

CITY OF McMinnville  
MINUTES OF CITY COUNCIL WORK SESSION  
Held via Zoom Video Conference and at the Kent L. Taylor Civic Hall on Gormley Plaza  
McMinnville, Oregon

Wednesday, August 19, 2020 at 6:00 p.m.

Presiding: Scott Hill, Mayor

Recording Secretary: Claudia Cisneros

Councilors:	<u>Present</u>	<u>Absent</u>
	Zack Geary	Adam Garvin
	Kellie Menke, Council President	
	Sal Peralta	
	Wendy Stassens	
	Remy Drabkin	

Also present were City Manager Jeff Towery, City Attorney Amanda Guile-Hinman, City Recorder Claudia Cisneros, Planning Director Heather Richards, Senior Planner Chuck Darnell, Senior Planner Tom Schauer, Associate Planner Jamie Fleckenstein, Project Manager DJ Heffernan, Legal Counsel Spencer Parsons, Code Compliance Officer Claudia Martinez, and Code Compliance Officer Nic Miles.

1. CALL TO ORDER: Mayor Hill called the meeting to order at 6:00 p.m.
2. PRESENTATION/DISCUSSION – URBAN GROWTH BOUNDARY (UGB) REMAND RESPONSE UPDATE:

Planning Director Richards gave a presentation on McMinnville’s UGB remand which was a response to the LCDC remand to the City for the MGMUP 2003-2023, first submitted in 2003 and modified in 2005. The remand was based on the Court of Appeals remand to LCDC. The court’s decision was that the City erred in its application of ORS 197.298 and a correct application of the law could compel a different result. The court directed the City to determine the land that was needed, refine the study area, identify buildable land in the study area, apply ORS 197.298 land selection for locational analysis, and evaluate the land per Goal 14 location factors. They were using the Housing Needs Analysis and Buildable Lands Inventory that was in the public record for the remand. This was a 20 year planning horizon of 2003-2023. That included a population forecast in 2023 of 44,055, persons per household of 2.54, and number of new housing units of 6,014. She explained the determination of need in the MGMUP which yielded a 2003 net land need outside the UGB to be about 1,140 acres total.

There was discussion regarding the remand response needs versus existing conditions today.

Planning Director Richards said in 2006 the record was corrected to a new land need number of 1,125. She explained the maps of the study areas, gross vs. buildable acres, summary of land supply, and exception land housing capacity. The MGMUP reflected significant housing development on three exception land areas that were brought into the UGB in 2004 but no urban development had taken place. In addition, planned zoning for multi-family in transit corridors was rescinded after the remand decision and the neighborhood activity centers did not move forward. The question was should they amend the record to revise the housing capacity in the exception lands and the existing UGB. Since the 2003 MGMUP submittal there had been a study conducted by ECONorthwest demonstrating that parcelized rural residential land brought into a UGB did not typically redevelop into urban densities, especially one and two acre parcels. She gave an example of Riverside South which was mostly 1-2 acre parcels that would more than likely not redevelop into urban densities, yet the MGMUP assumed 552 new housing units would go into this area. The 2003 MGMUP proposed that 15.6 acres of vacant land in future transit corridors be rezoned for MFR as an efficiency measure, however it reverted to its prior SFR zoning after the remand. This land had developed at the lower density SFR. The 2003 MGMUP proposed a neighborhood activity center as a mixed-use development with high density residential in two specific expansion areas: the Northwest Neighborhood Activity Center and Grandhaven. Both areas had since developed with lesser housing density. She then discussed the pros and cons of the following options: amend the record to provide a more realistic capacity forecast or leave the record as is and address this question as part of the URA process but start the URA process immediately. Staff recommended option 2, to leave the record as is and address the question in the URA process.

There was discussion regarding these options, the Urban Reserve Area process, population forecasts, penalties if the City was not fulfilling its land use planning obligations, and the State's position that the City was showing an intention to move forward and the State was supportive.

Project Manager Heffernan described the land needs for affordable housing. The 2001 residential land need analysis included information about low to moderate housing needs but did not forecast how many households nor estimated land needs for that housing. Staff prepared an estimate for this cohort based on information in the record. They also researched land needs including the impact of site development costs on housing costs. The question for the Council was should we amend the record to include affordable housing needs and land suitability facts. He reviewed the findings from 2001 that had been acknowledged in the record. These included: the distribution of household incomes in McMinnville was likely to remain the same over time, about 43% of new households would be considered low and moderate income and of that about 30% would be low income, and more than 60% of households headed by persons under age 35 and over age 65 would be low income. Most moderate income households would live in rental housing, most low income households would live in apartments, and in response future housing products were likely to transition toward smaller units and more attached housing. Given limited redevelopment opportunities in existing neighborhoods, most housing for new residents, including low and moderate income households, would need to come from new construction on vacant land. He then explained the 2023 low to moderate housing forecast and total housing mix. The 2003

Buildable Land Analysis found that YCHA and other organizations were likely to build 300 to 400 assisted housing units in McMinnville through 2023. The balance that must be built by the private sector was 83%. Most of the study areas had slopes, and the PSU Center for Real Estate Studies concluded that single family housing built on land with slopes greater than 10% had about 24% higher site development costs than on land with less slope. This added an estimated \$20-34 thousand dollars per lot and as much as \$100K to the final price. Target market decisions aside, land with greater than 10% slope was much more expensive to develop and more difficult to develop for income constrained households. Multi-family housing built on land with slopes greater than 10% carried about 50% higher site development costs than land with less than 5% slope. The research found many fewer market-rate projects on steeper slopes and those found tended to have much higher overall cost for finished products. Researchers only found a few examples of affordable housing projects on land with slopes greater than 5%. Affordable housing developers in general said they did not build on sloped sites. Researchers found that slope posed similar cost markups for affordable projects to the impact on market-rate projects. The burden that slope added to affordable projects was compounded by the competitive nature of the financing process. Sites with higher unit costs had a harder time competing for funding than those without that burden. The question for Council was should McMinnville add affordable housing need to the record and use it as a criterion for screening land to add to the UGB.

Project Manager Heffernan discussed the serviceability analysis for buildable lands. All study areas could be served, but some were very challenging and not economically practical. The service concepts rated were based on “first principles” for ease of implementation. A 1-5 point system would be used to evaluate areas, with areas that had fewer constraints being assigned more points. He explained the preliminary work that had been done and the map with areas that were easy to expand services, areas that had some constraints, and those that had significant serviceability constraints. He then described the Grandhaven conservation easement issues. In 2008 a conservation easement was placed on 170 acres of land in the Grandhaven area. Of these, 81 acres were in the existing UGB. That land was designated for residential development on the plan map. The easement in effect removed that land from the buildable inventory. It also removed an additional 15 acres from the buildable land inventory due to lack of access for a total of 96 acres. Which course of action should we pursue to resolve the loss of residential capacity in the UGB? He showed a map of this area and the conservation easement. He reviewed the pros and cons of the options including addressing the issue in the remand submission, addressing the issue in the URA submission, or preparing a UGB swap after the UGB remand response and prior to URA submittal.

Planning Director Richards discussed areas subject to natural hazards. Oregon Land Use Goal #7 required local governments to adopt comprehensive plan inventories, policies, and implementing measures to reduce the risk to people and property from natural hazards. For the purposes of this goal, natural hazards were floods, landslides, earthquakes, wildfire, etc. The 2003 MGMUP identified and eliminated slopes over 25% and floodplains as not appropriate for building but did not identify any other hazard areas. Recent data showed significant risk in portions of McMinnville and in the study areas for high risk landslides and liquefaction during an earthquake. The question for Council was should we identify the high risk hazard areas and identify them as unbuildable or limit development on them. She explained the new hazard

information for McMinnville including a social vulnerability assessment. For McMinnville, the hazards to focus on were earthquakes, floods, and landslides which all had a high local vulnerability ranking for Yamhill County. Three main factors influenced an area's susceptibility to landslides: geometry of the slope, geologic material, and water. Yamhill County had an extremely likely probability for landslides. They were projected to occur more frequently due to climate change weather issues, soil changes with drought, and large rain events. They could damage property and infrastructure. McMinnville had high risk landslide soils both within the UGB and the study areas per recent DOGAMI maps. She showed maps with the landslide areas in the study areas. The City was now aware of high risk landslide soils in the West Hills, including some areas that were already developed and some areas that were within the existing UGB. The question for Council was how should the City proceed, to call the land buildable or not buildable. Staff recommended proceeding with caution, putting low density development with mitigation measures on these lands, and adopting hazard policies in the future. The options were to declare the high risk areas unbuildable and develop policies and findings or limit density allocation on high risk landslide soils as part of the Goal 14 screening criteria. Staff thought they should also look for park land opportunities and for rural/urban transition and buffer zones. She discussed the types of earthquakes that could affect Yamhill County. McMinnville was especially vulnerable to the Cascadia event due to the liquefaction soils it was built on and that surrounded the City which would lead to landslides damaging property. She showed maps of the high risk liquefaction soil areas. The options for Council were to declare the high risk soil areas unbuildable and develop policies and findings or limit the density allocation on the high risk liquefaction soils as part of the Goal 14 screening criteria. Staff again recommended to proceed with caution, assign low density development with mitigation measures on these areas, and adopt hazard policies in the future as well as look for park land opportunities and rural/urban transition and buffer zones. She then showed maps of the steep slopes in the study areas. The options were to remove the slopes from the buildable lands inventory per allowance in state law or keep them in to retain acreage in the study area. Staff recommended removing the slopes. She explained the new study areas taking out the steep slopes and conservation easement, about 250 acres. She then reviewed the next steps.

There was discussion regarding the potential for challenge if these items were changed, hazard areas and what was and was not buildable, how these items were safe harbor and could be challenged but it was unlikely, reasons to add affordable housing needs to the record, and balancing all the statewide planning goals.

There was support for staff's recommendation to leave the remand record as is and not change the buildable lands inventory in terms of capacity inside the UGB but make it part of the URA process and start the URA process immediately. There was also support to add affordable housing needs to the record and use it as a criterion for screening land to add to the UGB. Staff should prepare a UGB swap after the UGB remand response and prior to URA submittal.

There was discussion regarding the timeframe to create and adopt hazard policies and low density development in hazard areas.

For landslides and earthquake areas, there was support to proceed with caution, allow low density development with mitigation measures, and adopt hazard policies in the future. There was also support for removing slopes greater than 25% from the buildable land inventory per allowance by state law.

### 3. PRESENTATION/DISCUSSION – RENTAL HOUSING MAINTENANCE PROGRAM:

Planning Director Richards gave a presentation on the rental inspections program. In April, code compliance staff provided information on this program and asked Council if they wanted to pursue it further. Council directed staff to do more research and bring it back for further consideration and direction. She explained the purpose of a rental inspection program. The program would address the issue of substandard rental properties, promote greater compliance with health and safety standards, and preserve the quality of McMinnville neighborhoods and available housing. Council directed staff to bring back a code that would adopt the IPMC as a minimum standard of maintenance for residential structures. There was some discussion about a proactive rental inspection program with a database and registration structure, and Council asked staff to bring back more information about it. She described the standards in the IPMC and how the program would work. The program established a minimum standard of habitability for residential rentals in McMinnville. If a tenant had a problem, they needed to work with the landlord to resolve it and must prove that this effort occurred. If a tenant could not resolve the issue, they would call Code Compliance who would conduct an inspection and enforce compliance with the landlord to the minimum standards. Since this would be compliant basis only, current code compliance staffing had capacity with new efficiency systems to absorb the anticipated workload. There would be no new staffing impact. She discussed the differences between a proactive and reactive program. She went through what a proactive program would look like. The advantages of a proactive program were they preserved safe and healthy rental housing, took the burden off the tenant, helped protect the most vulnerable tenants, and preserved neighborhood property values. The basic program structure was registration, periodic inspections, and enforcement. The types of housing to include were multi-unit properties, single family homes, and government owned. The scope of inspections included both exterior and interior. Staff recommended phasing in this type of program. They could do this by the following options: do drive-by exterior inspections first, focus on properties with historic complaints, inspect the oldest properties first, or divide the City into neighborhoods or quadrants. Strategies for success included: involving diverse stakeholders in designing the program, providing training for code enforcement staff, providing education, outreach, and ongoing support for landlords and tenants, and implementing complementary programs. Challenges to implementation were: discovery of uninhabitable and illegal housing units, tenant side code violations, rent increases, and displacement of marginalized households. Most cities operated this type of program as a full cost recovery program with low fee structures.

Code Compliance Officer Martinez explained the City of Gresham's program which could be a model for McMinnville. The structure of Gresham's program was a rental licensing program. They used the tax assessor's records to identify any non owner-occupied residences

where the owner's address differed from the property address. They inspected a random statistical sampling every year and responded to complaints. She then explained the inspection timeline, program statistics, and interview with Gresham's program staff.


There was discussion regarding accommodating for tenant work schedules and possible night inspections.

Planning Director Richards suggested working towards developing a program similar to Gresham. It would be a hybrid proactive and complaint based program, but with random sampling which would not be as administratively labor intensive. This would provide for consistency and transparency. They would work with rental property owners over the next year on the development of a program and implement a registration/licensing program in 2022.

There was discussion regarding registration of apartment complexes, how anyone could complain about a non-compliant property, how to address short term rentals, how to implement this program without a business license program already in place, staff capacity to put the program together and administer it, need for a balanced program to help both landlords and tenants, implementing the complaint based process next week, applying an equity lens, items that were already covered under the nuisance and fire code, dislocating tenants from uninhabitable units and connecting them with non-profits that could help, fee structure's impact on affordable housing, opportunity for public comment, need for a program like this, flexibility in the code for mental health or physical issues, and how to prohibit retaliation.

There was consensus for staff to move forward as proposed.

4. ADJOURNMENT: Mayor Hill adjourned the Work Session at 9:25 p.m.

  
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Claudia Cisneros, City Recorder