



**Joint Work Session of City Council  
& McMinnville Planning Commission Meeting  
Tuesday, December 10, 2024  
5:30 PM**

*Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.*

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*You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331,  
Zipty Fiber 29 or webstream here:*

[www.mcm11.org/live](http://www.mcm11.org/live)

*You may join online via Zoom Meeting:*

<https://mcminnvilleoregon.zoom.us/j/81212916785?pwd=Kxkve8hh1Qb9qRPAbmv08LXOvm8a5l.1>

*Zoom ID: 812 1291 6785*

*Zoom Password: 124451*

*Or you can call in and listen via Zoom: 1-253- 215- 8782*

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1. CALL JOINT MEETING TO ORDER
2. WORK SESSION: HOUSING PRODUCTION STRATEGY (HPS)
3. ADJOURNMENT OF JOINT MEETING



**City of McMinnville**  
**Community Development**  
231 NE Fifth Street  
McMinnville, OR 97128  
(503) 434-7311  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

# STAFF REPORT

**DATE:** December 10, 2024  
**TO:** City Councilmembers and Planning Commissioners  
**FROM:** Heather Richards, Community Development Director  
Evan Hietpas, Associate Housing Planner  
**SUBJECT:** Work Session: Housing Production Strategy (HPS)

## STRATEGIC PRIORITY & GOAL:



**HOUSING OPPORTUNITIES** (ACROSS THE INCOME SPECTRUM)  
Create diverse housing opportunities that support great neighborhoods.

## OBJECTIVES:

**Collaborate to improve the financial feasibility of diverse housing development opportunities**  
**Conduct thorough and timely planning and forecasting to ensure that regulatory frameworks for land supply align with market-driven housing needs**

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## **Report in Brief**

This is the second City Council and Planning Commission Joint Work Session for the Housing Production Strategy (HPS). At this meeting, the City Council and Planning Commission will focus on reviewing potential actions for inclusion in the final HPS.

## **Background**

In Oregon, cities have a long-standing requirement to study and plan for their community's housing needs. In 2019, the Oregon Legislature passed House Bill 2003 which aims to help communities meet the housing needs of Oregonians. The law requires Oregon's cities over 10,000 population to study the future housing needs of their community members and to develop strategies that encourage the production of the housing they need. The City of McMinnville must study and plan for the housing needs of both current and future residents every eight (8) years.

The Housing Production Strategy (HPS) contains specific and meaningful plans, tools, actions, and policies to address housing needs identified in the HCA, along with a timeline for adopting and executing each strategy. The Department of Land Conservation and Development (DLCD) will review and approve each city's HPS to ensure it effectively meets housing needs, encourages necessary housing production, and promotes fair and equitable housing outcomes.

## **Discussion**

Last meeting, staff provided the “Updated McMinnville Urbanization Report” within Ordinance No. 5141 and the “City of McMinnville Housing Strategy”. The Updated McMinnville Urbanization Report was a culmination of several years of work and was updated in 2023 to account of changes in McMinnville in recent years. It summarizes the results of two longer technical reports and a series of memoranda that evaluated different elements of land need and supply in McMinnville, including:

- City of McMinnville [Housing Needs Analysis](#) (HNA)<sup>1</sup> (available on City’s website)
- McMinnville [Economic Opportunities Analysis](#) (EOA)<sup>2</sup> (available on City’s website)
- Public and Institutional Land Needs
- City of McMinnville Housing Strategy

The City of *McMinnville Housing Strategy (2019)* presents recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville’s identified housing needs. The Housing Production Strategy (HPS) work will build directly from this document when it comes to proposing policies, actions, and strategies to address housing needs.

Three (3) attachments have been prepared to facilitate the discussion with Councilmembers and Commissioners to review potential HPS actions at this meeting.

1. **Comparison of Potential Actions** - presents information about each potential action, with a comparison using the following factors: Income level served, Population served, Housing Tenure, City’s Role, Administrative Complexity and Capacity, Potential Impact on Housing, Funding required, and Revenue Generated. Strategies recommended by staff for inclusion in the final report are highlighted in green.
2. **Description of Potential Actions** - Lists all potential strategies and provides a description of the strategy for reference. Strategies recommended by staff for inclusion in the final report are highlighted in green.
3. **(Appendix) Factors used to Evaluate Actions** - Detailed descriptions of each of these factors used to evaluate the policies in Attachment 1.

On October 23, 2024, the Project Advisory Committee (PAC) advised staff on which potential actions they would like to recommend moving forward with. The PAC recommended moving forward with the actions proposed by staff. The Affordable Housing Committee will also be reviewing these proposed HPS actions at their December 18, 2024 meeting. It is worth noting that additional actions or further refinement of the proposed actions may take place following the public outreach efforts that are currently taking place.

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<sup>1</sup> [https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/community\\_development/page/9081/mcminnville\\_hna\\_final\\_draft\\_08.30.23.pdf](https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/community_development/page/9081/mcminnville_hna_final_draft_08.30.23.pdf)

<sup>2</sup> [https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/community\\_development/page/9081/mcminnville\\_eoa\\_final\\_draft\\_08.30.23.pdf](https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/community_development/page/9081/mcminnville_eoa_final_draft_08.30.23.pdf)

## **Staff Recommendation**

Of the 27 (twenty-seven) actions that were initially considered, staff has recommended to move forward with 19 (nineteen) actions. The numbers below are referencing the numbers used in Attachments 1 and 2.

### **Land Use and Development Regulations** (9 total actions from this category)

#### *- 2019 Actions*

1. Use more land in the Urban Holding Plan Designation for housing
2. Rezone land within the existing city limits for housing
3. Develop area plans for Urban Growth Boundary areas
4. Implement and codify Great Neighborhood Principles
5. Infrastructure Planning to support Residential Development

#### *- 2024 Actions*

7. Incentivize and promote accessible design
8. Require a mix of housing types for to-be-annexed land
9. Preserving low-cost housing to mitigate displacement
10. Transitional housing incentives

### **Programs and Funding** (9 total actions from this category)

#### *- 2019 Actions*

13. Partner with Community Land Trusts (CLT)
14. Support affordable housing development through provision of land
17. Implement a Fee for Demolition of Existing Affordable Housing
18. Lobby for Expanded Use of Transient Lodging Tax Funds
19. Partner with Fair Housing Council of Oregon

#### *- 2024 Actions*

21. Multiple-Unit Property Tax Exemption Program (MUPTE)
22. Help individuals control land development to build housing that meets their needs
23. Preserve and promote manufactured housing
25. System Development Charges (SDCs) deferrals
26. Scaling of System Development Charges (SDCs)

## **Attachments:**

1. Comparison of Potential Actions
2. Description of Potential Actions
3. (Appendix) Factors used to Evaluate Actions

## Attachment 1 – Comparison of Potential Housing Actions

### Actions recommended in the 2019 DRAFT Housing Strategy Report

The City of McMinnville DRAFT Housing Strategy (written in 2019) presented recommendations and implementation actions intended to result in policy changes that provide opportunities for development of housing to meet McMinnville’s identified housing needs. The Housing Production Strategy (HPS) work will build directly from this document when it comes to proposing policies, actions, and strategies to address housing needs. There are thirteen (13) potential actions being considered from the 2019 work.

#### Land Use and Development Regulations

1. Use more land in the Urban Holding Plan Designation for housing
2. Rezone land within the existing city limits for housing
  - a. Identify land to be zoned R-5
3. Develop area plans for Urban Growth Boundary areas
4. Implement and codify Great Neighborhood Principles
5. Infrastructure Planning to support Residential Development

#### Programs and Funding

13. Partner with Community Land Trusts (CLT)
14. Support affordable housing development through provision of land
  - a. City-led identification, parcel assembly, land banking
  - b. Prioritize housing on city-owned land/Sale of City-Owned Surplus Lands
  - c. Form partnerships with institutional landowners
15. Support Access to Homeownership for Low Income Households
16. Affordable Housing Property Tax Abatement/Incentive
17. Implement a Fee for Demolition of Existing Affordable Housing
18. Lobby for Expanded Use of Transient Lodging Tax Funds
19. Partner with Fair Housing Council of Oregon
20. Multiple-Unit Limited Tax Exemption Program (MULTE)

### Actions Proposed During 2024 Housing Production Strategy Meetings

Fourteen (14) *additional* actions and strategies that were not included in the 2019 Housing Strategy are also being considered. These ideas have come up through staff research and conversations with the Project Advisory Committee, Planning Commission and City Council.

#### Land Use and Development Regulations

6. Increase allowances and offer incentives for needed housing types and higher densities
7. Incentivize and promote accessible design
8. Require a mix of housing types for to-be-annexed land
9. Preserving low-cost housing to mitigate displacement
10. Transitional housing incentives
11. Develop pre-approved building plan sets
12. Permitting Process Audit

#### Programs and Funding

21. Multiple-Unit Property Tax Exemption Program (MUPTE)
22. Help individuals control land development to build housing that meets their needs
23. Preserve and promote manufactured housing
24. Use Urban Renewal funds to support housing development
25. System Development Charges (SDCs) deferrals
26. Scaling of System Development Charges (SDCs)
27. Build Local Developer Capacity

*\*Numbering system of actions matches the order that they are presented in the table below\**

[Attachment 1 Contents](#)

**Error! Reference source not found.** presents information about each action, including the following factors:

- Income level served
- Population served
- Housing Tenure (rental or owner)
- City's Role
- Administrative Complexity and Capacity
- Potential Impact on Housing
- Funding required
- Revenue Generated

Detailed descriptions of each of these factors can be found in Attachment 3 (Appendix). Detailed descriptions of the strategies can be found in Attachment 2. Strategies recommended by staff for inclusion in the final report are **highlighted in green**.

Name	2019 or 2024 Strategy	Income Level Served			Population Served	Tenure	City Role	Administrative Complexity	Potential Impact on Housing	Funding Required	Revenue Generated			
		<60%	60-80%	80-120%										
<b>Land Use and Development Regulations</b>														
1. Use more land in the Urban Holding Plan Designation for housing	2019	All Income Levels			All	Renter and Owner	Lead, partner support	Low	Moderate to Large	N/A	None			
2. Rezone Land within the Existing City Limits for Housing	2019					Renter and Owner	Lead	High	Moderate to Large	N/A				
3. Develop area plans for Urban Growth Boundary areas	2019					Renter and Owner	Lead	Medium	Moderate	N/A				
4. Implement and codify Great Neighborhood Principles	2019					Renter and Owner	Lead	Low	Small	N/A				
5. Infrastructure Planning to support Residential Development	2019					Renter and Owner	Lead, partner support	High	Moderate	High				
6. Increased allowances incentives and for needed housing types/ higher densities	2024					Renter and Owner	Lead	Medium	Moderate	N/A				
7. Incentivize and promote accessible design	2024					Seniors and Protected Classes	Renter and Owner	Lead, partner support	High	Small		N/A		
8. Require a mix of housing types for to-be-annexed land	2024					All	Renter and Owner	Lead	Medium	Moderate		N/A		
9. Preserving low-cost housing to mitigate displacement	2024					X	X	Lower-income; Protected classes	Renter and Owner	Lead		High	Moderate	High (likely from State)
10. Transitional housing incentives	2024					X	X	Lower-income; Protected classes	Renter	Lead, partner support		Low	Small	N/A
11. Pre-Approved Plan Sets	2024	All Income Levels			All	Renter and Owner	Lead, partner support	High	Small	Medium				
12. Permitting Process Audit	2024	All Income Levels			All	Renter and Owner	Lead	High	Small	None				

Name	2019 or 2024 Strategy	Income Level Served			Population Served	Tenure	City Role	Administrative Complexity	Potential Impact on Housing	Funding Required	Revenue Generated
		<60%	60-80%	80-120%							
<b>Programs and Funding</b>											
13. Partner with a Community Land Trusts (CLT)	2019	X	X	?	Lower-income; Protected classes	Renters and Owners	Support	Medium	Moderate	High	None
14. Support affordable housing development through provision of land	2019/2024	X	X	X	Lower-income, moderate income	Renters and Owners	Lead, partner support	High	Moderate	High	Medium
15. Support Access to Homeownership for Low-Income Households	2019	X	X		Lower-income, moderate income	Owners	Lead, partner support	Medium	Moderate	High	None
16. Affordable Housing Property Tax Abatement/Incentive	2019	X	X		Lower-income; Protected classes	Renter	Lead	High	Moderate	Low	Medium
17. Implement a Fee for Demolition of Affordable Home	2019	X	X		Lower-income, moderate income	Renters and Owners	Lead	High	Small	None	Medium
18. Lobby for Expanded Use of Transient Lodging Tax Funds for Affordable Housing	2019	X	X	?	Lower-income; Protected classes	Primarily Renter	Lead, partner support	Medium	Small	Low	Medium
19. Partner with Fair Housing Council of Oregon	2019	X	X	X	Lower-income; Protected classes	Primarily Renter	Support	Low	Small	Medium	None
20. Multiple-Unit Limited Tax Exemption Program (MULTE)	2019	X	X		Lower-income; Protected classes	Renter	Lead	High	Moderate	Low	Medium
21. Multiple-Unit Property Tax Exemption Program (MUPTE)	2024	X	X		Lower-income; Protected classes	Renter	Lead	High	Moderate	Low	Medium
22. Help individuals control land development to build unique housing that meets their needs	2024			X	Moderate Income	Owners	Lead	Medium	Small to Moderate	Low	None
23. Preservation and Promotion of Manufactured Housing	2024	X	X		Lower -income; Protected classes	Primarily Renter	Lead, partner support	High	Small	High	None
24. Use Urban Renewal funds to support housing development	2024	X	X	X	All	Renter or Owner	Lead	Medium	Moderate	High	None
25. System Development Charges (SDCs) deferrals	2024	X	X	X	All	Owners primarily	Lead	Medium	Small to Moderate	Low	No net change
26. Scaling System Development Charges (SDCs)	2024	X	X	X	All	Owners primarily	Lead	Medium	Small to Moderate	Low	No net change
27. Build Local Developer Capacity	2024	X	X	X	All	Renter or Owner	Lead, partner support	Medium	Small	Low	None

## Attachment 2 – Descriptions of Potential Actions

Attachment 2 lists all potential strategies and provides a description of the strategy for reference. Strategies recommended by staff for inclusion in the final report are **highlighted in green**.

Land Use and Development Regulations	
Name	Description
1. Use more land in the Urban Holding Plan Designation for housing	<p>The City's Housing Needs Analysis (2023) assumed that the 370 acres in its Urban Holding Plan Designation will be used for residential uses, with an additional 383 acres for public and semi-public uses and 39 acres for neighborhood commercial uses. Of the land for public uses, the majority was designated for park and open space uses.</p> <p>The City is updating its parks plan, which is resulting in less land needed for parks. The City may consider using a portion of the land in Urban Holding that was expected to be used for parks to meet some of the City's unmet need for residential land (202 acres).</p>
2. Rezone Land within the Existing City Limits for Housing a. Re-zone land to R-5 zoning	<p>The City can consider rezoning land within the existing city limits for housing. Opportunities may include re-zoning employment land such as industrial and commercial land that would be more efficiently used for housing, as well as upzoning lower density residential land to higher density residential zones. The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location. This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>The R-5 zoning designation 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. The City established this zoning district in 2020, however, no property within the city limits has been designated as R-5 yet. Re-zoning property that is best suited for the purpose of R-5 could enable more housing development.</p>
3. Develop area plans for Urban Growth Boundary areas	<p>Area plans are high level concept planning for defined geographic areas in the Urban Holding Comprehensive Plan Designation land within the City's urban growth boundary. Area plans will identify the location of major infrastructure, public amenities and housing density that is expected to develop in that area.</p> <p><i>*City has completed the 3 Mile Lane and Fox Ridge Area Plans, and is now beginning the Southwest Area Plan</i></p>
4. Implement and Codify Great Neighborhood Principles	<p>In April 2019, the City adopted <a href="https://www.mcminnvilleoregon.gov/cd/page/great-neighborhood-principles">Great Neighborhood Principles</a><sup>1</sup> (GNP) and associated policies as part of the Comprehensive Plan. The goal of the Great Neighborhood Principles is to identify specific principles (elements or characteristics) that should be achieved in every neighborhood. These principles include things like walkability, access to open spaces, connections to commercial uses, etc. Some of the policies address mixed income and mixed housing neighborhoods. These policies will need to be implemented with code amendments, which can include other strategies, such as Strategy A2 to achieve a Diverse Housing Zone and A13 to promote infill development with appropriate design and development standards.</p> <p>The next step in this process is to develop clear and objective standards for implementing the Great Neighborhood Principles. The City can also establish guidance on the implementation of the Great Neighborhood Principles that will inform the land uses for the Urban Reserve and Urban Growth Boundary areas.</p>
5. Infrastructure Planning to support Residential Development	<p>Public infrastructure improvements reduce costs of housing development and enable development on sites that would otherwise not be viable. By continually assessing planned public improvements based on how they would impact the feasibility of housing development, the City can ensure that infrastructure improvements that are most likely to create new housing development opportunities will be prioritized for implementation.</p> <ul style="list-style-type: none"> <li>Identify Areas that are suitable for housing, but have Underutilized Infrastructure Capacity. Areas with underutilized infrastructure capacity may be evaluated as candidates for additional development intensity of vacant lands or infill and redevelopment opportunities in developed areas.</li> <li>"To and through" policies ensure infrastructure extensions are sized to serve development as well as to extend beyond the development in the future to serve outlying properties.</li> <li>Infill Development Opportunities - In some developed areas, infrastructure plans including wastewater collection and transportation may have assumed no additional development and were not planned for infill and redevelopment to higher intensity.</li> </ul>

<sup>1</sup> <https://www.mcminnvilleoregon.gov/cd/page/great-neighborhood-principles>



<p>6. Increase allowances and offer incentives for needed housing types and higher densities</p>	<p>Some development regulations, such as parking, setbacks, or density, can present obstacles to housing developments. These obstacles are particularly challenging for developments built by housing authorities, non-profit developers, or even for-profit developers that are attempting to build units affordable to people with lower or moderate incomes.</p> <p>In order to support developments that include units affordable to moderate- or low-income households, the City can offer concessions on zoning and development code standards. These incentives or concessions also could be applied to housing that is intended for large or multi-generational households. The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with lower or moderate incomes with a minimum affordability period of 10 or 20 years.</p> <p>Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones. Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus, if the proposed project provides a certain amount affordable units, would allow more housing units to be built than what would be allowed by zoning.</p> <p>The City could evaluate the following opportunities to support housing and adopt the following changes:</p> <ul style="list-style-type: none"> <li>• Increase allowed density and reduce average minimum lot size in planned developments.</li> <li>• Increase the range of different housing types and density allowed in existing zones.</li> <li>• Evaluate zoning incentives for affordable, workforce and/or intergenerational housing – increased density allowance, smaller average lot size in a planned development, height bonus.</li> </ul>
<p>7. Incentivize and promote accessible design</p>	<p>Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. Examples of incentives include: expedited review and permitting processing, planning and building fee reductions, or density or building height bonuses.</p> <p>This strategy involves incentives to increase development of housing that is accessible for people with disabilities or mobility challenges, including seniors. Housing that is accessible for seniors and people with disabilities is a growing need, generally. This strategy would encourage accessible units through development code, regulatory, or financial incentives and through education to the development community.</p>
<p>8. Require a mix of housing types for to-be-annexed land</p>	<p>When property owners are seeking annexation into the City of McMinnville, there could be requirements in place that require the annexed land to be developed with a mix of housing types to promote diverse housing opportunities. This avoids newly annexed land to develop in a monotonous matter (such as a subdivision that is all single detached homes that are generally the same size and layout).</p>
<p>9. Preserving low-cost housing to mitigate displacement</p>	<p><b>Displacement</b> can happen in many ways, but the three most identified categories are:</p> <ul style="list-style-type: none"> <li>• Economic displacement- which occurs when increasing housing costs create pressure, forcing a household to move to a less expensive location.</li> <li>• Physical displacement, which occurs when a project — such as building demolition, renovation, or infrastructure — creates such adverse conditions that a resident can no longer physically stay in their unit. For example, when an existing apartment building is purchased and then demolished to accommodate a new, higher-density development project.</li> <li>• Cultural displacement - which occurs when changes render a neighborhood quite different, as many cultural institutions leave, creating a sense of isolation for long-term residents.</li> </ul> <p>Displacement is a problem with serious consequences for communities. For affected individuals and groups, being displaced can often mean being forced to move from their current neighborhoods to areas with a worse quality of life. Displacement can also result in increased regional inequality, as newly gentrified areas are often characterized by an influx of higher-income households and reduced socio-economic diversity.</p> <p>This action would focus on preventing displacement and preserving "naturally occurring" affordable housing through acquisition, low-interest loans/revolving loan fund for preservation, and/or code enforcement. Example: The Oregon Legislature committed \$15 million in lottery bonds to Oregon Housing and Community Services (OHCS) in 2019 to create a naturally occurring affordable housing loan fund.</p>

10. Transitional housing incentives	Transitional housing is intended to house individuals and families experiencing homelessness, or at imminent risk of homelessness, and is paired with on-site or off-site supportive services designed to eventually transition the residents to permanent independent living arrangements. There is a significant need for transitional housing in McMinnville, especially due to rising housing costs that make permanent affordable housing difficult to find. The City could adopt incentives that help promote the development of transitional housing types. The City's Planning Commission is currently reviewing proposed code amendments that would allow transitional housing development that utilizes unique building types that would not qualify as "dwelling units".
11. Develop Pre-Approved Plan Sets	Pre-approved building and site plans are plan sets that have been reviewed in advance for conformance with zoning and building codes. Pre-approved plan sets can reduce housing development costs by reducing design and permit process times and fees. This strategy might encourage homeowners to build an ADU in cases where the homeowner does not have the resources or desire to hire an architect to produce a custom design. For middle housing, pre-approved plans may attract developers that typically develop only single-family housing to get into missing middle housing production. For pre-approved plan sets, the Building Division may decrease permit review fees and expedite the review process. The City could partner with a university, design institution, or hold a competition to develop pre-approved building plan sets specific to McMinnville for key housing types.
12. Permitting Process Audit	To help streamline the permitting process cities can initiate a comprehensive review of all steps in the development approval process to identify the factors that most significantly suppress new residential construction and redevelopment. With a clearer picture of the obstacles, local leaders can then begin to assess whether they can be reduced or eliminated to stimulate development activity. In doing the comprehensive review, it is critical that actual timeline performance be evaluated not just the planned timeline.

**Incentives and Programs**

Name	Description
13. Partner with Community Land Trusts (CLT)	<p>A community land trust (CLT) is a nonprofit corporation that holds land on behalf of a place-based community, while serving as the long-term steward for affordable housing, community gardens, civic buildings, commercial spaces and other community assets on behalf of a community. While CLTs develop all types of projects, the main part of their work is the creation of affordable homes. CLTs make these homes affordable by taking the cost of land out of the purchase price of the home. They remain affordable because the resale of the house is controlled by a resale formula which keeps the price of the house low. When a family or individual purchases a house that is on land owned by a community land trust, they are only purchasing the house, not the land that the house sits on. This makes the house much more affordable. The homeowners then lease the land their house sits on from the CLT. The lease is long term, often a 99-year renewable lease. If and when the homeowner(s) decide to sell the home, they agree to sell it at a restricted price in order to keep the house affordable. The homeowner may realize appreciation from improvements they made on the house.</p> <p>McMinnville could support community land trusts by prioritizing funding for land acquisition and disposition for affordable housing development. The City could further support CLTs through funding, land, or other forms of partnership.</p>
14. Support affordable housing development through provision of land <ul style="list-style-type: none"> <li>a. City-led identification, parcel assembly, land banking</li> <li>b. Prioritize housing on city-owned land/ Sale of City-Owned Surplus Lands</li> <li>c. Form partnerships with institutional landowners</li> </ul>	<p><i>Identification</i> - Prioritize selling or dedicating any surplus publicly-owned land to meet housing needs when feasible and appropriate.</p> <p><i>Parcel assembly</i> - involves the City's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units. Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.</p> <p><i>Land Banking</i> - One of the most common barriers to building more affordable housing is acquiring land. Non-profit developers and housing authorities often struggle to compete with the resources of private developers in an open market bid for land. Further, the timing of land availability and funding availability for affordable housing development does not often align. Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be used for affordable housing. Land banks are effective because they hold land over time, controlling costs associated with appreciation, and create a ready pool of sites that allow affordable housing developers to respond quickly to funding opportunities. Land banks are public or community-owned entities created to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties for conversion into productive use. Land banks acquire properties through different means, but the most common pipeline is the property tax foreclosure system.</p> <p>If a local land bank is formed as a result of City actions, it could have a significant impact on the ability of affordable housing developers to build projects in the City. The magnitude of the impact depends on how well-funded the land bank is and how many sites it is able to acquire. Land banks can play a variety of roles. They can play a very limited role, such as simply acquiring property on behalf of a local municipality, or a broader role of property developer. It is important to note that</p>

<p><i>Support affordable housing development through provision of land (Continued)</i></p>	<p>land banks are not financial institutions: financing comes from developers, banks, and local governments. Land banks may be granted special powers via state enabling legislation. These powers can include the ability to remove legal and financial barriers, such as delinquent property taxes, that often render vacant and abandoned properties inaccessible or unattractive to the private market.</p> <p>Land banking can also be used as an anti-displacement strategy. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive. Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants.</p> <ul style="list-style-type: none"> <li>• The City could manage its own land bank or acquisition strategy, or work in concert with a non-profit or non-governmental entity at a larger, regional scale that manages a portfolio of properties to support affordable housing development over many years. Ideally, the land bank would be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development.</li> <li>• One way the City could support a land bank is to assist with creating an inventory of suitable sites for housing development, based on infrastructure conditions, location, and other factors.</li> </ul> <p><i>Prioritize Housing on City-owned land</i> - The City may own or may come into ownership of land which it does not need for other public facilities or uses. Control over land that can be used for housing can provide opportunities for public-private partnership or other actions. Owning land provides the City with leverage to encourage development of high priority housing needs. By prioritizing the use of surplus land to meet housing needs, the City would be directly supporting a reduction of development cost in the form of land and/or funding. The City could offer up surplus property suitable for affordable housing development (possibly through a Master-planning or RFP process). The magnitude of impact depends on how many acres of surplus land the City has or acquires. At the time of creating the HPS in 2023, the City had few surplus properties and thus the total impact of this strategy is likely to be relatively low.</p> <p><i>Institutional Partners</i> - Over the past few decades, faith institutions across the country have been declining. This has prompted conversations within different faith communities about how to refocus their mission of social change. The housing affordability crisis in many cities around the country has brought these institutions into the work of creating affordable housing in their communities. This strategy would:</p> <ol style="list-style-type: none"> <li>1) Identify faith and community-based organizations that are interested in offering their available land for development of affordable housing,</li> <li>2) Provide design and finance consultation for three organizations to prepare them for future affordable housing development projects, and</li> <li>3) Determine barriers to development and how those can be addressed and/or streamlined.</li> </ol> <p>The magnitude of impact depends on how many institutional landowners have surplus land they are willing to dedicate to housing development. This action can significantly benefit housing production for homeless and very low income populations.</p>
<p>15. Support Access to Homeownership for Low Income Households</p>	<p>For many people the dream of owning a home can be complicated by their ability to save for a down payment. In Oregon and most other states there are down payment assistance programs that can help. Down payment assistance (DPA) programs provide funds to help to cover some or all of the down payment and/or closing costs to buy a house. Funding can come from <a href="#">Oregon Housing and Community Services (OHCS)</a> as well as local government programs that aim to meet affordable housing needs. Types of closing costs and down payment assistance vary by program, but common forms include:</p> <ul style="list-style-type: none"> <li>• <i>Grants</i>. Some programs provide an outright gift of money.</li> <li>• <i>Zero-interest, forgivable loans</i>. The loans are forgiven over a certain period. The money does not need to be repaid as long as the borrower still owns and live in the home after the period is over.</li> <li>• <i>Zero-interest, deferred-payment loans</i>. Terms and conditions can vary based on the program but generally no payments on the down payment loan are due until the home is sold or if the borrower refinances the home or the mortgage reaches the end of the term.</li> <li>• <i>Low-interest loans</i>. The loan must be repaid over a certain period, such as 10 years.</li> </ul> <p>The City could also explore partnerships with nonprofits or other affordable housing organizations that offer homebuyer assistance programs.</p>

16. Affordable Housing Property Tax Abatement/Incentive	<p>Tax abatements are reductions in property taxes for housing. Abatements may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable housing or other desired housing types (such as mixed-use). Property tax exemptions or freezes can also be applied to housing in distressed areas, or for rehabilitated housing. Property tax abatements reduce ongoing operating costs for affordable housing projects, which can be greatly beneficial for affordable housing finances. A property tax exemption can significantly improve development feasibility. This can “tip the scale” to make a project economically feasible that would otherwise not be, especially if implemented with proposed changes to the development code to allow for higher densities as part of a density bonus. The state currently authorizes tax abatements for various types of housing and affordable housing through several programs outlined in the Oregon Revised Statutes (ORS). These include:</p> <ul style="list-style-type: none"> <li>- <i>Nonprofit Corporation Low-Income Housing</i> (ORS 307.540 – 307.548)</li> <li>- <i>Low-Income Rental Housing</i> (ORS 307.515 – 307.537)</li> <li>- Vertical Housing (ORS 307.841 – 307.867)</li> <li>- Transit-Supportive Multi-Unit Development (ORS 307.600 – 307.637) – city must identify specific areas</li> <li>- Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687)</li> </ul> <p>Two specific exemptions that may be most applicable for McMinnville include:</p> <ul style="list-style-type: none"> <li>• <i>Nonprofit Low-Income Rental Housing Exemption</i> - Provides a full property tax exemption for new and existing affordable housing owned and operated by a nonprofit organization for as long as the property meets eligibility criteria. Also applies to land held by a nonprofit for future affordable housing development.</li> <li>• <i>Low-Income Rental Housing Exemption</i> - Provides a 20-year, renewable property tax exemption for rental housing for low-income households (60% of area median income and below). Requires that savings be passed on to tenants through rent reductions.</li> </ul>
17. Implement a Fee for Demolition of Existing Affordable Homes	<p>This action would assess additional fees for certain demolitions. It could be modeled after a policy in Lake Oswego that assesses a flat tax of \$15,000 on the demolition of any residential structure. The tax does not apply to properties that must be demolished due to uninhabitability, or in cases where the structure will be replaced with housing subject to affordability covenants.</p>
18. Lobby for Expanded Use of Transient Lodging Tax Funds for Affordable Housing	<p>Currently, the City receives 30% of the transient lodging taxes collected to offset impacts of tourism on city services. Some cities have dedicated some or all of these funds towards affordable housing under the premise that short term rentals are displacing affordable housing supply and that the tourism industry creates more demand for affordable housing. This action would focus on lobbying to legislation to allow an expanded use (over 30%) of transient lodging tax funds for housing that is built for workers in the tourism and hospitality industry.</p>
19. Partner with Fair Housing Council of Oregon	<p>Historically, many communities have regulated residential use through definitions of “dwelling,” “family,” and “household” that described the maximum number of related and/or unrelated people living as a household within a dwelling unit. These regulations typically predated the Fair Housing Act, and new best practices which further the Fair Housing Act take a different approach to defining these terms and regulating residential use. Resulting regulations are more inclusive in permitting residential use.</p> <p>Provide residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Ensure that city staff know how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p>
20. Multiple-Unit Limited Tax Exemption (MULTE) Program	<p>Multiple-unit projects with <b>20 or more residential dwelling units</b> receive a ten-year property tax exemption on some or all of the residential and residential related structural improvements to the property as long as program requirements are met. Qualifying housing can be added through proposed new construction, an addition to an existing structure, or a conversion of an existing non-residential structure.</p>
21. Multiple Unit Property Tax Exemption (MUPTE) Program	<p>A tool to encourage multi-unit housing development with particular features or at particular price points by offering qualifying developments a partial property tax exemption for 10 years (or longer, for housing subject to affordability agreements). The legislation authorizing this tax exemption <b>allows individual jurisdictions to set program and eligibility requirements</b> (e.g., applicable geography, application process and fees, criteria, program cap) and approve projects on a case-by-case basis. MUPTE can be used in several ways:</p> <ul style="list-style-type: none"> <li>• As an incentive for new housing in targeted locations with particular features that the market is not producing today and where the incentive is needed to make development with those features viable.</li> </ul>

	<ul style="list-style-type: none"> <li>• To make mixed-income or fully regulated affordable housing anywhere financially feasible.</li> <li>• As an incentive for rehabilitating and preserving affordability in older multiple-unit housing.</li> </ul>
22. Help individuals control land development to build housing that meets their needs	This was a concept proposed through the Project Advisory Committee. The idea is to work with groups of people who would like the opportunity to develop their own home, independent of subdivision developers and production home builders. The City would help future homeowners obtain land control so that they could hire their own contractor and negotiate the price of the home. Another benefit is that independent contractors hired by property owners could build houses to the scale and with the characteristics needed by the particular household, which may lead to a more diverse housing stock.
23. Preserve and promote manufactured housing	<p><i>Preservation</i> - Manufactured home parks often provide a form of affordable housing stock, but are particularly vulnerable to redevelopment pressures since lots are temporarily leased out. In order to preserve safe, affordable options into the future, manufactured home parks may be protected through assistance that allows community purchase of the underlying land, manufactured homes and provide funds used to maintain upkeep of these dwelling units. This strategy is often implemented through use of Land Trusts, Resident-Owned Cooperatives, Public Ownership of Land, or Condominium Conversion of the real estate assets to preserve the communities. Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through either Resident Owned Cooperatives or Non-profit ownership.</p> <p><i>Promotion</i> - establish development incentives for the development of new manufactured housing as more affordable path to homeownership opportunities.</p>
24. Use Urban Renewal Funds to Support Affordable Housing and Infrastructure Development	Utilize Urban Renewal projects to support housing development as identified in adopted Urban Renewal district plans. Continue to evaluate ways to target existing planned improvements and programs to address critical housing needs. The magnitude of impact of this strategy is relatively significant because Urban Renewal is one of the only sources of funding that is flexible enough to dedicate specifically to housing projects.
25. System Development Charges (SDCs) deferrals	System Development Charges (SDCs) are a significant upfront cost of development. The City could create an application-based allowance to modify permitting and development review procedures so that System Development Charges (SDCs) are deferred until occupancy or final inspection can remove a barrier to housing development by allowing the developer to use a wider range of financing tools to pay for the SDCs. This action is unlikely to directly stimulate development of new housing projects on its own. However, in combination with other actions in the HPS it can potentially increase the number of units proposed with each project and speed up the development process.
26. Scaling of System Development Charges (SDCs)	Scaling fees for smaller units would reduce development costs and may serve as a development incentive for smaller units, which are usually lower cost. When SDCs are scaled to unit size, their share of development costs is more consistent across housing types and unit sizes. Scaling reduces costs for smaller units while remaining revenue neutral for the jurisdiction. If a new methodology that incorporates scaling is adopted, SDC collections should be reported on annually along with information about number of units that were developed in each tier of the scale.
27. Build Local Developer Capacity	Small developers are less likely to have the resources or expertise to navigate complex permitting and review processes or may be unaware of resources available to them. However, they are a valuable part of the local developer pool because they often take on projects that larger developers will not, especially smaller infill projects. Providing information to small, local developers that will help them understand land use permitting processes and give them a sense of clarity and certainty about requirements so they can better provide smaller scale housing at an affordable level. Information can also promote accessible/Universal Design building techniques. The City could also provide technical assistance to small developers to assist with housing development, including providing information to help them find suitable sites for housing development, understand land use permitting processes, and establish a sense of clarity and certainty about housing development requirements.

## Attachment 3 (Appendix) - Factors used for Evaluation

### Income Level Served

McMinnville’s HPS will strive to support increased access to housing affordable to all income levels. Focusing on production and preservation of housing for households with incomes below 120% of AMI is an important way to achieve this goal.

This HPS defines income levels based on 2024 Area Median Income for Yamhill County (based on the U.S. Department of Housing and Urban Development) for a household of four people, as follows:

Extremely Low Income	Very Low Income	Low Income	Moderate Income	Higher Income
Less than 30% AMI  Less than \$35,400	30% to 60% of AMI  \$35,400 to \$70,100	60% to 80% of AMI  \$70,100 to \$93,500	80% to 120% of AMI  \$93,500 to \$116,900	120% of AMI +  More than \$116,900
<i>22% of households</i>	<i>21% of households</i>	<i>10% of households</i>	<i>22% of households</i>	<i>24% of households</i>
<i>Can likely afford \$890 or less in monthly housing costs.<sup>1</sup></i>	<i>Can likely afford \$890 to \$1,750 in monthly housing costs.</i>	<i>Can likely afford \$1,750 to \$2,340 in monthly housing costs.</i>	<i>Can likely afford \$2,340 to \$2,920 in monthly housing costs.</i>	<i>Can likely afford \$2,920 or more in monthly housing costs.</i>

### Population Served

This criteria will identify the specific population served by the action. The populations served may range from all residents of McMinnville to serving a specific population, such as older adults and historically marginalized populations like People of Color, people with disabilities, or other marginalized groups.

### Tenure

Tenure considers whether the action would primarily serve renters, homeowners, or both.

### City Role

City Role considers whether City staff would take the lead role in implementing an action, or if the City’s role would be to partner with other organizations. This evaluation will include a high-level description of what the City’s role might entail.

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<sup>1</sup> This row calculates how much a household in this income category can afford in monthly rent without cost burdening themselves. A household is defined as cost burdened if their housing costs exceed 30 percent of their gross income. Cost burden is a standard set by the U.S. Department of Housing and Urban Services to measure housing affordability.

## Administrative Complexity

Administrative Complexity considers how much staff and decision-maker time are required to develop and implement the action, and whether the action is difficult to administer once it is in place. The HPS defines Administrative Complexity as follows:

Low	Medium	High
<ul style="list-style-type: none"> <li>- Requires some staff and/or decision maker time to develop the action</li> <li>- Could be implemented relatively quickly. Requires some on-going staff time to implement the action.</li> </ul>	<ul style="list-style-type: none"> <li>- Requires more staff and/or decision maker time to develop the action</li> <li>- Would take a moderate length of time to implement.</li> <li>- Requires more on-going staff time to implement the action.</li> </ul>	<ul style="list-style-type: none"> <li>- Requires significant staff and/or decision maker time to develop the action.</li> <li>- Would take a significant length of time to implement.</li> <li>- Requires significant on-going staff time to implement the action.</li> </ul>

## Potential Impact on Housing

Potential Impact on Housing considers whether the action will result in a little or a lot of change in the housing market. (*How many dwelling units might be produced, or affordable housing units preserved? Can the tool leverage investments from other partners?*) The scale of impact depends on conditions in the City, such as other existing or newly implemented housing policies, land supply, and housing market conditions. The preliminary evaluation of potential impact will be qualitative, but the HPS will also include a quantitative estimate of impact for new units produced. The HPS defines Potential Impact as follows:<sup>2</sup>

Small	Moderate	Large
Will not directly result in development of new housing or may result in development of a small amount of new housing or preservation of existing Affordable Housing.	Could directly result in development of new housing or preservation of existing Affordable Housing.	Would likely directly result in development of new housing or preservation of existing Affordable Housing.
<i>~1-3% of new needed housing. 47 to 140 new dwelling units</i>	<i>~3% to 5% of new needed housing. 140 to 223 new dwelling units</i>	<i>~5% to 10% (or more) of new needed housing. 223 to 466 new dwelling units</i>

<sup>2</sup> The [McMinnville Housing Needs Analysis](#) (2023) projected growth of 4,657 new dwelling units over the 2021 to 2041 period.

### Funding Required

Funding Required considers what financial resources, outside of existing staff and decision- maker time, are required to develop and implement an action. This includes the additional cost of establishing and maintaining a new program, including new staff. The HPS defines Funding Required as follows:

Low	Medium	High
Has relatively small funding impacts, in that it requires little additional funding.	Has relatively moderate funding impacts. It requires moderate amounts of additional funding.	Has relatively larger funding impacts. It requires large amounts of additional funding.

### Revenue Generated

Revenue Generation considers whether the action will generate revenue to support housing production or preservation programs or infrastructure to support housing development. The easier the program is to administer; the more net revenue will likely be available to offset costs for housing production or preservation. The HPS defines Revenue Generation as follows:

None	Low	Medium	High
Does not generate revenue.	Generates little new revenue.	Generates moderate amount of new revenue.	Generates a large amount of new revenue.