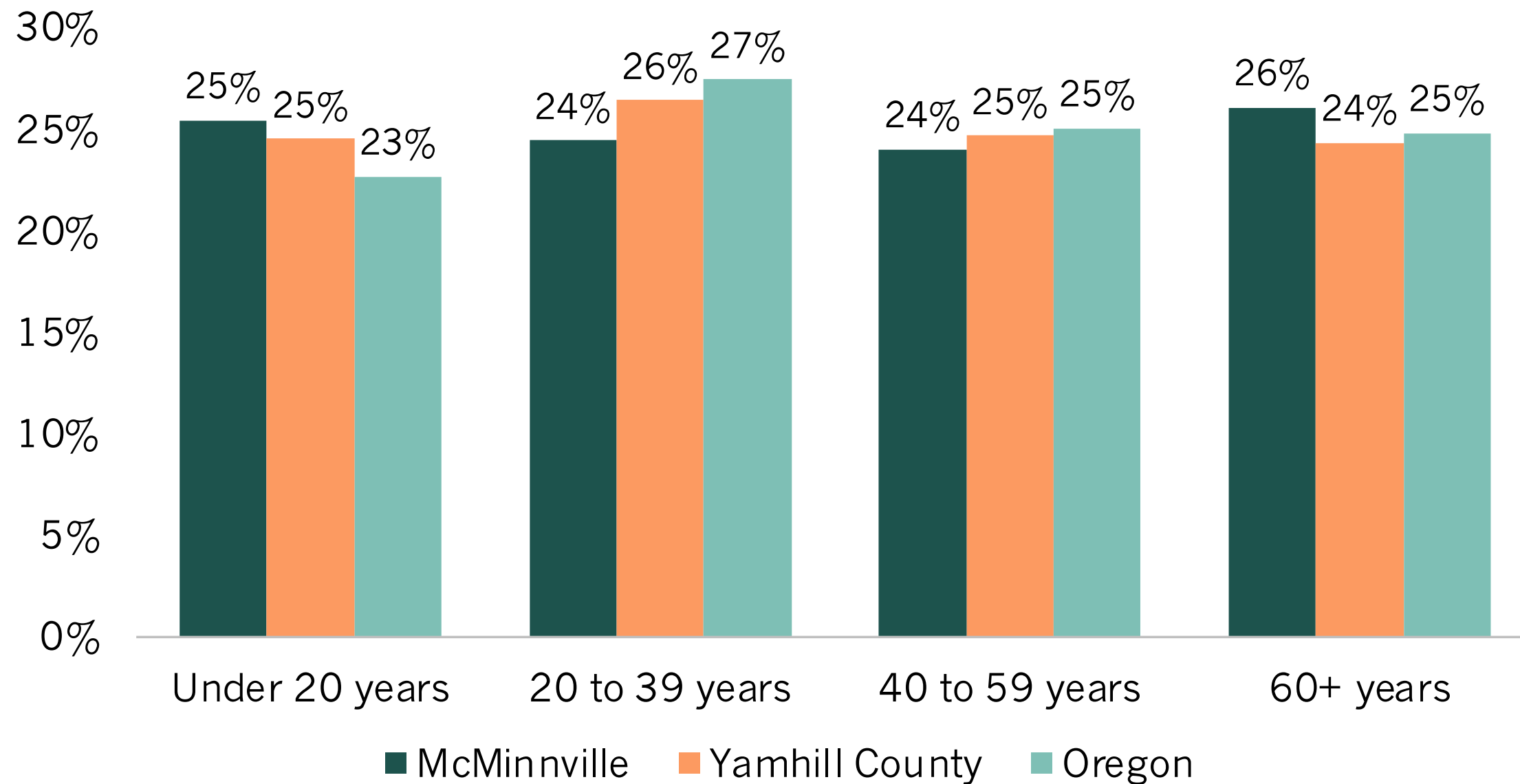
- McMinnville's HNA was completed in 2023
- McMinnville is forecast to grow by the following between 2021 and 2041:
  - ◆ 15,300 new people
  - ◆ 4,657 new dwelling units
- McMinnville has a deficit of 202 gross acres of land for housing
- McMinnville has unmet housing needs for housing that is affordable for current and new residents (as discussed in this presentation and in the HPS)

# Factors that Affect Housing Demand

- Age
- Household Composition
- Income



# Population Distribution by Age

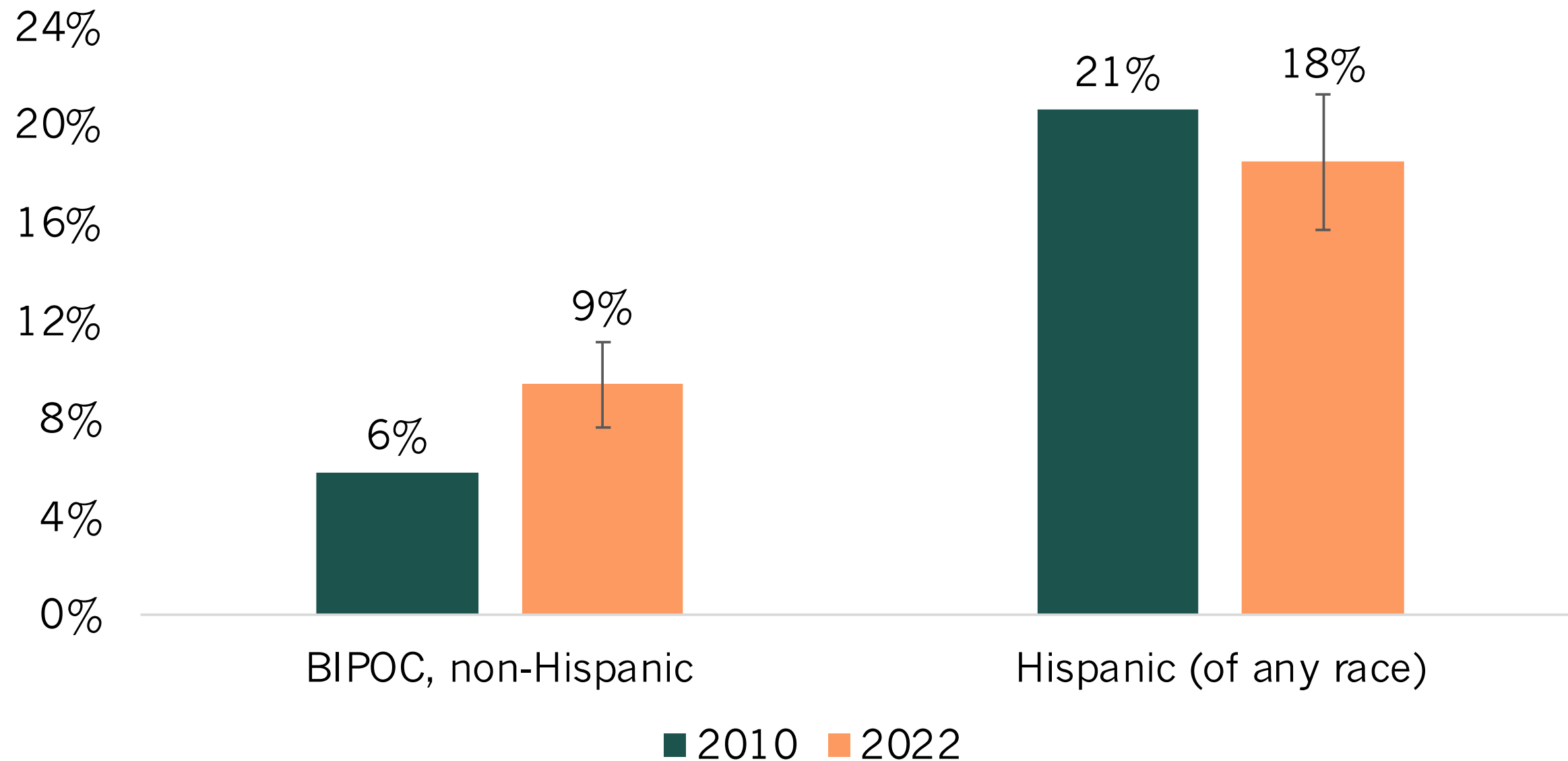


More than half of McMinnville's population is younger than 20 years or older than 60 years.

Source: U.S. Census Bureau, 2018-2022 ACS, Table B01001.



# BIPOC Population



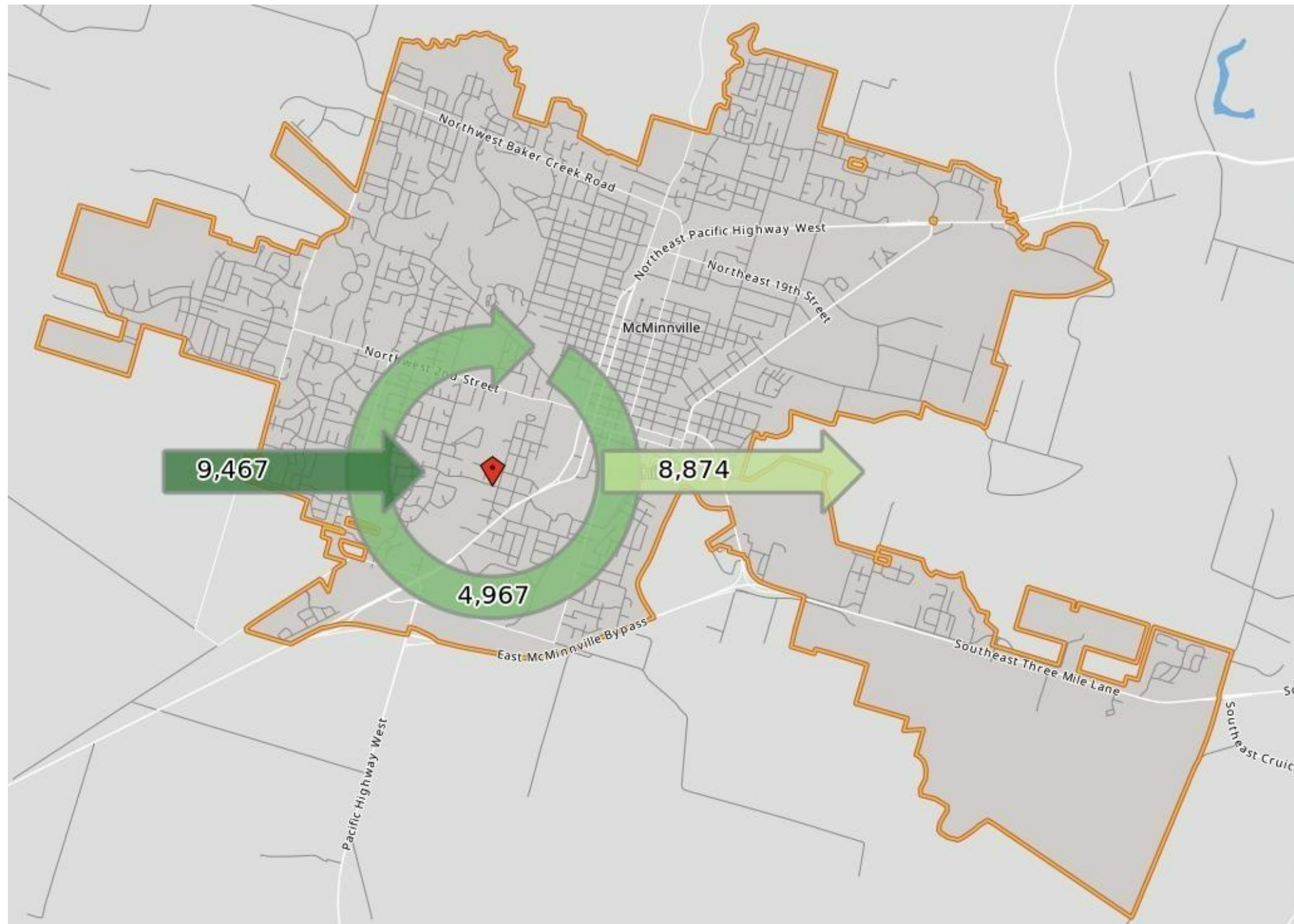
McMinnville's BIPOC, non-Hispanic population grew by 1,374 people between 2010 and 2022.

During the same period, McMinnville's Hispanic population declined by 261 people.

Source: U.S. Census Bureau, 2010 Decennial Census Table P005001, 2015–2019 ACS Table B03002.

Note: Black bars denote the potential upper and lower bound of the estimate using the margin of error reported by the Census. Margins of error are not available for 2010 data.

# Commuting Flows

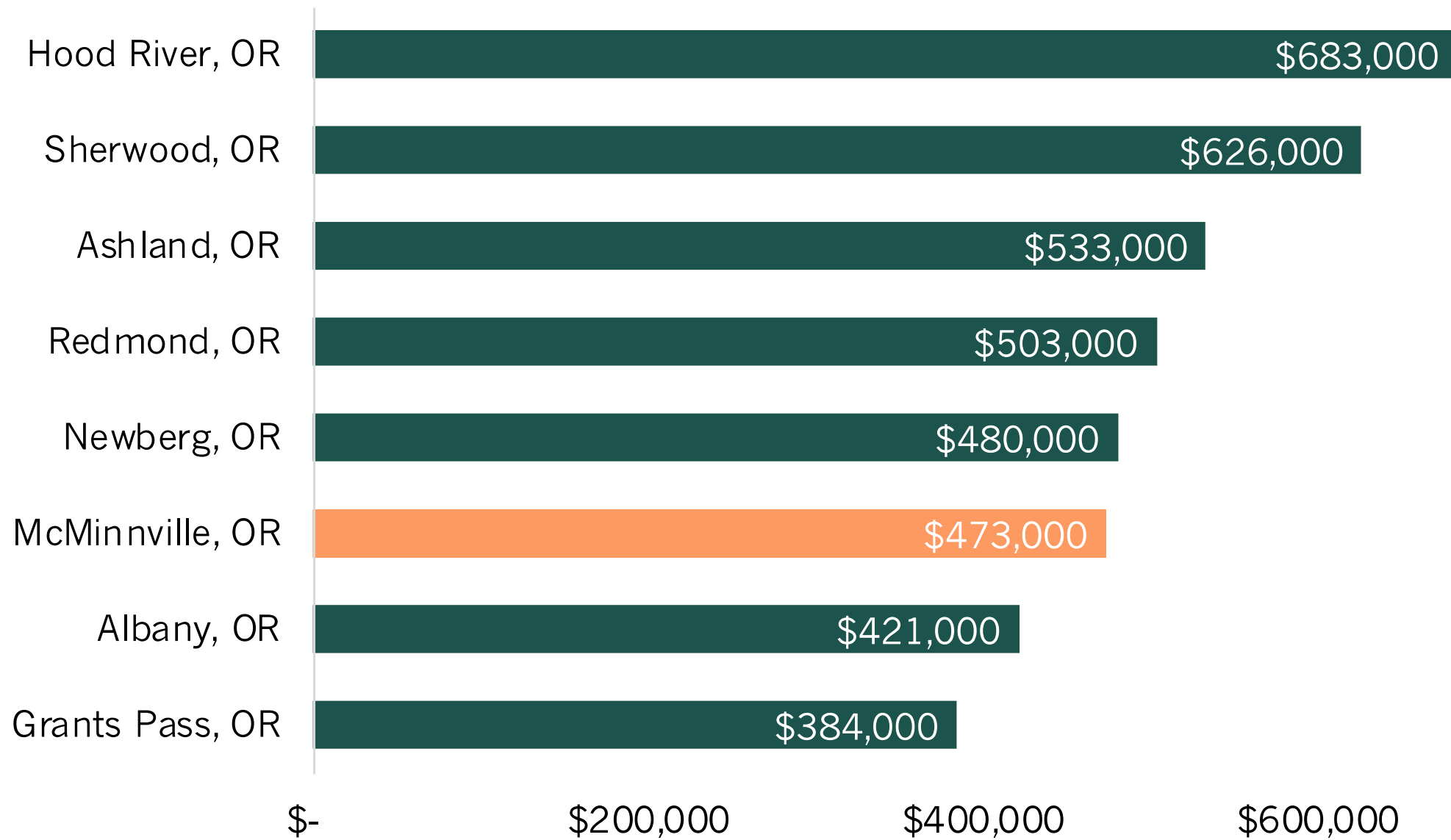


**About 14,434  
McMinnville residents  
employed**

Around 8,874 workers  
living in McMinnville  
commute out of  
McMinnville for work  
while 9,467 commute  
into McMinnville for work  
but live outside of  
McMinnville

Source: US Census Bureau, Census on the Map, 2021. Arrows are conceptual and do not reflect exact directions.

# Median Home Sales Price

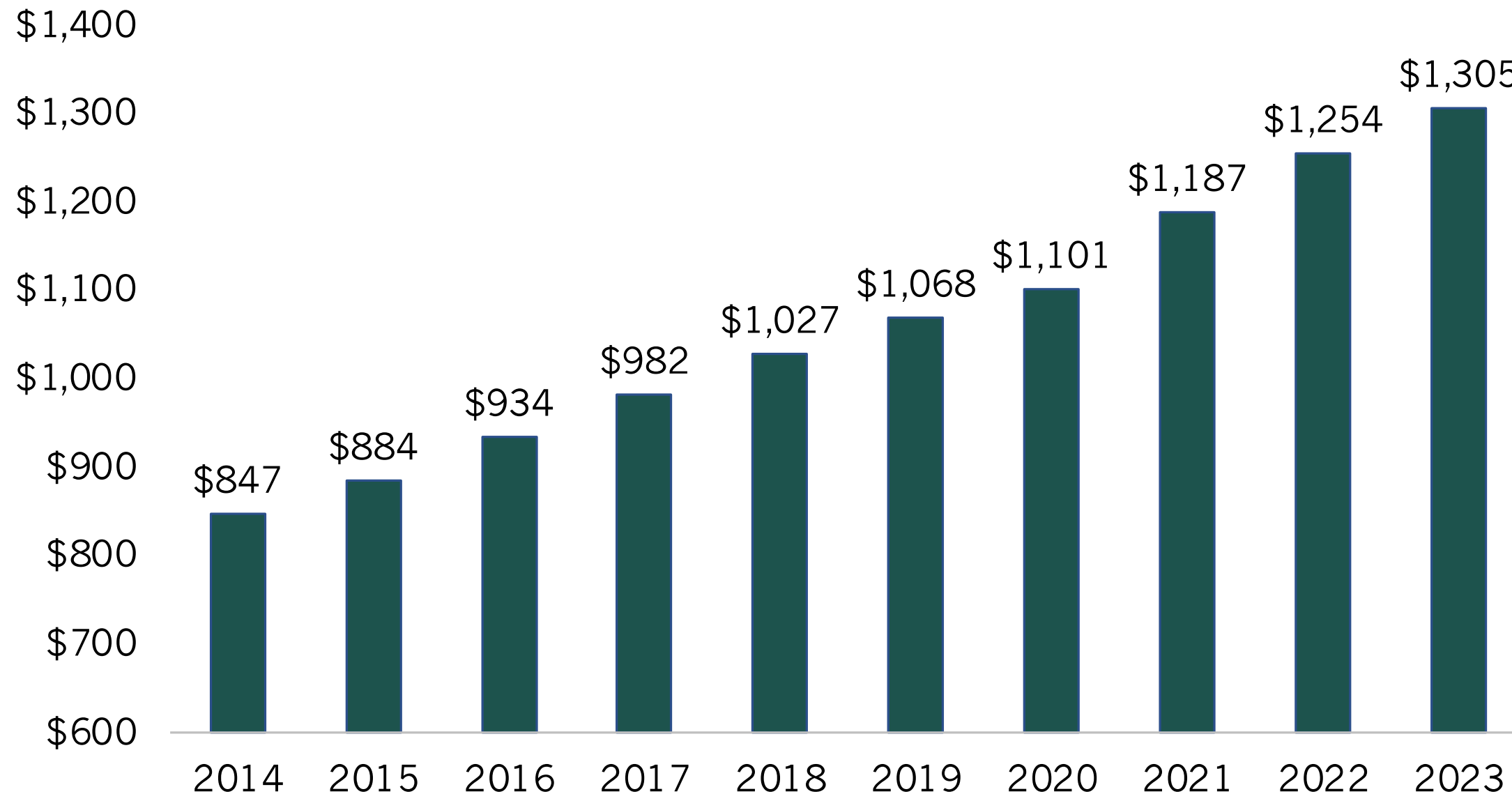


## Between 2012 and 2022

- Household income increased by 51%
- Rent increased by 68%
- Home sales prices increased by 173%

Source: Redfin, June 2024.

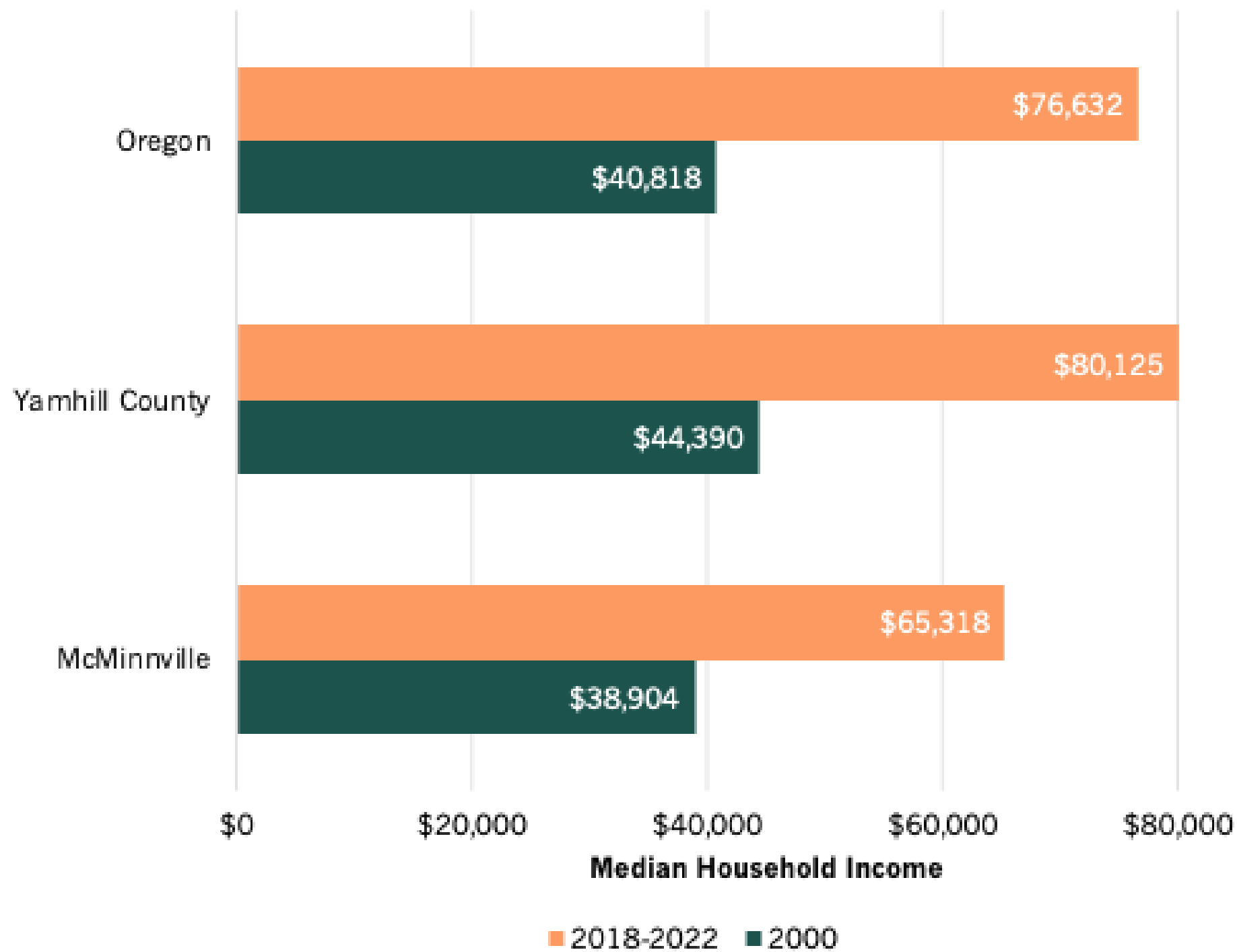
# Monthly Average Asking Rents



Between 2014 and 2024, McMinnville's average multifamily asking rents increased by 54% (\$458) to \$1,305 per month, not including utility costs.

Source: Costar, pulled March 2024

# Median Household Income

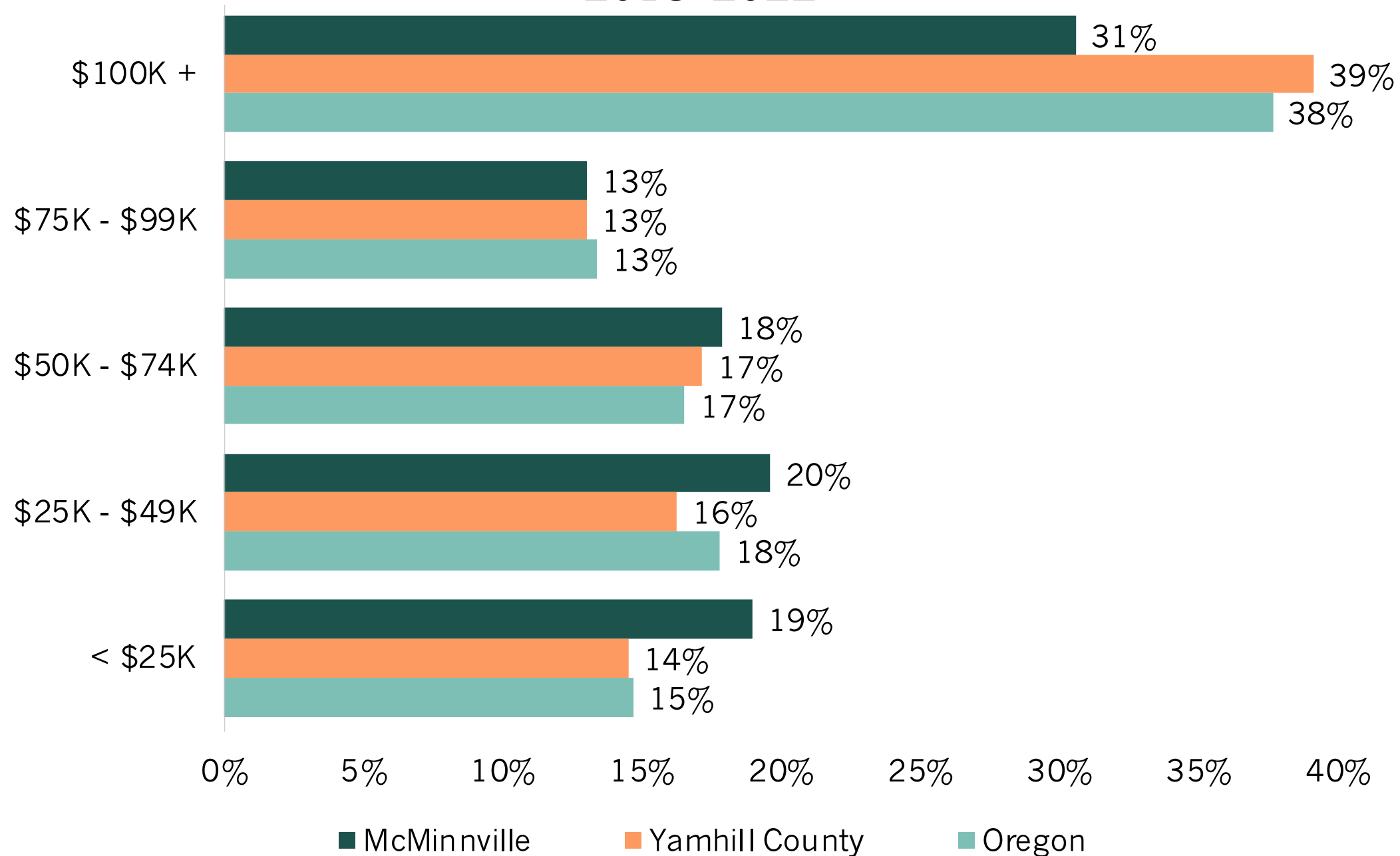


McMinnville's Median Household Income is about \$65,000. It is lower than median incomes in Yamhill County (82%) and Oregon (85%).

Source: U.S. Census Bureau, 2018-2022 ACS, Table B25119 and 2000 Census, Table Hct012001.

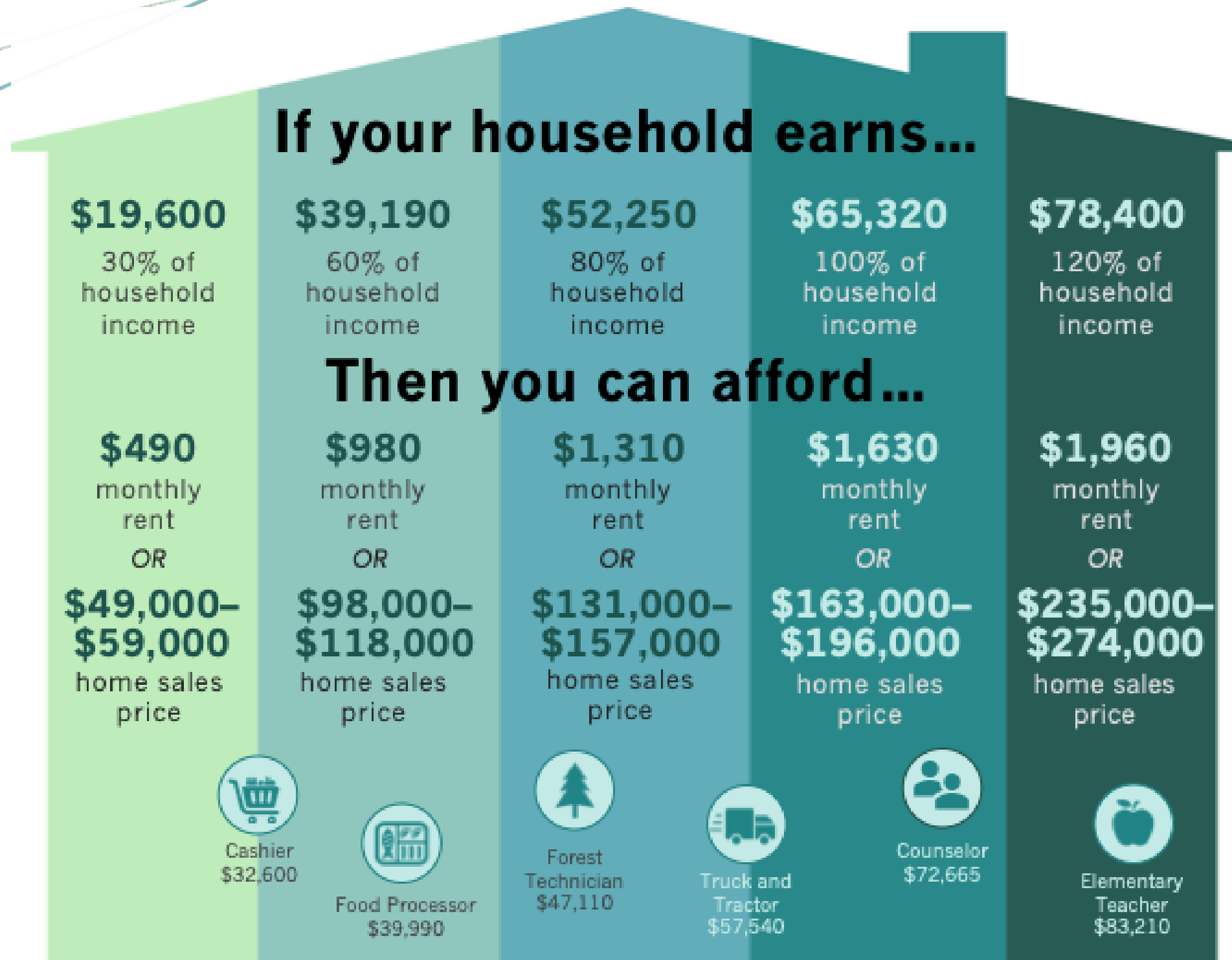
# Wide Range of Incomes in McMinnville

Income Distribution, McMinnville  
2018–2022



McMinnville has a higher share of households earning less than \$50,000 and a smaller share of households earning more than \$100,000, compared to the county and the state.

# Financially Attainable Housing in Based on McMinnville MHI



Median Household Income: **\$65,318** in McMinnville

Median Home Sale Price: **\$473,000**

Requires \$158,000 income or 241% of household income in McMinnville

Average Monthly Rent:

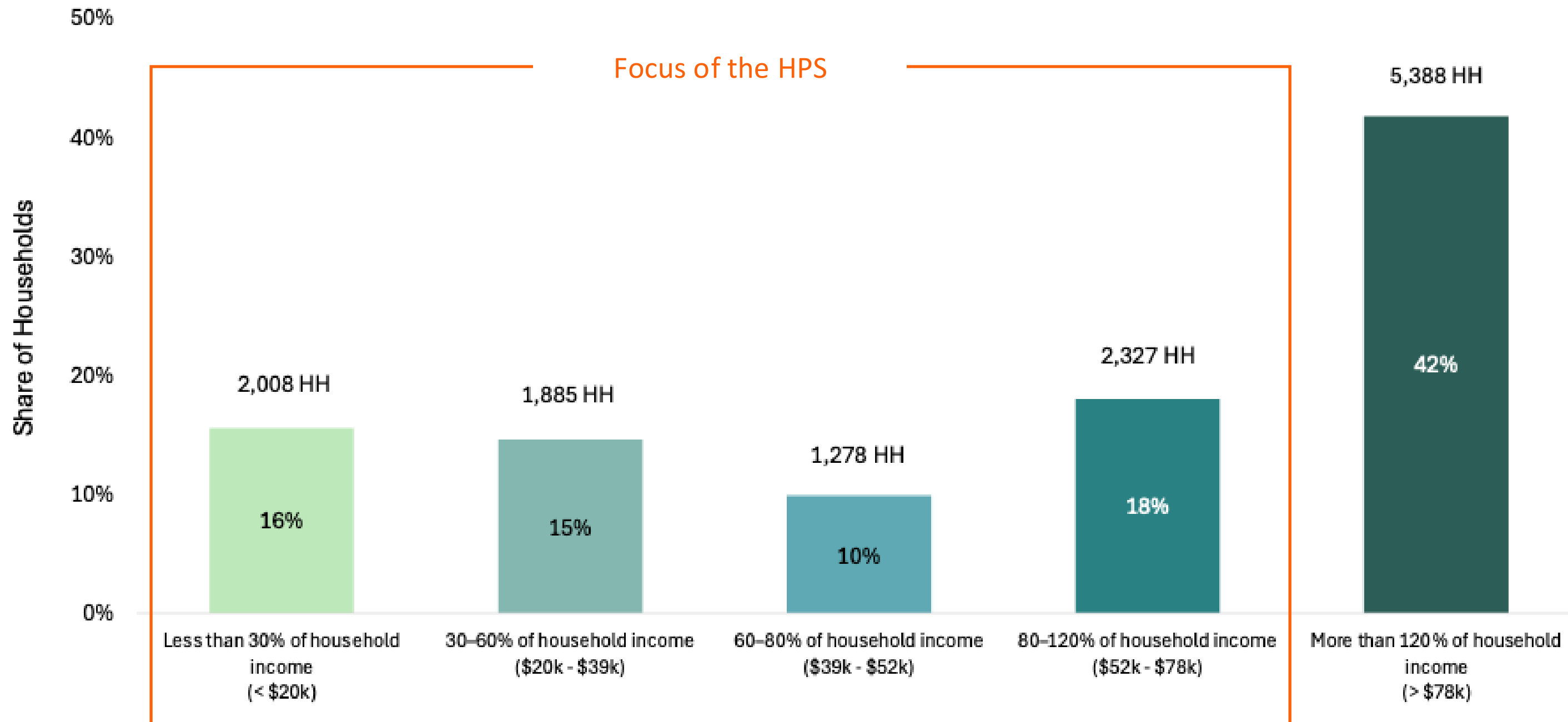
**\$1,468** (Rent & utilities)

Average rental housing costs requires about 90% of household income to afford

Average monthly rent is for 2-bedroom units.  
Data Sources: Redfin, CoStar

# Existing Households by Income Level

Median Household Income is for McMinnville with number of households per income group.

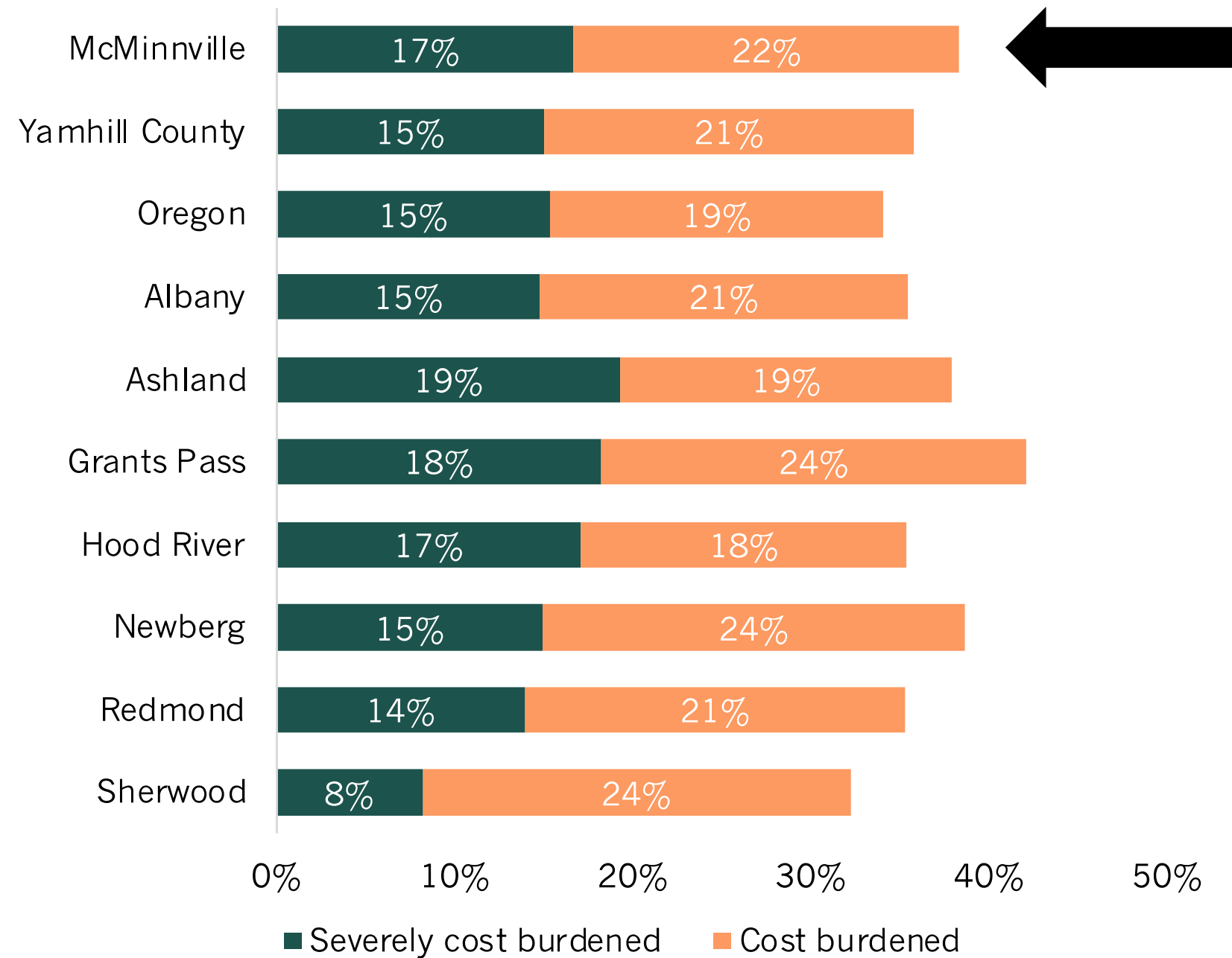


Source: US Department of Housing and Urban Development, Yamhill County, 2024; 2018-2022 ACS Table 19001



Cost burdened: spending more than 30% of income on housing costs

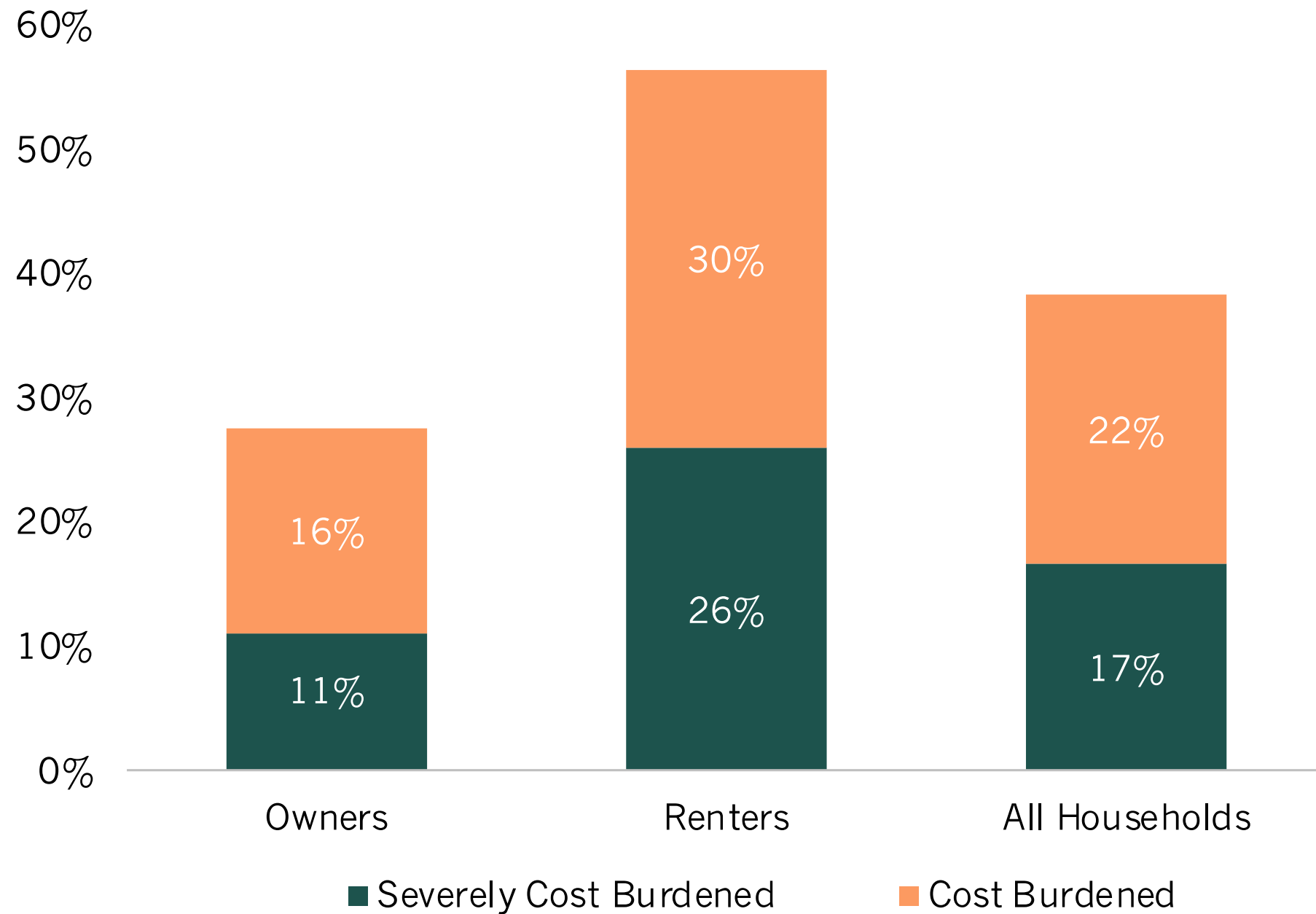
Severely cost burdened: spending more than 50% of income on housing costs



Source: U.S. Census Bureau, 2018–2022 ACS Tables B25091 and B25070.

# Renters are More Likely to be Cost Burdened

Cost Burden by Tenure  
2018–2022

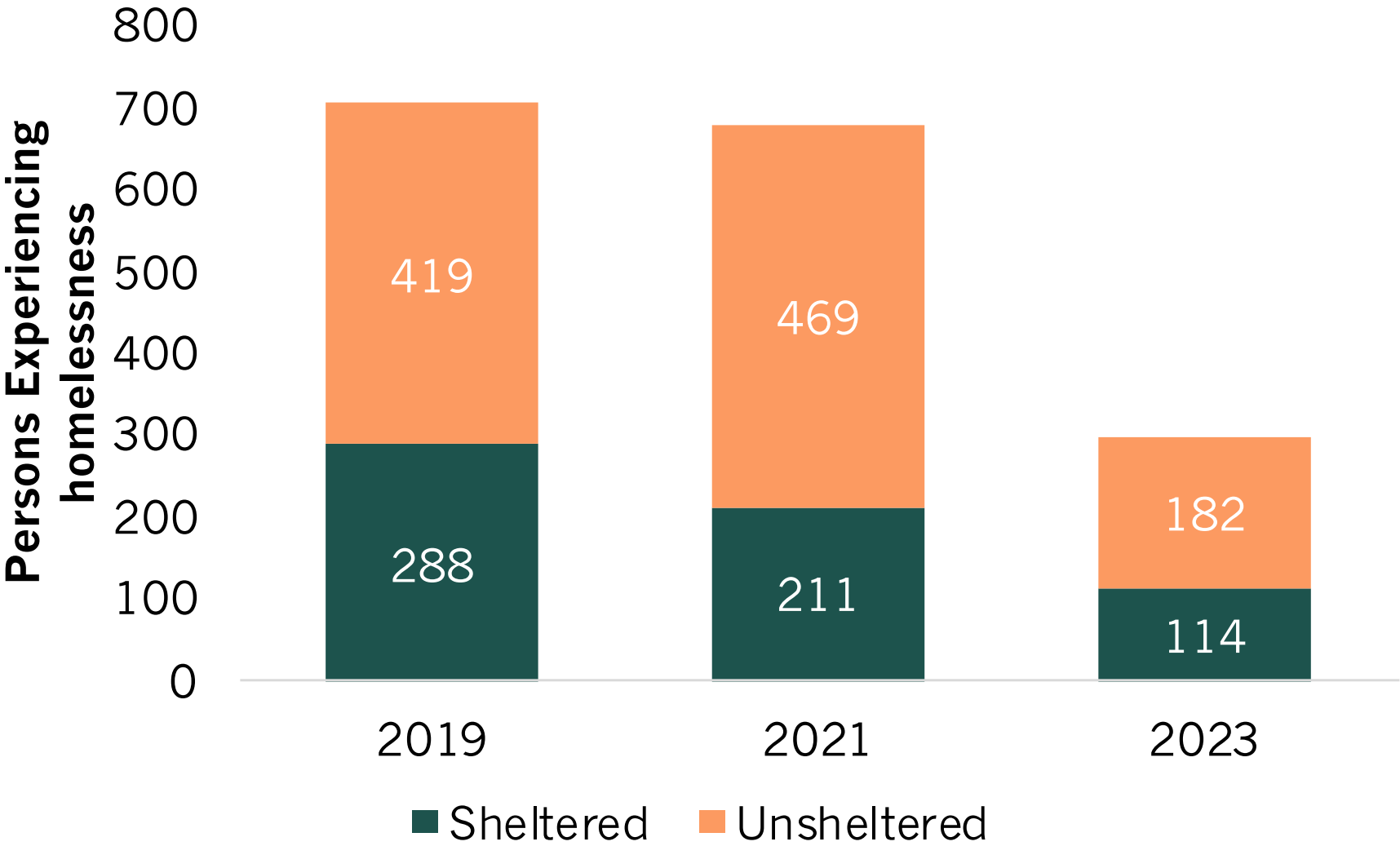


About **56%** of McMinnville's renters were cost burdened or severely cost burdened (2,670 households), compared to 27% of homeowners (2,173 households)

# Housing Needs Often Differ by Group

- People experiencing homelessness:
  - ◆ Temporarily or chronically
  - ◆ Alone or with children
- Racial or ethnic groups
- People over 65 years old
- People with disabilities

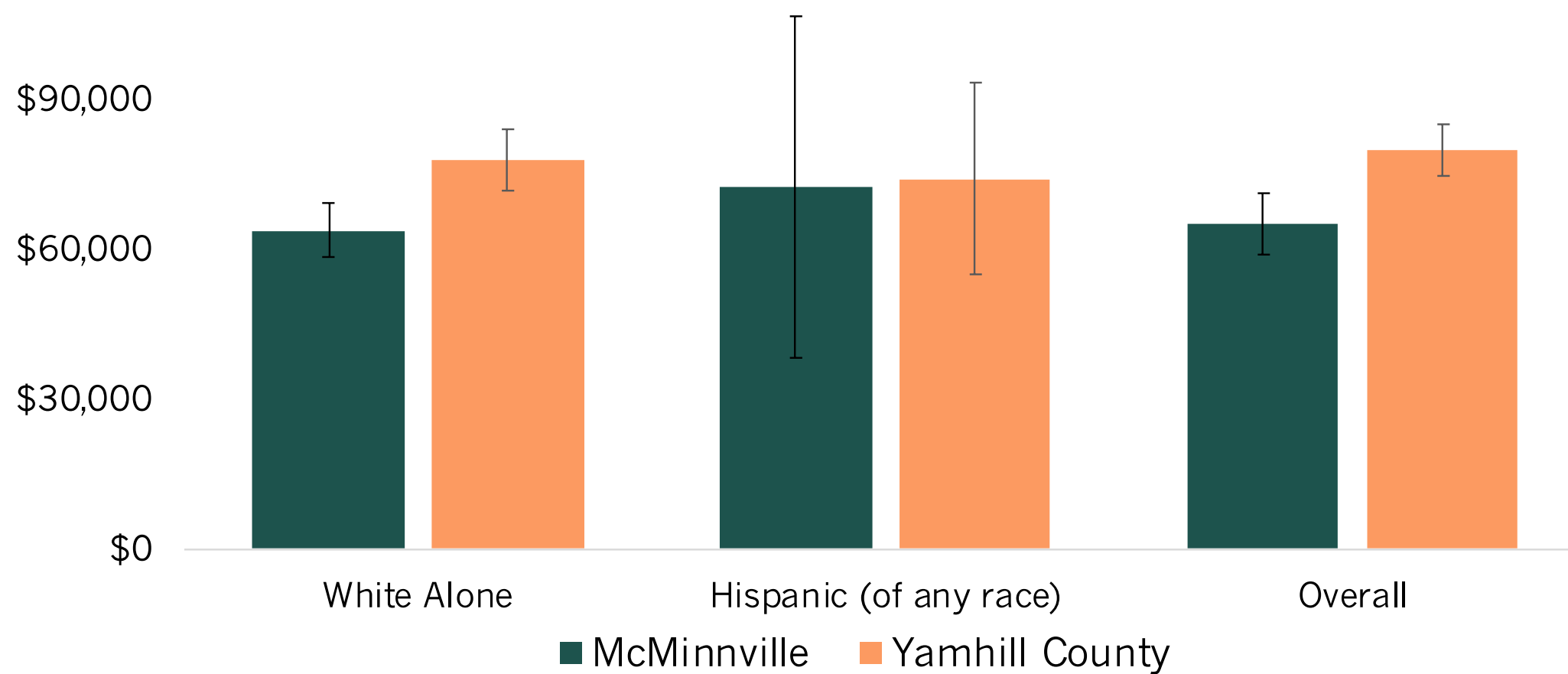
Point-in-Time Homelessness Estimates, Yamhill County  
2019–2023



Source: Oregon Housing and Community Services.

# Ability to Pay for Housing by Race and Ethnicity

## Median Household Income by Selected Race and Ethnicity 2018–2022



The largest racial and ethnic groups in McMinnville are:

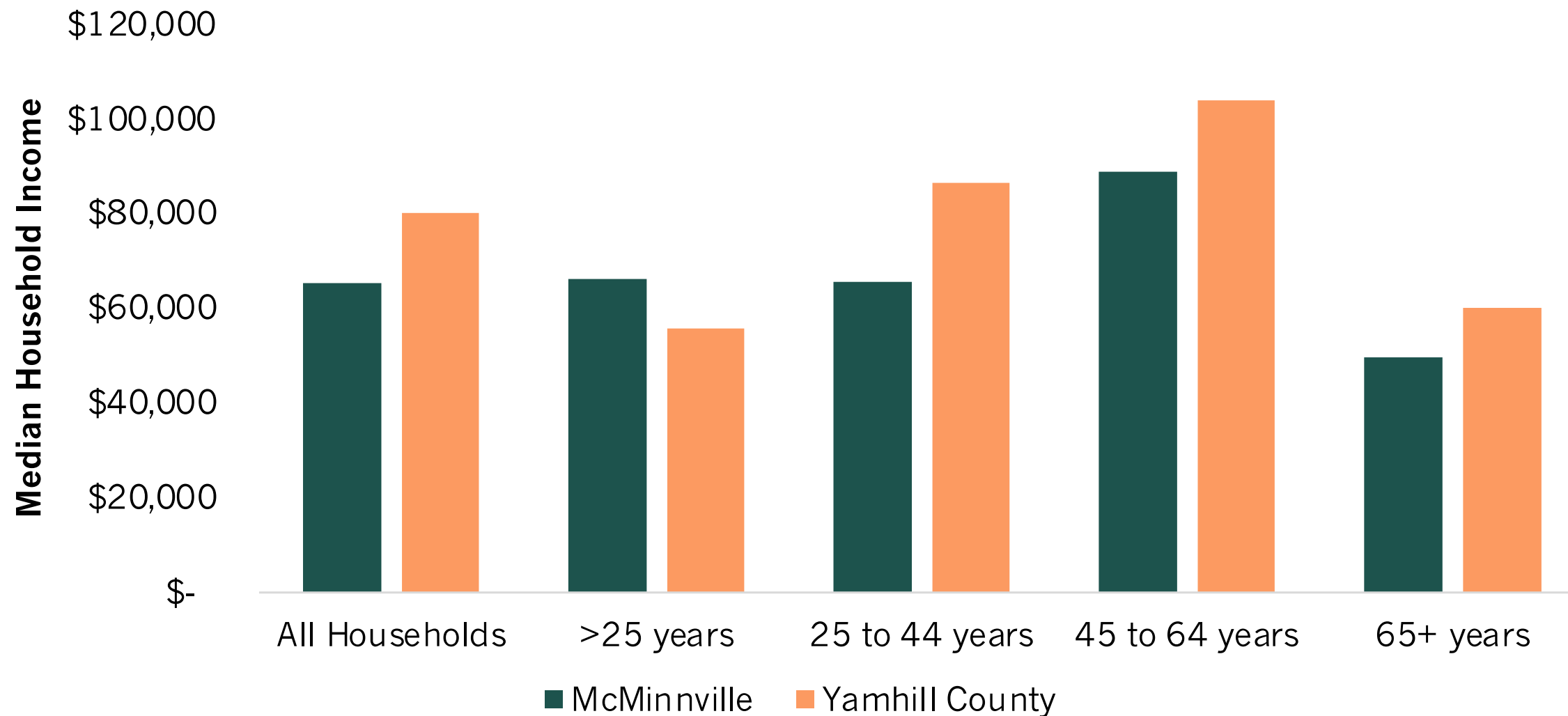
**White, non-Hispanic:**  
24,825 people, 72% of population

**Hispanic/Latine (any race):** 6,369 people, 18% of population

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table S1901.  
Note: Other races not included due to high margins of error (more than 50 percent).

# Ability to Pay for Housing People Aged 65 Years and Older

## Median Household Income by Age 2018–2022

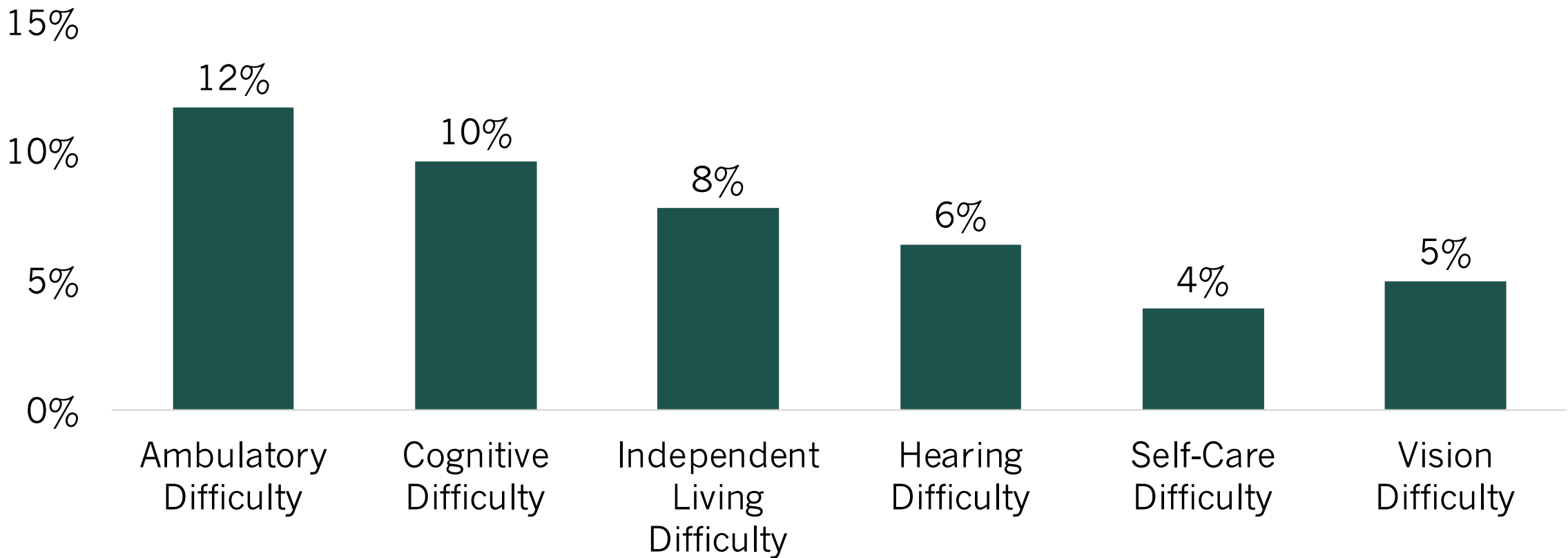


In McMinnville, median household income for people over 65 years is 76% of the overall median.

Source: U.S. Census Bureau, 2018–2022 ACS 5-year estimate, Table B19049.

# Persons with a Disability

Share of Persons with a Disability by Type (% of Total Population)  
2018–2022



About 22% of McMinnville's population has one or more disabilities

Source: U.S. Census Bureau 2018–2022 ACS, Table K201803.

# Themes of Unmet Housing Needs for Specific Groups

- Access to affordable housing
  - ◆ Zoning changes, Rent and ownership, diverse housing types
  - ◆ Market-rate and income-restricted affordable housing
  - ◆ Urban areas, infrastructure planning for urban areas
- Access to housing that meets the household's needs
  - ◆ Size and configuration, number of bedrooms
  - ◆ Housing with needed services such as mental health, substance abuse, healthcare services
  - ◆ Accessibility for people with a disability
- Access to housing without discrimination



# Identifying Actions for the Housing Production Strategy



# State Requirements for McMinnville

- Adopt an HPS by December 2025
- Commit to implementing the actions in the HPS over the 2026 to 2033 period
  - ◆ Commit to implementation
  - ◆ Be required to report to DLCD on implementation progress, and be required to comment on its effectiveness in the future
- Strategies not identified in the HPS may still be implemented by the City, but the City will not be held to specific action by the State.

Do the strategies, taken together, achieve fair and equitable housing outcomes?

- Affordable homeownership and affordable rental housing
- Avoid gentrification or displacement and increase housing stability
- Housing options for residents experiencing homelessness
- Location of housing, affordable options within compact, mixed-use areas
- Housing Choice, affordable options in safe neighborhoods with high-quality amenities
- Fair Housing, especially for federal and state protected classes

# New State Requirements for HPS (effective in 2025)

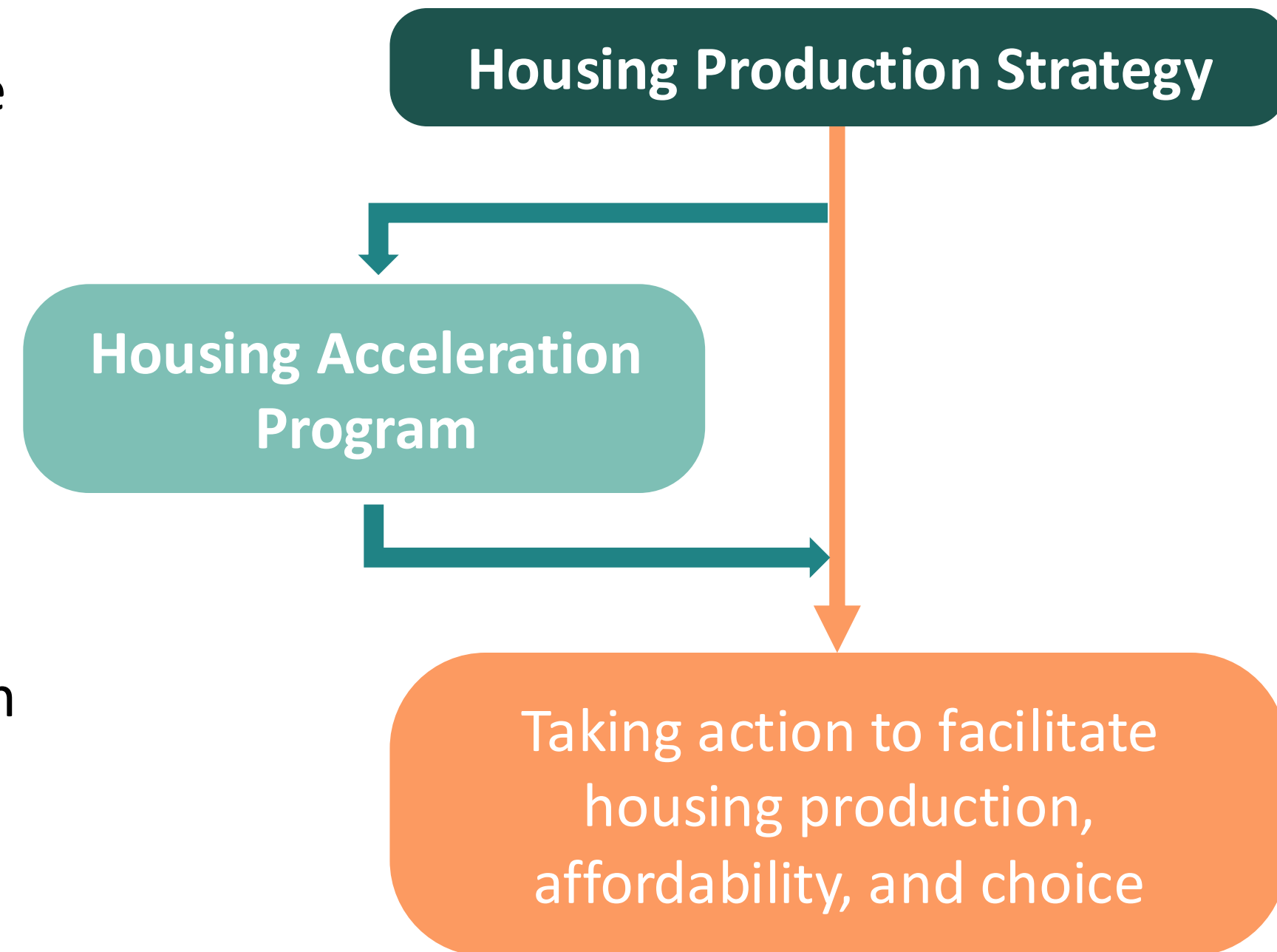
- The State is in the process of revising the rules that govern implementation of the HPS. The draft rules include a midpoint review (at year 4) that requires the city to...
  - ◆ Summarize actions from the HPS that have been implemented to address unmet housing needs
  - ◆ Reflect on the efficacy of the implemented actions for meeting unmet need, considering information in the new State Housing Production Dashboard and Housing Equity Indicators
- The new rules will be finalized by December 2024 and are still being revised now

See the draft [OAR 660-008-0150](#) for more details

# Housing Acceleration Program Context

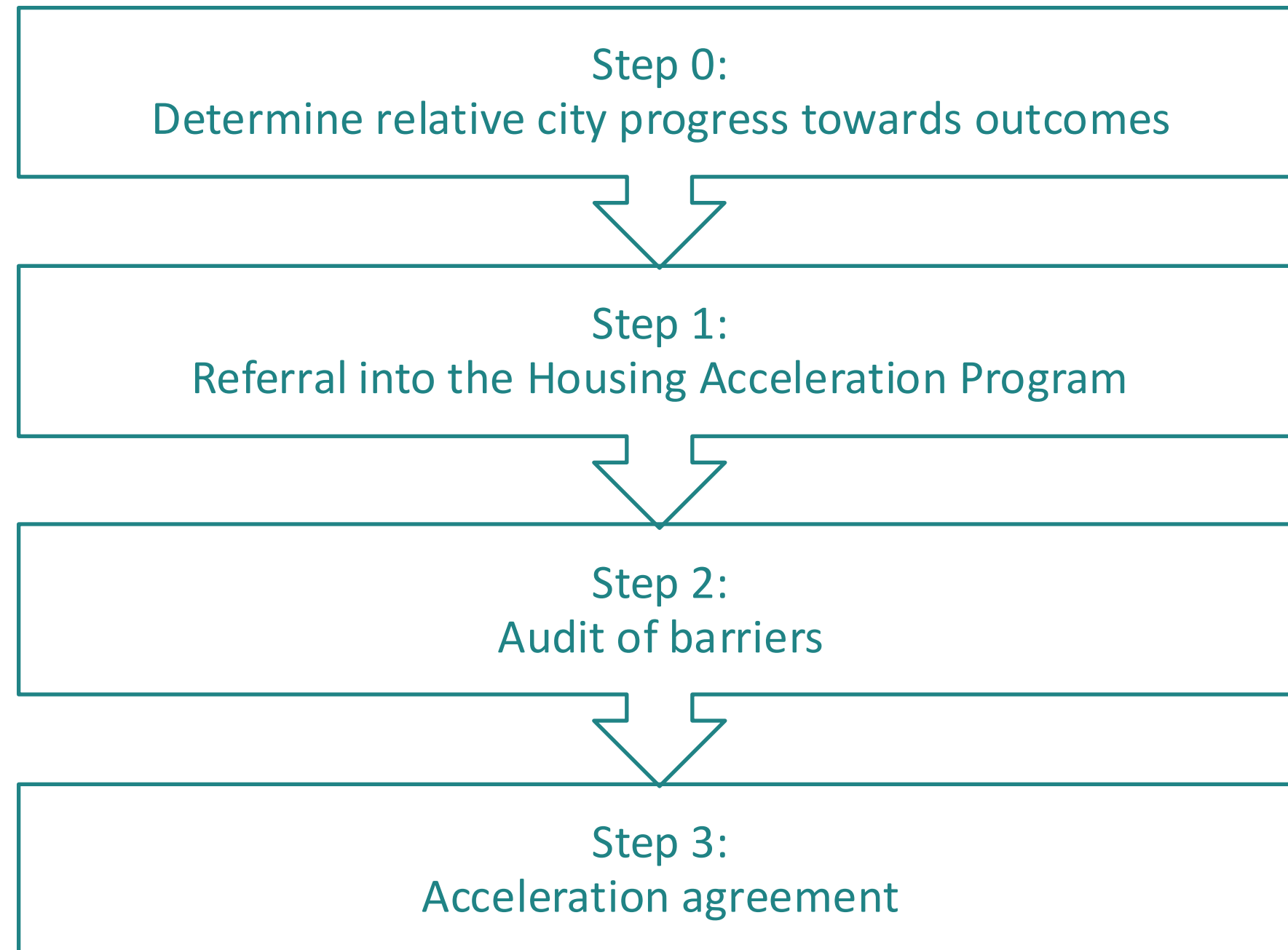
## ORS 197A.130 - Principles

- (a) Increasing housing production;
- (b) Developing affordable and equitable housing;
- (c) Forming partnerships with cities and with other public bodies;
- (d) Responding proportionately to housing underproduction;
- (e) Escalating enforcement to address persistent, repeated or deliberate noncompliance with housing production strategies and action items; and
- (f) Considering the availability of state resources to support housing production.



# Housing Acceleration Program Process

- DLCD required to annually refer cities to program:
  - ◆ HPS adoption
  - ◆ Undertaking actions in HPS
  - ◆ LCDC referral
  - ◆ Underperformance
- DLCD leads an audit of barriers to housing production, affordability, & choice
- DLCD & city enter agreement to take actions within their control



Slide source: DLCD

# New Housing Accountability and Production Office (HAPO)

- New division within the Department of Land Conservation and Development (DLCD), joint with State Building Code, tasked with overseeing compliance with state housing laws related to the development process
- Key HAPO responsibilities:
  - ◆ Enforcement of State regulations about housing laws related to development application
  - ◆ Providing technical assistance to cities to help reduce housing development barriers
  - ◆ Coordinate State agencies to support residential development
  - ◆ Ensure that local governments are taking actions to bring them into compliance with State housing laws related to development applications

For more information see Senate Bill 1537, Sections 1 to 3

# Starting Discussion of Barriers to Housing Development

- Lack of available, development-ready buildable lands
- Need for area-specific planning
- Need to re-zone some land, including to R-5
- Need for code changes to implement Great Neighborhood Principles
- Need for infrastructure
  - ◆ Addressing current limitations on water and sanitary sewer
  - ◆ Servicing newly urbanizing land
- Challenges in getting affordable housing developed
  - ◆ Current state inclusionary zoning policy presents challenges
  - ◆ Need for funding
  - ◆ Challenges in using Section 8 Housing Choice Vouchers
- Limitations of staff capacity and city funding

# Barriers to Accessing Housing that is Affordable

- Lack of zoned areas for affordable housing
- Inadequate supply of development-ready land
- Zoning limitations particularly associated with smaller housing, diverse options
- Funding and resources to support development of income-restricted affordable housing
- Lack of existing nonprofit capacity to support affordable housing development

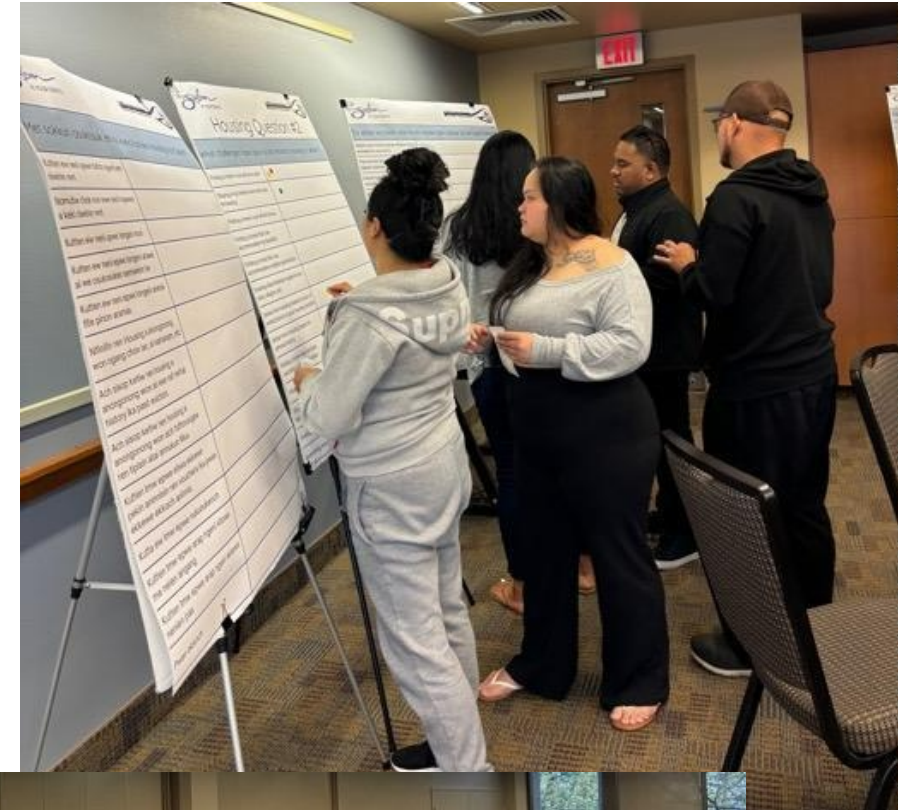




- What do you see as barriers to developing housing affordable to residents of McMinnville?
- What do you see as barriers to accessing housing affordable to residents of McMinnville?

## Future Engagement

- Series of diverse focus groups (Latinx, disability, service providers, workforce)
- ~3 Affordable Housing Committee Meetings
- 6 Project Advisory Committee Meetings
  - ◆ 1<sup>st</sup> PAC in August 2024
- Open house, listening sessions, survey
- ~2 Planning Commission, City Council work sessions



## Do the strategies achieve fair and equitable housing outcomes?

- Affordable homeownership and affordable rental housing
- Gentrification, displacement, and housing stability
- Housing options for residents experiencing homelessness
- Location of housing, within compact, mixed-use areas
- Housing Choice, in safe neighborhoods with high-quality amenities
- Fair Housing, especially for federal and state protected classes

## Equity Impact Review Process



Source: Portland Public Schools

## Examples

- Housing Strategy (2019) actions
- Affordable housing committee formed in 2016 to help with homelessness & low-income families
- Fair Housing Act best practices (2021)
- City Center Housing Strategy
- Evaluate 3 Mile Lane for Residential Development
- Allow more diverse housing: middle housing, ADU, co-housing, etc.
- Infrastructure improvements (sewer treatment capacity, water zone 2)



# Potential Actions for Inclusion in the HPS

## Regulatory/Land Use

- Growth planning
- Housing development in existing UGB
- Infrastructure and public facilities planning
- Special area planning (UGB areas)
- Land use/code amendments (Update Great Neighborhood Principles)

## Other/ Incentives

- Programs for affordable housing
- Leverage partnerships for housing

\*Housing Strategy, 2019



PAC Meeting Pictures

- Rezone land for housing
- Identify land for affordable housing development
- Community Land Trusts (funding, land, partnership)
- Homeownership support (downpayment assistance, nonprofit partnership)
- SDC financing credits (spread payment over time to reduce reducing upfront costs)
- Fee for demolition of affordable homes
- Affordable Housing Property Tax Abatement
- Multiple-Unit Limited Tax Exemption Program
- Construction Excise Tax (CET), tax assessed on construction permits (% value of improvements)
- Transient Lodging Tax Funds for Affordable Housing

- Develop Land Use Efficiency measures (Fall 2024 to Winter 2025)
  - ◆ Draft and review measures
  - ◆ Seek input from community, project advisory & affordable housing committees
  - ◆ Input from Planning Commission and City Council
- Develop list of actions for inclusion in the Housing Production Strategy
  - ◆ Develop and evaluate actions for potential inclusion in the HPS
  - ◆ Work with stakeholders to vet and refine potential actions
  - ◆ Engage with Planning Commission and City Council to provide feedback on actions (Fall 2024 to Winter 2025)
  - ◆ Evaluate potential strategies to see if they achieve fair and equitable housing outcomes
  - ◆ Adopt Housing Production Strategy (Spring 2025)



- Do you have input on ideas for actions for consideration in the HPS?
- Are there actions we have not mentioned that you would like to ensure are considered?
- Are there actions that we mentioned that you think should not be under consideration?