



**CITY OF MOLALLA
CITY COUNCIL REGULAR MEETING
AGENDA**

Civic Center | 315 Kennel Avenue
Wednesday, March 26, 2025 | 7:00 PM

NOTICE: City Council will hold this meeting in-person and through video Live-Streaming on the City's Facebook Page and YouTube Channel. Written comments may be delivered to City Hall or emailed to recorder@cityofmolalla.com. Submissions must be received by 12:00 p.m. the day of the meeting.

[This institution is an equal opportunity employer.](#)

EXECUTIVE SESSION

An Executive Session of the Molalla City Council will be held prior to the regular meeting. This meeting is held pursuant to Oregon Public Record Law, ORS 192.660(2): (i) To review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing.

1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. CONSENT AGENDA

- A. [Work Session Meeting Minutes - February 26, 2025](#)
- B. [City Council Meeting Minutes - February 26, 2025](#)
- C. [City Council Meeting Minutes - March 12, 2025](#)
- D. [On-Call Cured in Place Piping Services](#)
- E. [Intergovernmental Agreement for Public Safety Communication Services](#)

4. PRESENTATIONS, PROCLAMATIONS, CEREMONIES

- A. [Budget Committee Appointment - Laura Klyzek](#)
- B. [Budget Committee Appointment - Amy Williams](#)

5. PUBLIC COMMENT

(Citizens are allowed up to 3 minutes to present information relevant to the City but not listed as an item on the agenda. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The City Council does not generally engage in dialogue with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the City Council.)

6. PUBLIC HEARINGS

- A. [Ordinance No. 2025-05: Efficiency Measures; Changing Accessory Dwelling Unit Approvals From a Type II To a Type I Process and Comprehensive Plan Map and Zoning Map Changes.](#)

7. ORDINANCES AND RESOLUTIONS

- A. Ordinance No. 2025-05: Efficiency Measures; Changing Accessory Dwelling Unit Approvals From a Type II to a Type I Process and Comprehensive Plan Map and Zoning Map Changes.
- B. [Resolution No. 2025-05: Adopting the Housing Production Strategy](#)

8. GENERAL BUSINESS

9. STAFF COMMUNICATION

10. COUNCIL COMMUNICATION

11. RECESS INTO EXECUTIVE SESSION

Held pursuant to Oregon Public Record Law, ORS 192.660(2): (i) To review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing.

12. RECONVENE REGULAR SESSION

13. ADJOURN

Agenda posted at City Hall, Library, and the City Website at <http://www.cityofmolalla.com/meetings>. This meeting location is wheelchair accessible. Disabled individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-829-6855.



CITY OF MOLALLA

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, March 26, 2025

Submitted by: Christie Teets, City Recorder

Approved by: Dan Huff, City Manager

SUBJECT: Work Session Meeting Minutes - February 26, 2025

ATTACHMENTS:

[02.26.25 WS Meeting Minutes.docx](#)



City of Molalla
City Council – Work Session
Minutes – February 26, 2025
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Work Session of February 26, 2025 was called to order by Mayor Scott Keyser at 6:00pm.

COUNCIL ATTENDANCE

Mayor Scott Keyser, Council President Eric Vermillion, Councilor Martin Bartholomew, Councilor RaeLynn Botsford, Councilor Leota Childress, Councilor Terry Shankle, and Councilor Doug Gilmer.

STAFF IN ATTENDANCE

City Manager, Dan Huff; Assistant City Manager, Mac Corthell; City Recorder, Christie Teets; Senior Planner Dan Zinder, and Jamie Viveiros, Associate Planner, and Sam Miller, Section Engineering Manager

DISCUSSION ITEMS

A. Urban Growth Boundary - Efficiency Measures

Senior Planner, Dan Zinder led Staff Report discussion on Molalla's Urban Growth Boundary (UGB) Efficiency Measures, in line with ORS 197.296, which requires considering more efficient land use within UGBs before expanding them. Efficiency measures are expected to be adopted by March 2025. The Housing Needs Analysis (HNA) shows a significant residential land deficit, while the Economic Opportunities Analysis (EOA) shows a slight commercial land deficit and an industrial land surplus. However, the industrial surplus does not address the need for larger industrial sites.

Assistant City Manager Corthell elaborated further explaining the Urban Growth Boundary process begins with a Housing Needs Analysis and a Buildable Land Inventory, which determines the land shortage for residential and employment needs (both industrial and commercial). Currently, there is a shortage of commercial and residential land, but an excess of industrial land. State regulations limit expanding Urban Growth Boundaries to preserve farmland and forests, so the focus shifts to increasing land efficiency. This is done by adjusting zoning codes, such as allowing greater building heights in residential zones. Residential land needs can be reduced by allowing more units in existing areas. One proposed change is moving accessory dwelling units (ADUs) to a Type 1 procedure for faster processing, as it involves clear and objective standards. This would streamline permitting without sacrificing standards. Mr. Corthell shared the City is also looking at a significant zoning issue, particularly in areas where residential and industrial zones are mixed. The goal is to clean up urban design by re-zoning some industrial land to residential or commercial, reducing the need for expansion and improving land use. In summary, the focus is on optimizing current land use through zoning adjustments instead of expanding boundaries, addressing the City's land needs and urban design issues.

After thorough detailed discussion consensus was reached regarding Area 1 to remain the same, Area 2 designated for residential, and Area 3 will be a mix of residential and commercial use. *For a full account of the discussion between city staff and city council, please refer to the YouTube video recording.*

ADJOURN

Mayor Keyser adjourned the Work Session at 7:07pm.

For the complete video account of the Work Session, please go to YouTube
["Molalla City Council Work Session – February 26, 2025"](#)

Scott Keyser, Mayor

PREPARED BY:

ATTEST:

Crystal Robles, Records Specialist

Christie Teets, CMC, City Recorder



CITY OF MOLALLA

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, March 26, 2025

Submitted by: Christie Teets, City Recorder

Approved by: Dan Huff, City Manager

SUBJECT: City Council Meeting Minutes - February 26, 2025

ATTACHMENTS:

[02.26.25 CC Meeting Minutes.docx](#)

[20250228 Office of Mayor.ODOT Correspondence.pdf](#)



City of Molalla
City Council - Regular Meeting
Minutes – February 26, 2025
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Meeting of February 26, 2025 was called to order by Mayor Scott Keyser at 7:15 pm.

Mayor Keyser apologized for the delayed start of the meeting, explaining that the Work Session prior to the Regular Session ran over the allotted time due to important discussions.

COUNCIL ATTENDANCE

Present: Council President Eric Vermillion, Councilor Martin Bartholomew, Councilor RaeLynn Botsford, Councilor Leota Childress, Councilor Terry Shankle, Councilor Doug Gilmer, and Mayor Scott Keyser.

STAFF IN ATTENDANCE

Dan Huff, City Manager; Mac Corthell, Assistant City Manager; Christie Teets, City Recorder; Cindy Chauran, Finance Director; and Sam Miller, Engineer Section Manager.

APPROVAL OF AGENDA

Approved as presented.

CONSENT AGENDA

- A. Work Session Meeting Minutes - February 12, 2025
- B. City Council Meeting Minutes - February 12, 2025
- C. Library Board Meeting Minutes - February 26, 2024

ACTION:

Councilor Botsford made a motion to approve the Consent Agenda as presented; Council President Vermillion seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Botsford, Bartholomew, Keyser

NAYS: None.

ABSENCES: None.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

- A. SingerLewak Auditor Presentation

Kathy Wilson, Director for Assurance and Advisory with SingerLewak, presented the City of Molalla's Annual Comprehensive Financial Report for the fiscal year ending June 30, 2024. She noted the City received its first GFOA Award for last year's report and had submitted the same award this year. The City received a "clean" unmodified opinion on its financial statements, meaning they fairly represent the City's financial position. The report highlighted a positive General Fund balance, with around 50% expenditure covered by the fund balance, which is considered healthy. Mrs. Wilson also discussed a new accounting standard related to error corrections and changes in financial structure and noted the City's \$16 million General Obligation Bond. The Urban Renewal Agency also received a Clean Audit opinion. There were no significant issues, and the City was found to be in compliance with Oregon State Regulations.

PUBLIC COMMENT

None.

PUBLIC HEARINGS

- A. Section Street Tree Removal

Mayor Scott Keyser opened Section Street Tree Removal Public Hearing at 7:35pm; no present Council Members acknowledged potential conflicts of interest.

Assistant City Manager, Mr. Corthell began staff report by reviewing in January 2025, staff informed City Council regarding a tree removal on Section Street to facilitate the relocation of power poles as part of the Section Street repaving project. The Council requested staff notify property owners and tenants, inviting them to a Public Meeting on February 26th for comment. A mailer was sent to 32 addresses with details about the project. The project involves moving power

poles on the north side of Section Street to the outer edge of the City's Right of Way (ROW) to improve safety and meet current standards. The costs for tree removal and pole relocation are covered by the City and PGE, respectively, if done as part of the public project. If not, the developer of a nearby vacant lot will bear the costs for relocating poles and removing the tree. Alternatively, undergrounding the power lines could be an option, but it would cost \$75,000–\$150,000, depending on outcome.

(For a complete account of the discussion, please refer to the YouTube video recording from minutes 21:05 to 26:50)

As there was no public comment for the Public Hearing, Mayor Keyser closed the Public Hearing for Section Street Tree Removal at 7:40pm.

ORDINANCES AND RESOLUTIONS

- A. Resolu?on No. 2025-03: Awarding a Contract for Banking Services and Authorizing the City Manager to Execute the Contract and All Other Documents Necessary to the Award (Chauran)

Finance Director Chauran shared request for proposal (RFP) for banking services, executed on December 4, 2024. The process is recommended every five to seven years to ensure transparency and guarantee the City is receiving the best deal for its banking services. After evaluating responses from two banks, HomeStreet and Wells Fargo, the recommendation was to switch banking services to HomeStreet. In response to a question from Mayor Keyser, Finance Director Cindy Chauran further explained while the nearest HomeStreet branch is in Lake Oswego, armored car services will handle the City's deposits, eliminating the need for frequent trips to the bank.

ACTION:

Council President Vermillion moved to adopt Resolution No. 2025-03, Awarding a Contract for Banking Services and Authorizing the City Manager to Execute all documents. Councilor Botsford seconded. Motion passed 7-0

AYES: Gilmer, Shankle, Childress, Vermillion, Botsford, Bartholomew, Keyser

NAYS: None.

ABSENTIONS: None.

GENERAL BUSINESS

- A. City Manager Evalua?on Process (Teets)

Following the February 12th Work Session, City staff revised the City Manager Evaluation Process document based on Council suggestions, using the scoring guide from Option A and the summary questions from Option B. Recorder Teets confirmed that the final page of the evaluation process requires signed acknowledgment by both the Mayor and City Manager, regardless of whether there is agreement or disagreement with the content. The suggestion of staff was to adopt the evaluation document as a five-year plan, option of modification in the future.

ACTION:

Councilor Botsford made a motion to adopt the City Manager Evaluation Process; Council President Vermillion Seconded. Motion passed 7-0

AYES: Bartholomew, Botsford, Vermillion, Childress, Shankle, Gilmer, Keyser

NAYS: None.

ABSENTIONS: None.

- B. Contract Award: Chief Yelkus Park (Corthell)

Assistant City Manager Corthell, updated the Council on the Chief Yelkus Park Playground Project, which is themed around the Molalla Indian Tribe's myth of Coyote and Grizzly. Phase 1 of the park's development includes the construction of a new parking area, storm drainage improvements, playground structures, concrete walkways, a restroom enclosure, bicycle parking, water line extensions, park landscaping, street lighting, and amenities. Several bids were received for the project, with a low bid from Western United Civil Group, LLC at \$667,146, significantly lower than the highest bid.

ACTION:

Council President Eric Vermillion moved to authorize City Manager to execute the Contract with Western United Civil Group for Chief Yelkus Park. Mayor Keyser made an amended motion to appoint Councilors Doug Gilmer and Leota Childress to the Molalla River School District Liaison role. Councilor Gilmer seconded. Motion passed 7-0

AYES: Gilmer, Shankle, Childress, Vermillion, Botsford, Bartholomew, Keyser

NAYS: None.

ABSENTIONS: None.

C. Section Street Tree Removal (Corthell)

Assistant City Manager Corthell reminded Council if no action is taken, the City will proceed with the tree removal and PGE would move the identified poles at PGE own cost. No motion was made by the Council or Mayor Keyser.

STAFF COMMUNICATION

A. Quarterly Report with Statistics - Finance Department (Chauran)

Finance Director, Cindy Chauran, provided an update on the General Fund, noting that property tax revenues are beginning to come in and noting expenses remain just under the 50% threshold, which is on track for the second quarter. The associated statistical page highlighted the key areas the Finance Department has been focused on. Mayor Keyser recognized Director Chauran for her exceptional efforts on the audit and recent financial accolades.

B. OGEK Presentation - March 12, 2025

Recorder Christie Teets reminded everyone of OGEK Training, March 12th, beginning at 6:00 p.m. and the possibility of outside agencies attending meetings as well.

- **City Recorder Teets:** Provided a reminder of an opening on the Budget Committee, Library Board and Planning Commission.
- **Finance Director Chauran:** Noted the Finance Department is working on Budget.
- **Section Engineer Manager Miller:** Nothing to report.
- **Assistant City Manager Corthell:** Praised the Community Development team for their outstanding work during budget season, noting significant progress on the five-year Capital Plan. He highlighted the successful project management by staff including Mr. Miller's team and commended Senior Planner Zinder's efforts in managing long-range planning and applications and expressed appreciation of new staff, Jamie, who has provided valuable support. Mr. Corthell shared an update regarding Clark Park, noting a cost-effective plan to repurpose approximately 7,000 yards of dirt excavated from the Wastewater Treatment Plant (WWTP) project to help level the park's sloped fields. This will support the long-term goal of creating new sports fields as outlined in the City's Parks Master Plan and Capital Plan. He provided an update on the upcoming Chief Yelkus Park groundbreaking and extended an invitation to Councilors interested in touring the WWTP site as construction progresses.
- **City Manager Huff:** Provided an update on the new police station, noting that the CLT roof was installed, and work begins on the lower roof deck. Mr. Huff mentioned while the building is visible from the outside, a tour of the interior is now worthwhile and encouraged Council Members to reach out if interested.

COUNCIL COMMUNICATION

- **Councilor Bartholomew:** provided an update on recent and upcoming events at the Molalla Public Library, highlighting continued community engagement.
- **Councilor Gilmer:** Shared he and Councilor Childress, met with two school board members, Mark Lucht and Amy McNeil, for coffee at the Prairie House. Discussed focused on rebuilding communication and agreed to meet once a month to go over relevant business and foster stronger collaboration.
- **Councilor Botsford:** nothing to report.
- **Councilor Shankle:** reminded everyone that swimming lessons will begin on March 10th at the Aquatic Center. A new spring calendar is available starting March 1st additionally, the Aquatic Center is seeking three new board members, with the filing deadline of March 20th. For more information, visit the Aquatic Center's website.
- **Councilor Childress:** provided an update on the upcoming Citywide Cleanup event, scheduled for April 25th and 26th. Volunteers are still needed, and those interested can reach out to Councilor Shankle, Councilor Gilmer, or Terry to sign up. It is open to residents within the City limits.
- **Council President Vermillion:** Announced Parks CPC "Month of March" fundraiser and next meeting on March 20th at 5:30 PM at City Hall. He also expressed gratitude to the staff, including Sam, Cindy, Mac, Dan, and Christie, for their outstanding contributions.

- **Mayor Scott Keyser:** Updated Council on a letter being sent to ODOT regarding ongoing issues with Highway 211 and Main Street. The letter is to be sent to ODOT leadership, state representatives, and Congress. Mayor also encouraged community involvement in open City committee positions. He shared his appointment with the Oregon Mayor's Association Planning Committee. Lastly, he thanked City staff for their hard work and praised the efficiency of the City Council Meetings.

ADJOURN

Mayor Keyser adjourned the City Council meeting at 8:27pm.

For the complete video account of the City Council Meeting, please go to [YouTube](#)

[“Molalla City Council Meetings – February 12, 2025”](#)

Scott Keyser, Mayor

PREPARED BY:

Crystal Robles, Records Specialist

ATTEST:

Christie Teets, CMC, City Recorder

Meeting Attachments:

- Letter to ODOT (Oregon Department of Transportation)



City of Molalla
Office of the Mayor – Scott Keyser
117 N Molalla Avenue | PO Box 248 | Molalla, OR 97038
P: (503) 829-6855 | E: skeyser@cityofmolalla.com

February 28, 2025

Subject: Urgent Infrastructure Concerns – Highway 211/Main Street in Molalla

Dear State Leaders,

I write to you today regarding the ongoing infrastructure challenges facing the City of Molalla, specifically the condition of Main Street/Highway 211. This stretch of state highway is a vital artery through our city, serving both residents and businesses. Over the past decade, significant development has taken place along this corridor, yet our community continues to struggle with inadequate road conditions and unresolved safety concerns.

Several years ago, ODOT installed a pedestrian pathway along the north side of the highway. While intended to improve walkability, this pathway presents numerous safety issues. It consists of asphalt without curbing to protect pedestrians from traffic, and the flexible, glued-down pylons offer minimal protection. Additionally, no other walkways in our city are constructed of asphalt—our city’s planning standards prioritize concrete sidewalks with curbing for safety and durability.

Further compounding these concerns are drainage issues. Some rain drains along the path were approved despite being two inches above the walkway, causing water to bypass the drains and flow onto adjacent private properties. In response to these concerns, we previously hosted Rian Windsheimer and Paul Scarlet for a site visit to demonstrate these issues firsthand.

Beyond the pedestrian concerns, Main Street/Highway 211 itself is long overdue for repaving. In the past 20 years, ODOT has repaved the highway east and west of our city limits—from Estacada to Molalla and from Woodburn to Molalla—yet the section running through our city remains untouched. This highway supports significant personal and commercial traffic daily, and its deteriorating condition is a primary complaint among our residents.

Molalla’s residents contribute significantly to state transportation funding, including the \$0.40 per gallon in fuel taxes directed to ODOT. Given this, it is reasonable to expect reinvestment in our local infrastructure. Recognizing ODOT’s current funding challenges, the City of Molalla has proactively sought solutions. We have proposed assuming authority over the section of the highway within our city limits, requesting approximately \$13 million to reconstruct the base, repave the road, and replace the Bear Creek bridge. However, ODOT’s final offer of \$2 million falls far short of what is necessary to complete this project responsibly.

In January 2025, I approached our state legislators to explore potential funding options to bridge this gap. Unfortunately, I was told that securing the additional \$11 million in the current legislative session would be unlikely. This response is deeply concerning, as it forces us to tell our residents—who continue to fund ODOT—that their most critical roadway will continue to deteriorate without a clear solution.

Additionally, as discussions around tolling continue, it is imperative to recognize the potential for Highway 211 to serve as a diversion route for drivers seeking to avoid tolls. If this occurs, the strain on our already failing infrastructure will only accelerate. A proactive solution is needed before this reality worsens our situation.

I am reaching out to you today to ask for leadership, collaboration, and solutions. I urge state leaders to sit down with us and find a viable path forward. The people of Molalla have faced many challenges over the past four years due to broader policy decisions, and they deserve better. Addressing this issue now will not only improve safety and mobility for our community but also demonstrate that their voices are heard and their contributions valued.

I welcome the opportunity to discuss this matter further and work together toward a resolution that benefits both the City of Molalla and the state as a whole.

Sincerely,

Scott Keyser

Mayor, City of Molalla, Oregon



CITY OF MOLALLA

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, March 26, 2025

Submitted by: Christie Teets, City Recorder

Approved by: Dan Huff, City Manager

SUBJECT: City Council Meeting Minutes - March 12, 2025

ATTACHMENTS:

[03.12.25 CC Minutes.docx](#)



City of Molalla
City Council - Regular Meeting
Minutes – March 12, 2025
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Meeting of March 12, 2025, was called to order by Mayor Scott Keyser at 6:00pm.

COUNCIL ATTENDANCE

Present: Councilor Leota Childress, Councilor Terry Shankle, Councilor Eric Vermillion, Councilor RaeLynn Botsford, Councilor Martin Bartholomew, Councilor Doug Gilmer, and Mayor Scott Keyser.

STAFF IN ATTENDANCE

Dan Huff, City Manager; Mac Corthell, Assistant City Manager; Chris Long, Chief of Police; Christie Teets, City Recorder; Diana Hadley, Library Director; along with selected Planning Department, City Hall, and Library Staff.

ADDITIONAL ATTENDANCE

Planning Commission, Beautification and Culture Committee, and Parks CPC Committee Members were in attendance.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

A. Oregon Government Ethics Commission – Public Meetings Law Training

Representatives from the Oregon Government Ethics Commission (OGE), Ruth Sylvester and Chris Brubaker, led an in-depth training session on Oregon's Public Meetings Law, emphasizing its complexity due to overlapping statutes, charters, and local policies. The session aimed to provide attendees with a broad understanding of the law and key resources for continued guidance.

The OGE training covered a wide range of topics during the meeting. The presenters emphasized the definition of Governing Body meetings, explaining that a meeting is a gathering of members where decisions or deliberations occur. Public Comments were also addressed, highlighting how the public can engage with governing bodies during meetings.

Other key topics included Recordings and Minutes, Serial Meetings, Media involvement, Noticing Requirements, which stressed the importance of proper public notification to ensure transparency and participation. The Grievance Process detailed steps for addressing issues or violations of Public Meetings Law. Accommodations and Accessibility were also highlighted, ensuring meetings are accessible to all individuals, regardless of disabilities. The session concluded with information on Executive Session and enforcement of Public Meetings Law.

The presenters reminded attendees that members are personally liable for violations, not staff, with fines that cannot be paid using public funds. Overall, the training provided a comprehensive overview of Public Meetings Law and the resources OGE has available to help navigate complexities and further understanding.

ADJOURN

Mayor Keyser adjourned the City Council Meeting at 8:35 pm.

[For the complete video account of the City Council Meeting, please go to YouTube](#)

[“Molalla City Council Meetings – March 12, 2025”](#)

Scott Keyser, Mayor

PREPARED BY:

ATTEST:

Crystal Robles, Records Specialist

Christie Teets, CMC, City Recorder



CITY OF MOLALLA

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, March 26, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: On-Call Cured in Place Piping Services

FISCAL IMPACT: Service level as approved in the annual budget.

RECOMMENDATION/RECOMMENDED MOTION:

Staff recommends awarding the contract to Iron Horse.

Recommended Motion: I move to award the contract for On-Call Cured in Place Piping Services to Iron Horse and authorize the City Manager to sign the contract.

BACKGROUND:

In 2023 city staff began seeking alternative means and methods to help provide top of the line infrastructure at a reduced cost. One of those alternatives is CIPP for Sewer and Stormwater pipes.

Utilizing this method, the City has been able to complete several thousand feet of sewer pipe rehabilitation for approximately 1/12th the cost of removal and replacement as well as reduced traffic impacts during installation.

There is no monetary commitment in awarding this contract, it just allows staff to compare pricing of the bidders, and utilize the services of the awarded bidder without going through formal procurement again. The Council will set the maximum annual value of the contract through the budget process.

BIDDERS:

Sarkinen Industrial Piping

Iron Horse (Recommended Award)

West Coast

BIDS:

Given that bids are comprised of an entire cost sheet, staff has attached a conceptual project evaluation sheet to this staff report. The scenarios show Iron Horse as the low bidder on two of the three projects, and a close second place on the third.

ATTACHMENTS:

[20250326_SR On-Call CIPP ATT A.pdf](#)

[20250326_SR On-Call CIPP-2 ATT B.pdf](#)



THE DYER PARTNERSHIP
ENGINEERS & PLANNERS, INC.

March 18, 2025

Adam Shultz, Public Works Maintenance Manager
City of Molalla
P.O. Box 248
Molalla, OR 97038

RE: City of Molalla
CIPP Lining Services Request for Proposals

Dear Mr. Shultz:

This letter is to recommend action by the City of Molalla in response to the proposals received on March 5, 2025 for On-Call CIPP Lining Services for sewer collection system maintenance within the City. Three proposals were received by the following firms:

1. Sarkinen Industrial Pipe Lining
2. Iron Horse LLC
3. Westcoast CIPP Supply LLC

Dyer recommends that the City of Molalla take the following action:

1. Accept the proposals.
2. Award a contract to Iron Horse LLC

Dyer concurs with the proposal review completed by the City and, after review of the submitted proposals, finds that Iron Horse LLC has sufficient experience and unit pricing to satisfactorily provide the necessary CIPP lining services.

Sincerely,

Ryan Quigley, PE
Project Manager

Scenario		# of MH's	ML Length	# of Laterals	Lateral Length	# of LH's
1	Hoyt - 8" Concrete	4	947	15	460	0
	S Molalla	2	199	5	161	0
	2nd	1	203	4	118	1
2	Total	3	402	9	279	1
	Engle	4	870	20	450	0
	2nd	3	401	10	99	1
3	3rd	1	381	7	192	2
	Total	8	1652	37	741	3

Hoyt Street	Quantity	Unit	Sarkinen		Iron Horse		West Coast	
			Unit Price	Total	Unit Price	Total	Unit Price	Total
Mainline CIPP (8-inch)	947	LF	\$ 80	\$ 75,760	\$ 62.00	\$ 58,714.00	\$ 29.00	\$ 27,463.00
Lateral Connection (4-inch)	15	EA	\$ 4,200	\$ 63,000	\$ 4,200.00	\$ 63,000.00	\$ 3,500.00	\$ 52,500.00
Lateral CIPP (4-inch)	460	LF	\$ 105	\$ 48,300	\$ 120.00	\$ 55,200.00	\$ 150.00	\$ 69,000.00
TV Inspection & pre-cleaning	947	LF	\$ 7	\$ 6,629	\$ 2.00	\$ 1,894.00	\$ 3.00	\$ 2,841.00
New Lateral Cleanout (assume 4 required)	4	EA	\$ 600	\$ 2,400	\$ 320.00	\$ 1,280.00	\$ 650.00	\$ 2,600.00
Equipment Rate (mainline)	3	EA	\$ -	\$ -	\$ -	\$ -	\$ 12,500.00	\$ 37,500.00
Equipment Rate (laterals)	15	EA	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00	\$ 60,000.00
TOTAL			\$ 196,089		\$ 180,088		\$ 251,904	

S. Molalla Avenue & E. 2nd Street	Quantity	Unit	Sarkinen		Iron Horse		West Coast	
			Unit Price	Total	Unit Price	Total	Unit Price	Total
Mainline CIPP (8-inch)	402	LF	\$ 80	\$ 32,160	\$ 65.00	\$ 26,130.00	\$ 29.00	\$ 11,658.00
Lateral Connection (4-inch)	9	EA	\$ 4,200	\$ 37,800	\$ 4,200.00	\$ 37,800.00	\$ 3,500.00	\$ 31,500.00
Lateral CIPP (4-inch)	279	LF	\$ 105	\$ 29,295	\$ 175.00	\$ 48,825.00	\$ 150.00	\$ 41,850.00
TV Inspection & pre-cleaning	402	LF	\$ 7	\$ 2,814	\$ 2.00	\$ 804.00	\$ 3.00	\$ 1,206.00
New Lateral Cleanout (assume 4 required)	4	EA	\$ 600	\$ 2,400	\$ 320.00	\$ 1,280.00	\$ 650.00	\$ 2,600.00
New Mainline Cleanout (assume 1 required)	5	VLF	\$ 1,650	\$ 8,250	\$ 580.00	\$ 2,900.00	\$ 650.00	\$ 3,250.00
Equipment Rate (mainline)	3	EA	\$ -	\$ -	\$ -	\$ -	\$ 12,500.00	\$ 37,500.00
Equipment Rate (laterals)	9	EA	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00	\$ 36,000.00
TOTAL			\$ 112,719		\$ 117,739		\$ 165,564	

Engle Ave., 2nd Street, & 3rd Street	Quantity	Unit	Sarkinen		Iron Horse		West Coast	
			Unit Price	Total	Unit Price	Total	Unit Price	Total
Mainline CIPP (8-inch)	1652	LF	\$ 70	\$ 115,640	\$ 59.00	\$ 97,468.00	\$ 29.00	\$ 47,908.00
Lateral Connection (4-inch)	37	EA	\$ 4,200	\$ 155,400	\$ 4,200.00	\$ 155,400.00	\$ 3,500.00	\$ 129,500.00
Lateral CIPP (4-inch)	741	LF	\$ 105	\$ 77,805	\$ 120.00	\$ 88,920.00	\$ 150.00	\$ 111,150.00
TV Inspection & pre-cleaning	1652	LF	\$ 7	\$ 11,564	\$ 2.00	\$ 3,304.00	\$ 3.00	\$ 4,956.00
New Lateral Cleanout (assume 4 required)	4	EA	\$ 600	\$ 2,400	\$ 320.00	\$ 1,280.00	\$ 650.00	\$ 2,600.00
New Mainline Cleanout (assume 2 required)	2	VLF	\$ 1,650	\$ 3,300	\$ 580.00	\$ 1,160.00	\$ 650.00	\$ 1,300.00
Equipment Rate (mainline)	6	EA	\$ -	\$ -	\$ -	\$ -	\$ 12,500.00	\$ 75,000.00
Equipment Rate (laterals)	37	EA	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00	\$ 148,000.00
TOTAL			\$ 366,109		\$ 347,532		\$ 520,414	



CITY OF MOLALLA

Staff Report

Agenda Category: CONSENT AGENDA

Agenda Date: Wednesday, March 26, 2025

Submitted by: Dan Huff, City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Intergovernmental Agreement for Public Safety Communication Services

RECOMMENDATION/RECOMMENDED MOTION:

Approve with Consent Agenda items.

BACKGROUND:

This is a contract renewal with the City of Lake Oswego and LEDS, and has been budgeted previously. Please see the Description of Services to be Provided for detailed information.

ATTACHMENTS:

[2025-2027 Molalla IGA - LEDS.pdf](#)

INTERGOVERNMENTAL AGREEMENT

PUBLIC SAFETY COMMUNICATIONS SERVICES

THIS AGREEMENT is made and entered into by and between the CITY OF LAKE OSWEGO, an Oregon municipal corporation (hereinafter "Lake Oswego"), and the CITY OF MOLALLA, an Oregon municipal corporation (hereinafter "Molalla").

WITNESSETH:

RECITALS

1. Lake Oswego operates through its Police Department, Communications Division, a public safety dispatching facility (hereinafter "LOCOM") to provide public safety dispatching services to fire and police departments of Lake Oswego, and the City of West Linn and City of Milwaukie police departments.
2. The parties to this Agreement desire for LOCOM to also provide warrant confirmation and associated limited information entries to the state and national law enforcement database systems for the City of Molalla.
3. The parties acknowledge that they have authority to execute this cooperative intergovernmental agreement pursuant to the terms of their respective municipal charters and pursuant to ORS 190.010.

NOW THEREFORE, it is agreed by and between the parties hereto as follows:

1. Description of Services to be Provided. Lake Oswego, through LOCOM, shall provide warrant confirmation and limited state and national law enforcement database system entry services through the Law Enforcement Data System (hereinafter LEDS) and the National Crime Information Center (hereinafter NCIC) for Molalla Police Department for the period of July 1, 2025, through June 30, 2027, as outlined on the attached Exhibit A.
 - a. All days and hours, LOCOM will confirm warrants. Molalla will provide LOCOM original physical copies of Municipal Warrants.
 - b. Weekdays between 5:00 pm and 8:00 am and on weekends and holidays, LOCOM will enter and/or remove priority information from LEDS and NCIC databases as set forth in Exhibit A.
 - c. LOCOM is a public safety answering point, and must prioritize those duties. The database system entries subject to this agreement are a lower priority, as outlined on Exhibit A. Best efforts will be made to complete warrant confirmation in the LEDS/NCIC required timelines.
 - d. LOCOM is authorized to utilize Molalla Police Department's Originating Agency Identifier (ORI) to execute these transactions.
 - e. LOCOM will develop protocols for the database entry and the confirmation process, along with any other necessary protocols to ensure accurate and timely transactions. Molalla must agree in writing to the protocols before services under this agreement commence.
 - f. LOCOM will take all reasonable and necessary steps to ensure that its services under this Agreement are provided in a manner that follow current Criminal Justice Information Security policies and procedures and/or other applicable State and/or Federal laws.
2. Control. The manner of LOCOM's performance of LEDS/NCIC services, including but not limited to the establishment of standards of personnel performance, the hiring, supervision and discipline of LOCOM employees, and all other matters incident to LOCOM 's performance of such services shall be under the exclusive authority of Lake Oswego.

3. Obligation of Lake Oswego to Provide Labor and Equipment. Lake Oswego shall provide personnel with required qualifications to make national and state database entries, supervision, equipment and supplies necessary to maintain the services to be rendered under this Agreement.
4. Obligation of Both Parties. Each party shall give the other immediate written notice of any action or suit filed or any claim made against that party in any way related to this Agreement.
5. Consideration. Molalla shall pay Lake Oswego as set forth for Molalla in Exhibit B, with the first payment within 30 days of this Agreement being executed, and the second year's payment within 30 days of the first anniversary of this Agreement.
6. Indemnity and Hold Harmless. Subject to the limitations of the Oregon Tort Claims Act ORS 30.260 *et. seq.*, and the Oregon Constitution:
 - a. Except to the extent caused by the acts or omissions of Molalla or its officers, agents and employees, Lake Oswego hereby covenants and agrees to defend, indemnify and hold Molalla and its officers, agents, and employees harmless from all liability, claims, actions or judgments to the proportionate extent caused by or resulting from any negligent act or omission of Lake Oswego or its officers, agents and employees in the performance of the duties to be performed by Lake Oswego under the terms of this Agreement. (Employees of LOCOM shall be deemed to be employees of Lake Oswego not as agents or employees of Molalla.)
 - b. Except to the extent caused by the acts or omissions of Lake Oswego, its officers, agents or employees, Molalla hereby covenants and agrees to defend, indemnify and hold Lake Oswego and its officers and employees harmless from all liability, claims, actions or judgments to the proportionate extent caused by or resulting from any act or omission of Molalla, its agents, officers, and employees in the performance of its duties under the terms of this Agreement or relating in any way to this Agreement, including without limitation the accuracy or timelines of the information and data provided to LOCOM.The indemnity obligations in this Section 6 shall survive termination or expiration of the Agreement.
7. Insurance. Each party agrees to maintain insurance levels or self-insurance in accordance with ORS 30.282, for the duration of this Agreement at levels necessary to protect against public body liability as specified in ORS 30.269 to 30.274.
8. Termination of Agreement. Lake Oswego may terminate this Agreement at any time for non-payment of any sum when due as required by Section 5 of this Agreement upon 30 days' notice of nonpayment. Otherwise, either party may terminate this agreement effective 180 day after providing written notice of termination to the other party.
9. Non-appropriation. Either party may terminate this Agreement, in whole or in part, upon thirty (30) days' written notice to Molalla, in the event that party fails to receive funding, appropriations or other expenditure authority at levels sufficient to perform the services set forth in this Agreement.
10. Amendment Provisions. The terms of this Agreement may be amended by mutual agreement of the parties. Any amendment shall be in writing, shall refer specifically to this Agreement, and

shall be executed by the parties.

11. Force Majeure. In the event that either party is unable to perform any of its obligations under this Agreement due to natural disaster, acts of war, actions or decrees of governmental bodies, or communications line or power failure extending more than 72 hours, or other unforeseeable circumstances beyond the control of the affected party (hereinafter referred to as a “Force Majeure Event”), the affected party shall immediately give notice to the other Party and shall do everything reasonably possible as determined by the affected party’s City Manager or designee under the circumstances to resume performance. If the period of nonperformance exceeds fifteen (15) calendar days from the receipt of notice of the Force Majeure Event, the Party whose ability to perform has not been so affected may, by giving written notice, terminate this Agreement.
12. No Third Party Beneficiaries. The parties expressly agree that nothing contained in this Agreement shall create any legal right or inure to the benefit of any third party. This Agreement is entered into for the benefit of the Parties. Except as set forth herein, nothing in this Agreement shall be construed as giving any benefits, rights, remedies or claims to any other person, firm, corporation or other entity, including, without limitation, the general public or any member thereof, or to authorize anyone not a party to this Agreement to maintain a suit for breach of contract, personal injuries, property damage, or any other relief in law or equity in connection with this Agreement.
13. Severability. The terms of this Agreement are severable and a determination by an appropriate body having jurisdiction over the subject matter of this Agreement that results in the invalidity of any part, shall not affect the remainder of this Agreement.
14. Remedies, Oregon Law, Dispute Resolution and Forum. The remedies provided under this Agreement shall not be exclusive. The parties shall also be entitled to any other equitable and legal remedies that are available. This Agreement shall be construed according to the laws of the State of Oregon. The parties shall negotiate in good faith to resolve any dispute arising out of this Agreement. If the parties are unable to resolve any dispute within fourteen (14) calendar days, the parties are free to pursue any legal remedies that may be available. Any litigation between the parties arising under this Agreement or out of work performed under this Agreement shall occur, if in the state courts, in the Clackamas County Circuit Court, and if in the federal courts, in the United States District Court for the District of Oregon located in Portland, Oregon.
15. Waiver. The failure of a party to insist upon the strict performance of any of the terms of this Agreement shall not be construed as a waiver or relinquishment of such terms, but the same shall continue and remain in full force and effect. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach of this Agreement.
16. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
17. Integration. This Agreement constitutes the entire Agreement between the Parties and supersedes all prior written or oral discussions, proposals, presentations, understandings or agreements between the Parties on the subject.

18. ~~Notice.~~ Any notice under this Agreement shall be in writing and shall be effective when actually delivered or when deposited in the mail, registered or certified, addressed to the parties as follows:

Lake Oswego: Martha Bennett, City Manager
City of Lake Oswego
P.O. Box 369
Lake Oswego, OR 97034

Molalla: Dan Huff, City Manager
City of Molalla
117 N Molalla Ave
Molalla, OR 97038

IN WITNESS WHEREOF, the parties have executed this Agreement as of the last date of the signatures below.

CITY OF MOLALLA

CITY OF LAKE OSWEGO

City Manager

City Manager

Date

Date

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Molalla City Attorney

_ Lake Oswego Deputy City Attorney

EXHIBIT A

LOCOM will:

1. In compliance with LEDS/NCIC policies, verify and confirm all warrants, stolen and other “hits” by telephone and teletype on behalf of Molalla; including missing persons, stolen vehicles or license plates, firearms, articles, vehicle impounds.
2. Compose and send all time critical messages using the state and national computerized files.
3. Maintain the warrant file for Molalla ‘s municipal court.
4. Enter all missing persons, stolen vehicles or license plates, firearms and vehicle impounds. LOCOM will enter or remove articles after hours when entry or removal is a priority tied to public or officer safety and necessary for investigative purposes.
5. Modify missing persons, stolen vehicles or license plates, firearms and vehicle impounds when appropriate to ensure the data is as comprehensive as possible.
6. Upon request, enter articles when needed for priority investigative purposes and a serial number or owner applied number is known.
7. Upon request, enter emergency protection orders and temporary orders.

Molalla will:

1. Provide sworn staff for after-hours confirmation of all non-warrant entries.
2. Enter Molalla’s warrants into LEDS/NCIC. A fax copy, electronic copy or the original warrant must be received at LOCOM the same business day. If a fax or electronic copy is submitted, the original warrant must be mailed to LOCOM.
3. Maintain staff to handle entries, confirmations and routine LEDS/NCIC communication functions during business hours, for all LEDS/NCIC functions except warrants.
4. Authorize LEDS to route all after-hours communication to an appropriate LEDS mnemonic for LOCOM.

Both Parties Acknowledge:

LOCOM is able to provide this service because it is a 24-HOUR emergency communications center. LOCOM’s workload is prioritized AS LISTED BELOW to ensure the Center’s primary duties are not compromised:

- a. Priority public safety dispatching services and the handling of all emergency phone calls before any other tasks.
- b. LEDS requests requiring a ten (10) minute confirmation, and in most cases, missing person entries.

- c. Non-emergency police, fire and EMS matters and business lines.
- d. LEDS/NCIC entries: stolen vehicles, plates, firearms and vehicle impounds.

Exhibit B

Agency	Year 1	Year 2
Canby Police Department	15,800.00	17,300.00
Gladstone Police Department	3,900.00	4,200.00
Molalla Police Department	3,900.00	4,200.00
Oregon City Police Department	27,500.00	30,300.00
Sandy Police Department	9,300.00	10,200.00



CITY OF MOLALLA

Staff Report

Agenda Category: PRESENTATIONS, PROCLAMATIONS, CEREMONIES

Agenda Date: Wednesday, March 26, 2025

Submitted by: Christie Teets, City Recorder

Approved by: Dan Huff, City Manager

SUBJECT: Budget Committee Appointment - Laura Klyzek

RECOMMENDATION/RECOMMENDED MOTION:

Staff recommends appointment to Budget Committee.

Recommended motion: I move to appoint Laura Klyzek to the Budget Committee.

BACKGROUND:

The Budget Committee has three openings currently. Ms. Klyzek has submitted an application for appointment.

ATTACHMENTS:

[4 L .Klyzek - BC Appointment_Redacted.pdf](#)

City of Molalla
APPLICATION FOR APPOINTMENT

Please print or type

Must be received in City Recorder's Office
Open Position



Today's Date:
3/6/25

Please indicate which Board, Commission, or Council you are interested in serving: Lib. board & Budget Comm.

PERSONAL INFORMATION:

Name Laura Klyzek	Years of Residency in Molalla? 4
Street [REDACTED]	City/State/Zip Molalla OR 97038
E-mail address [REDACTED]	Registered Voter? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Cell / home phone [REDACTED]

EMPLOYMENT:

Current Employer Name/Address Stay at home mom		
Position	How long?	Work Phone
Work Experience I taught high school science for 13 years both in Nevada and Oregon at Clackamas High School. After leaving teaching I served in multiple positions on the board of Brief Encounters- the pregnancy and infant loss support nonprofit based in Portland (Secretary, Newsletter Editor, and Board chair), and worked as a shelver at Oak Lodge Library. In the past I have served with Americorps, provided care for elderly in their homes, and held multiple National Science Foundation internship positions.		

EDUCATION:

Years Completed 18	Degrees BA and MA in Secondary Education
Colleges University of Idaho, Moscow ID University of Nevada, Reno NV	
Certifications Secondary Science Education while teaching	

COMMUNITY INVOLVEMENT: *Attach additional pages if necessary.*

Describe volunteer activity within this or other communities My experience on the Brief Encounters board was a 7 year fully volunteer position including secretary, board chair, and newsletter editor. I volunteered in multiple other capacities including events planning, support group facilitator, phone support volunteer, record-keeping and so forth. I volunteered as a shelver at the Milwaukie library for quite some time and it was a very fulfilling experience. I also started a book drive in my daughter's memory before moving here and continued it in Molalla, last year giving over 1400 books to our local kids through Mulino and Molalla El. and Molalla Service Center. I regularly pick up trash when I walk my dog because I have pride in our town. I volunteered in my teaching positions for a variety of community service activities including helping families in need during the holidays, canned food drives, and engaging in extra trainings that would help me to better teach all kids.
Do you presently serve on a City board or committee? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Send completed application to: City Recorder's Office, City of Molalla, 117 N. Molalla Ave., Molalla OR 97038
or Fax to 503-829-3676 or e-mail recorder@cityofmolalla.org. Questions? Call 503-829-6855

If yes, which board or committee?

In 50 words or less, explain why you desire appointment to the City Council.

Moving to a smaller community came with wanting to give back and become involved. I am passionate and want to help us grow in positive ways. We can retain our best qualities as we move into our future: Helping each other, fighting for good, and being invested in our community.

List any relevant experiences, skills, or interests that have helped to prepare you for your role on the City Council.

I am well versed in working on a board and have 7 years of experience doing so in multiple positions. I am a strong communicator and excel at working toward compromise when opinions differ. I have worked with many different kinds of people in my teaching and other roles and bring organization, writing/editing skills, and creative problem-solving to these positions. I have a deep love of books and utilize our library usually once a week and love reading to my kids. This passion for our library and its future is deeply ingrained. I want to help ensure all in our community benefit from this incredibly powerful resource. I am hoping to serve on the Library Board and Budget committee because I am invested in our community and have been looking for an opportunity to help in a more official capacity.

- *Attach a resume if desired.*
- *To access the City Council Orientation Handbook, please access the following link:
<https://www.cityofmolalla.com/cityrecorder/page/councilor-roles-responsibilities-elections>*
- *The information requested herein becomes public record upon submittal. A written request to not disclose certain information may be submitted to the City Recorder's Office for consideration.*
- *This Council seat is open until filled.*

3/4/25
Date

For Office Use Only

Date Received: _____

Date Appointed: _____

Term assigned: _____

Residency confirmed: _____

Voter Registration confirmed: _____

Send completed application to: City Recorder's Office, City of Molalla, 117 N. Molalla Ave., Molalla OR 97038
or Fax to 503-829-3676 or e-mail recorder@cityofmolalla.org. Questions? Call 503-829-6855



CITY OF MOLALLA

Staff Report

Agenda Category: PRESENTATIONS, PROCLAMATIONS, CEREMONIES

Agenda Date: Wednesday, March 26, 2025

Submitted by: Christie Teets, City Recorder

Approved by: Dan Huff, City Manager

SUBJECT: Budget Committee Appointment - Amy Williams

RECOMMENDATION/RECOMMENDED MOTION:

Staff recommends appointment to Budget Committee.

Recommended motion: I move to appoint Amy Williams to the Budget Committee.

BACKGROUND:

The Budget Committee has three openings currently. Ms. Williams has submitted an application for appointment.

ATTACHMENTS:

[A. Williams - BC Appointment_Redacted.pdf](#)

Today's Date:

3/4/2025

City of Molalla
APPLICATION FOR APPOINTMENT

Please print or type

Must be received in City Recorder's Office
Open Position



Please indicate which Board, Commission, or Council you are interested in serving: Budget Committee

PERSONAL INFORMATION:

Name Amy Williams	Years of Residency in Molalla? 5
Street [REDACTED]	City/State/Zip Molalla, OR 97038
E-mail address [REDACTED]	Registered Voter? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Cell / home phone [REDACTED]

EMPLOYMENT:

Current Employer Name/Address Stay at home mom		
Position	How long?	Work Phone
Work Experience		

EDUCATION:

Years Completed BA	Degrees Human Development and Family Studies
Colleges Oregon State University	
Certifications	

COMMUNITY INVOLVEMENT: *Attach additional pages if necessary.*

Describe volunteer activity within this or other communities I have done prior volunteer activities in Oregon, I was on the board for Willamette Valley Team Penning for 2 years and helped to coach OHSF at Cascade High School.
Do you presently serve on a City board or committee? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

If yes, which board or committee?

Budget Committee

In 50 words or less, explain why you desire appointment to the City Council.

Being able to serve our community in some capacity has always been something I have wanted. I would like to serve on the budget committee to help make an impact on how Molalla allocates our financial resources. I would like to help our town remain fiscally responsible and to help Molalla find ways to grow in a sustainable way.

List any relevant experiences, skills, or interests that have helped to prepare you for your role on the City Council.

I balance a budget for our family on the regular as well as have ran a successful business for almost 10 years.

- > Attach a resume if desired.
- > To access the City Council Orientation Handbook, please access the following link:
<https://www.cityofmolalla.com/cityrecorder/page/councilor-roles-responsibilities-elections>
- > The information requested herein becomes public record upon submittal. A written request to not disclose certain information may be submitted to the City Recorder's Office for consideration.
- > This Council seat is open until filled.

I certify that this is true and correct.

Signature

Date

3/4/2025

For Office Use Only

Date Received: _____

Date Appointed: _____

Term assigned: _____

Residency confirmed: _____

Voter Registration confirmed: _____



CITY OF MOLALLA

Staff Report

Agenda Category: PUBLIC HEARINGS

Agenda Date: Wednesday, March 26, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Ordinance No. 2025-05: Efficiency Measures; Changing Accessory Dwelling Unit Approvals From a Type II To a Type I Process and Comprehensive Plan Map and Zoning Map Changes.

RECOMMENDATION/RECOMMENDED MOTION:

Conduct Public Hearing and hold First Reading of Ordinance No. 2025-05.

Recommended Motion:

1. I move the City Council conduct the first reading of ordinance 2025-05, AN ORDINANCE OF THE CITY OF MOLALLA, OREGON CHANGING ACCESSORY DWELLING UNIT APPROVALS TO A TYPE 1 PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES, by title only.
2. I move the City Council adopt ordinance 2025-02, AN ORDINANCE OF THE CITY OF MOLALLA, OREGON CHANGING ACCESSORY DWELLING UNIT APPROVALS TO A TYPE 1 PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES, by title only.

If approved by unanimous vote of the City Council:

1. I move the City Council conduct the second reading of ordinance 2025-02, AN ORDINANCE OF THE CITY OF MOLALLA, OREGON CHANGING ACCESSORY DWELLING UNIT APPROVALS TO A TYPE 1 PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES, by title only.
2. I move the City Council adopt ordinance 2025-02, AN ORDINANCE OF THE CITY OF MOLALLA, OREGON CHANGING ACCESSORY DWELLING UNIT APPROVALS TO A TYPE 1 PROCESS AND COMPREHENSIVE PLAN MAP AND ZONING MAP CHANGES, by title only.

BACKGROUND:

ORS 197.296 requires that jurisdictions consider strategies to more efficiently utilize lands within their existing urban growth boundaries prior to expanding their urban growth boundary to meet land/housing needs identified in a Housing Needs Analysis. Efficiency Measures are included as part of Molalla's Urban Growth Boundary sequential review workplan. The projected date for efficiency measures passage from our workplan is March, 2025. Our workplan scheduled efficiency measures after the conclusions of our Housing Needs Analysis (HNA), Housing Production Strategy (HPS), and Economic Opportunities Analysis (EOA). The City chose this path to have a full inventory of our land surpluses and deficits at our disposal for potential rezoning efforts as well as specific strategies we might include. Because adoption of our Housing Production Strategies document was delayed and its adoption will be concurrent with this ordinance, our strategy was to untether efficiency measures from the strategies and implementation schedule set forward in that document and focus this effort on rezoning and state law compliance.

As anticipated, the City's HNA showed that we have a substantial deficit in all residential land types and our EOA,

assuming 3/19/2025 adoption, showed a slight deficit in commercial lands, and a surplus on industrial lands. Notably, this industrial surplus does not account for the need to pursue larger sites for larger scale industrial developments cited in the EOA. It does, however, inform us of how we can approach rezoning of existing lands.

As advised by Planning Commission in the 2/5/2025 meeting and by Council in the 2/26/2025 work session, Staff has provided an efficiency measures ordinance with two main components:

1. Change ADUs to a ministerial review from a Type II review. This will cut down on permitting time and ease the application process for applicants.
2. Change comprehensive plan map and, for those properties that are also within the City Limits, zoning map designations. These rezonings aim to reduce industrial land surpluses and address residential and commercial land needs identified in the City's recently adopted Housing Needs Analysis and forthcoming Economic Opportunities Analysis. For this land rebalancing, 20 properties totaling 26.17 unconstrained acres will be rezoned from Industrial to Commercial and 14 properties totaling 44.73 unconstrained acres will be rezoned from industrial to residential. Additionally, 0.68 acres of commercial land will be rezoned to residential to match surrounding uses.

Further analysis on how these proposed rezoning efforts impact surpluses and land needs is available in Attachment A Findings of Fact.

Additionally, the City proposes to rezone properties to meet their current use to proactively resolve future zoning conflicts if those properties desire additional permitting. For these courtesy rezonings, the City proposes changing 7 properties totaling 8.61 acres from C-2 General Commercial to R-3 Medium-High Density Residential and 3 properties totaling 0.97 acres from R-2 Medium Density Residential to C-2 General Commercial to meet existing land needs. These properties include properties making up the "Prairie House Inn," currently zoned for R-2 residential, and Colima Apartments and Cascade Place apartments, currently zoned as C-2 general commercial.

Overall, resultant land balances break down as follows:

- Net change in unconstrained R-1 Low Density Residential Acres: 11.35 acres gained
- Net change in unconstrained R-2 Medium Density Residential Acres: 27.07 acres gained
- Net change in unconstrained R-3 Medium-High Density Residential Acres: 7.15 acres gained
- Net change in unconstrained C-2 General Commercial Acres: 19.15 acres gained
- Net change in unconstrained C-1 Central Commercial Acres: 2.95 acres gained
- Net change in unconstrained M-1 Light Industrial Acres: 19.15 acres lost
- Net change in unconstrained M-2 Heavy Industrial Acres: 48.52 acres lost

ATTACHMENTS:

[Attachment A - Findings of Fact for ORD05-2025](#)

[Attachment B-ORD2025-05.pdf](#)

[Exhibit A - Subject Parcels Summary of Changes](#)

[Exhibit B - Proposed Comprehensive Map Zoning](#)

[Exhibit C - Proposed Zoning Map](#)

[EXHIBIT D - Proposed Development Code Text Edits.pdf](#)

EXHIBIT A – FINDINGS OF FACT FOR ORD05-2025

Staff finds the following provisions of Molalla Municipal Code to be applicable to a zoning and comprehensive map change:

MMC 17-4.6.030 Annexation & Zone Change Approval Criteria

Planning Commission review and recommendation, and City Council approval, of an ordinance amending the Zoning Map, Development Code, or Comprehensive Plan shall be based on all of the following criteria:

(A) If the proposal involves an amendment to the Comprehensive Plan, the amendment must be consistent with the Statewide Planning Goals and relevant Oregon Administrative Rules;

Findings:

The proposal does amend the Comprehensive Plan by amending the Comprehensive Plan Map and it also amends the zoning map and development code.

Applicable Statewide Planning Goals are:

Goal 1: Citizen Participation;
Goal 2: Land Use Planning;
Goal 9: Economic Development;
Goal 10: Housing;
Goal 14: Urbanization.

Findings for Goal 1: Citizen Participation

Prior to the March 26th City Council Hearing, Staff complied with all relevant notification requirements and held a discussion with the Molalla Planning Commission.

1. Staff held a discussion of the proposed ordinance with the Molalla Planning Commission on February 5, 2025.
2. Staff provided courtesy notices to potentially affected properties on February 13th to ensure they arrived in advance of the February 26th Council work session. These letters advised owners of proposed zoning changes and opportunities to learn more and provide feedback. Staff received several calls from property owners, many of whom just wanted clarification on what was happening. Notably, Staff received substantial owner feedback from property owners near Commercial PKWY that changing zoning in these areas to residential was not desirable. This feedback led to Staff to recommend the removal of that area from consideration. Council agreed and those areas were removed from the final proposal.

3. 35-day notice to DLCD through the PAPA is required prior to the scheduled hearing. Staff Notified DLCD through their Post-acknowledgement plan amendments (PAPA) portal on February 20th, 2025, missing this requirement by one day.
4. Measure 56 notice was mailed to all parties affected by the rezoning on March 4th, 2025 exceeding the required 20 day deadline per ORS 227.186.
5. Newspaper notice was published on March 5, 2025 exceeding the 10-day requirement for Type IV decisions per MMC 17-4.1.050 C, 4.
6. Web notice was posted on March 3, 2025 exceeding the 10-day requirement for Type IV decisions per MMC 17-4.1.050 C, 4.
7. The ordinance and staff report were made available to the public at least 7 days prior to the March 26th hearing.

Consistency with Goal 1 is met.

Findings for Goal 2: Land Use Planning

Goal 2's headline object is: *"To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions."*

The proposed rezoning actions within this ordinance are directed based on the findings from the City's adopted Housing Needs Analysis and soon to be adopted Economic Opportunities Analysis and their respective guidance on 20-year land supply. The proposed rezonings utilize surpluses within the industrial zones to meet commercial and residential land needs with remaining land balances to be addressed in a forthcoming Urban Growth Boundary Amendment.

The proposed change of Accessory Dwelling Units approvals from a Type II to a Type I process is advised in our forthcoming Housing Production Strategies document, and the strategies within have already been vetted by Council and the public through public meetings and hearings.

Consistency with Goal 2 is met.

Findings for Goal 9: Economic Development

Findings for Goal 10: Housing

Because surplus industrial lands are proposed for rezoning for both commercial and residential land categories Staff chooses to evaluate these two goals together to holistically account for resulting land balances. Areas selected for rezoning were either found to be either vacant or

partially vacant in the City’s Employment Buildable Lands Inventory. Adjacent, non-conforming, developed parcels that were sandwiched between properties selected for rezoning were also selected for rezoning.

Goal 9 requires that jurisdictions “provide at least an adequate supply of site of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses.” The City’s forthcoming Economic Opportunities Analysis shows that Molalla has a deficit of 15 acres of commercial land. Conversely, it showed that the City has a 97 acre surplus of industrial lands. Figure 7.8 from the forthcoming EOA further shows that the industrial surplus is particularly in smaller industrial sites between 0-4.9 acres with a surplus of 19 sites between 0-1 unconstrained acres and a surplus of 21 sites for parcels between 1-4.9 unconstrained acres.

The City’s proposed zone changes add 19.15 acres of unconstrained land to C-2 General Commercial lands and 2.95 acres of unconstrained land to C-1 Central Commercial. From the surplus vacant industrial sites, 16.84 acres of C-2 zoned land and all 2.95 acres of C-1 land are vacant or partially vacant.

Table 1: Balancing of Employment Lands Sites

	Commercial		Industrial	
Acreage	Needed Sites	Added Sites	Surplus Sites	Converted to Commercial
0-0.9 ac	6	7	19	8
1-4.9 ac	5	2	21	2
5-9.9 ac	2	1	(-2)	1

While this proposal does remove one larger site from industrial lands in an area of need (5-9.9 acres), the subject parcel was notably on the smaller side with only 5.75 developable acres and is also situated along OR-213, making commercial development more consistent with the Molalla Comprehensive Plan.

The City’s 2023 adopted Housing Needs Analysis and Buildable Lands Inventory found deficits for all housing density types within Molalla’s existing urban growth boundary and an overall deficit of 1,576 units within the 2022-2042 20-year planning period that cannot be accounted for by the City’s existing available residential lands within the urban growth boundary. The proposed rezonings to residential draw on the surpluses of industrial lands to alleviate some of these deficits. The proposed rezonings would add 45.41 unconstrained acres of residential land, 43.57 of which are considered vacant or partially vacant. Further broken down, the rezonings would add:

- 7.15 new acres of R-3 zoned land, which can be developed at 8-24 units per acre.
- 27.07 new acres of R-2 zoned land, which can be developed at 6-12 units per acre.
- 11.35 new acres of R-1 zoned land, 9.51 ac of which are vacant or partially vacant, which can be developed at 4-8 units per acre.

All proposed residential land would be converted from existing industrial land, with the exception of two parcels totaling 0.68 ac from commercial zoning and rezones to R-3 to match surrounding high residential land uses. Table 2 shows the resultant balance of industrial lands once the residential lands are rezoned, continued from Table 1:

Table 2: Balancing of Residential Lands Sites

	Industrial	
Acreage	Surplus Sites	Converted to Residential
0-0.9 ac	12	0
1-4.9 ac	19	10
5-9.9 ac	(-3)	1

Once again, this proposal takes another 5-9 ac parcel from the industrial inventory, creating the need for larger industrial parcels. This parcel was selected because it was contiguous with other parcels selected for rezoning to residential. As this project is part of the City’s sequential review workplan for an urban growth boundary amendment, the City anticipates accommodating for lost needed industrial sites during the expansion process.

The City’s Housing needs analysis anticipated 1,098 low density units, 499 medium density units, and 399 high density units within the 20-year planning period. When accounting for the 287 multifamily units completed in Molalla since 2022, the proposed rezonings would bridge the gap on needed available R-3 land. Land would still be needed to accommodate outstanding R-1 and R-2 housing needs, to be accounted for through the urban growth boundary amendment.

Through this amendment, the City also proposes changing the approval process for accessory dwelling units (ADU) from a Type II “Administrative Review With Notice” process to a Type I “Staff Review and Zoning Checklist” process. This is consistent with OR House Bill 2001’s allowance of ADUs by right on properties that can accommodate a single family dwelling unit. Additionally, the City’s forthcoming Housing Production Strategies (HPS) document shows a substantial need for more affordable housing types and removing administrative red tape around ADUs is a step in making them more viable for development. These units, if developed more widespread, could account for some of the gap in available housing for 80% of the AMI and below, as identified in the HPS.

Findings for Goal 14: Urbanization

This ordinance is a component of Molalla’s sequential review workplan for an urban growth boundary amendment. Rezoning existing surplus lands within the City’s existing urban growth boundary will reduce the land need findings for the ultimate urban growth boundary expansion. The city has addressed a portion of the housing need and commercial land need through this ordinance.

(B) The proposal must be consistent with the Comprehensive Plan (the Comprehensive Plan may be amended concurrently with proposed changes in zoning);

Findings:

The proposal amends the Comprehensive Plan Map concurrently with zoning map changes. Molalla Comprehensive Plan Goals 1, 2, 9, 10, and 14 are discussed under Statewide Planning Goal Findings. Specific to our Comprehensive Plan, the proposed rezonings provide greater alignment with the following policies:

Commercial Development Policy 1:

The City shall designate and adequate supply of suitable sites for commercial use within the Molalla UGB.

Findings: Per the forthcoming EOA, the proposed rezonings move the city closer to its commercial land supply targets for parcels between 1-9.9 acres.

Commercial Development Policy 9:

Major commercial activities shall be concentrated in areas receiving a high volume of traffic in order to minimize auto use. Commercial land shall be designated in a manner which locates high volume trade activities near major roads, groups a variety of medical facilities and services together, preferably near hospitals, and groups professional and governmental facilities near the downtown area and other major commercial locations.

Findings: Proposed rezoning to commercial occurs along OR-213 and OR-211 and in high volume areas. The proposed rezonings bring the subject parcels to be changed to commercial into greater conformity with this policy.

Industrial Policy 1:

The City shall establish and maintain a competitive short-term and long-term supply of employment land, in readily developable sites.

Findings: The City's proposed rezoning efforts from industrial primarily draw from surpluses in industrial parcels between 0-4.9 acres. Two parcels of 5 acres or more are proposed for a rezoning. The City retains two parcels between 5-9.9 acres, leaving a short-term supply. The City anticipates rejuvenating the long term deficit for industrial parcels of this size through a forthcoming urban growth boundary amendment.

Housing Policy 5:

As set forth in the City's Housing Needs Analysis, a variety of housing types shall be encouraged throughout the planning area for households of all incomes levels, ages and living patterns. Such housing should include but not be limited to:

5.1. large and small lot single-family residences;

- 5.2. accessory dwellings;
- 5.3. duplexes, triplexes & quadplexes;
- 5.4. multiple-family housing (including for-rent apartments and for-sale condominiums);
- 5.5. attached single-family residences; and
- 5.6. manufactured dwellings in parks and on individual lots.

Findings: The proposed change for Accessory Dwelling Unit approvals from Type II to Type I encourages this type of housing development and is consistent with this policy.

(C) The City Council must find the proposal to be in the public interest with regard to community conditions; the proposal either responds to changes in the community, or it corrects a mistake or inconsistency in the subject plan or code;

Findings:

This proposal responds to a change in community conditions. Findings from the City's Housing Needs Analysis showed that as of 2022 the City had developed the vast majority of its residential land and has a shortage of over 1500 units in its 20-year land supply. Likewise, our economic opportunities analysis showed 20-year shortages in commercial lands and substantial surpluses of smaller industrial parcels. The proposed changes to the Comprehensive Plan and zoning map help balance those surpluses towards areas where the City has shortages.

For changing accessory dwelling unit approvals from Type II to Type I, policy 5 from our Goal 10 comprehensive plan policies advise that this housing type should be encouraged. As the process for approvals is not discretionary and ADUs are allowed by right by state law on any property where a single-family dwelling unit is built, reducing the processing burden for applications is only appropriate.

This criterion is met.

(D) The amendment must conform to Section 17-4.6.050 Transportation Planning Rule Compliance

Findings:

Molalla's Transportation Systems Plan has already considered the proposed areas as urbanized and none of the proposed changes to the comprehensive plan map or zoning map meet the "significance" thresholds of (OAR) 660-012-0060. Staff determines that no significant impact on the City's transportation systems will result from the proposed ordinance and that no further analysis is required. This criterion is met.



ORDINANCE NO. 2025-05

AN ORDINANCE OF THE CITY OF MOLALLA, OREGON.

Efficiency Measures; Changing Accessory Dwelling Unit Approvals From A Type II To A Type I Process and Comprehensive Plan Map and Zoning Map Changes.

WHEREAS, ORS 197.296 requires that jurisdictions consider strategies to more efficiently utilize lands within their existing urban growth boundaries prior to expanding their urban growth boundary

WHEREAS, OR House Bill 2001 allows an accessory dwelling unit by right on any property that has an existing single family dwelling

WHEREAS, Molalla's sequential review workplan for its urban growth boundary requires that the City adopt efficiency measures by March of 2025

WHEREAS, The City's Housing Needs analysis and Economic Opportunities Analysis identified areas of surplus of industrial land and deficits in commercial and residential lands in the City's existing land supply

WHEREAS, The City's forthcoming Housing Production Strategy identified changing accessory dwelling unit approvals to a Type I procedure as a priority

Now, Therefore, the City of Molalla ordains:

- Section 1.** To amend the Comprehensive Plan Map zoning in accordance with Exhibits A and B attached hereto and incorporated herein by reference. And to adopt the findings in the staff report applicable to the Comprehensive Plan Map amendment.
- Section 2:** To amend the Zoning Map in accordance with Exhibits A and C attached hereto and incorporated herein by reference. And to adopt the findings in the staff report applicable to the Zoning Map amendment.
- Section 3:** To amend the Molalla Development Code in accordance with Exhibit D attached hereto and incorporated herein by reference. And to adopt the findings in the staff report applicable to the Development Code amendment.

Section 4. Effective Date. This Ordinance shall take effect 30 days after adoption and approval by the mayor.

The First Reading was held on _____, and moved to a Second Reading by _____ vote of the City Council.

The Second Reading was held on _____ and adopted by the City Council on _____.

Signed this ____ day of _____ 2025.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC
City Recorder

Exhibit A: ORD05-2025 Subject Parcels

Property Address	Taxlot Number	Current Plan Zone	Proposed Plan Zone	Current Zoning	Proposed Zoning	Acreage	Constrained Acres	Buildable Acres	Vacant/Partially Vacant	Notes
12786 S TOLIVER RD	52E07A 00600	M-1 Light Industrial	C-2 General Commercial	M-1 Light Industrial	C-2 General Commercial	8.86	3.11	5.75	Y	
No Address	52E07A 00710	M-1 Light Industrial	C-2 General Commercial	M-1 Light Industrial	C-2 General Commercial	4.56	1.52	3.04	Y	
31302 S HWY 213	52E07A 02300	M-1 Light Industrial	C-2 General Commercial	M-1 Light Industrial	C-2 General Commercial	1.24	0.3	0.94	N	
1254 W MAIN ST	52E07D 00300	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	1.03		1.03	Y	
1260 W MAIN ST	52E07D 00200	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	2.17		2.17	Y	
1424 W MAIN ST	52E07D 01100	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.28	0.03	0.25	N	
No Address	52E07D 01200	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.43	0.02	0.41	N	
1442 W MAIN ST	52E07D 01500	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.26		0.26	Y	
No Address	52E07D 01600	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.3		0.3	N	
1436 W MAIN ST	52E07D 01400	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.17		0.17	N	
No Address	52E07D 01300	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.44	0.02	0.42	Y	
31728 S HWY 213	52E07D 02900	M-2 Heavy Industrial	C-2 General Commercial	RRFF5 - Rural Residential	N/A - Comp Plan Only	0.78	0.02	0.76	N	
No Address	52E07D 02800	M-2 Heavy Industrial	C-2 General Commercial	RRFF5 - Rural Residential	N/A - Comp Plan Only	0.6	0.06	0.54	Y	
1406 W MAIN ST	52E07D 00800	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.35		0.35	N	
1412 W MAIN ST	52E07D 00900	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.43		0.43	Y	
1418 W MAIN ST	52E07D 01000	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.35	0.01	0.34	Y	
31612 S HWY 213	52E07D 02600	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.59		0.59	Y	
1330 W MAIN ST	52E07D 00400	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.88		0.88	Y	
1360 W MAIN ST	52E07D 00500	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	0.36		0.36	Y	
12770 S CROMPTONS LN	52E07D 02400	M-2 Heavy Industrial	C-2 General Commercial	M-2 Heavy Industrial	C-2 General Commercial	1.03		1.03	Y	
12763 S CROMPTONS LN	52E07D 02401	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	0.63		0.63	Y	
No Address	52E07D 02404	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	0.05		0.05	Y	
13001 S CROMPTONS LN	52E07D 02402	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	1.14		1.14	N	Courtesy
No Address	52E07D 02300	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	0.59		0.59	N	Courtesy
200 S LEROY AVE	52E08C 04600	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	2.07		2.07	N	Courtesy
201 S LEROY AVE	52E08C 04700	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	4.68		4.68	N	Courtesy
No Address	52E08C 04601	C-2 General Commercial	R-3 Medium-High Density Residential	C-2 General Commercial	R-3 Medium-High Density Residential	0.13		0.13	N	Courtesy
13500 S LOWE RD	52E08C 03700	M-2 Heavy Industrial	R-2 Medium Density Residential	M-2 Heavy Industrial	R-2 Medium Density Residential	5.29	0.44	4.85	Y	
13355 S MOLALLA FOREST RD	52E17 00101	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	9	4.79	4.21	Y	
13275 S MOLALLA FOREST RD	52E08C 03401	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	2	0.59	1.41	N	
No Address	52E08C 03400	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	4	2.08	1.92	Y	
13225 S MOLALLA FOREST RD	52E08C 03300	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	2.75	0.86	1.89	Y	
13350 S LOWE RD	52E08C 03500	M-2 Heavy Industrial	R-2 Medium Density Residential	M-2 Heavy Industrial	R-2 Medium Density Residential	5.74		5.74	Y	
13300 S LOWE RD	52E08C 03200	M-2 Heavy Industrial	R-2 Medium Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	6.45	2.39	4.06	Y	
13353 S MOLALLA FOREST RD	52E17 00100	M-2 Heavy Industrial	R-1 Low Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	3.45	1.54	1.91	Y	
13434 S LOWE RD	52E08C 03600	M-2 Heavy Industrial	R-2 Medium Density Residential	M-2 Heavy Industrial	R-2 Medium Density Residential	4.74	0.75	3.99	Y	
13526 S LOWE RD	52E08C 03801	M-2 Heavy Industrial	R-2 Medium Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	4.5		4.5	Y	
13566 S LOWE RD	52E08C 03800	M-2 Heavy Industrial	R-2 Medium Density Residential	RRFF5 - Rural Residential	N/A - Comp Plan Only	4.15	0.8	3.35	Y	
304 W MAIN ST	52E08DD09300	M-1 Light industrial	C-1 Central Commercial	M-1 Light industrial	C-1 Central Commercial	0.45		0.45	Y	

430 HART AVE	52E08DD09401	M-1 Light industrial	Split R-3 Medium-High Density Residential and C-1 Central Commercial	M-1 Light industrial	Split R-3 Medium-High Density Residential and C-1 Central Commercial	1.49		1.49	Y	
555 SHAVER AVE	52E08DD09400	M-1 Light industrial	R-3 Medium-High Density Residential	M-1 Light industrial	R-3 Medium-High Density Residential	7.75		7.75	Y	Area north of W 3rd ST to be zoned as C-1 and area south of W 3rd ST to be zoned as R-3 Medium-High
No Address	52E09CD01407	R-2 Medium Density Residential	C-2 General Commercial	R-2 Medium Density Residential	C-2 General Commercial	0.33		0.33	N	Courtesy
No Address	52E09CD01408	R-2 Medium Density Residential	C-2 General Commercial	R-2 Medium Density Residential	C-2 General Commercial	0.34		0.34	N	Courtesy
524 E MAIN ST	52E09CD01406	R-2 Medium Density Residential	C-2 General Commercial	R-2 Medium Density Residential	C-2 General Commercial	0.3		0.3	N	Courtesy

Exhibit B - Proposed Comp Plan Map Zoning

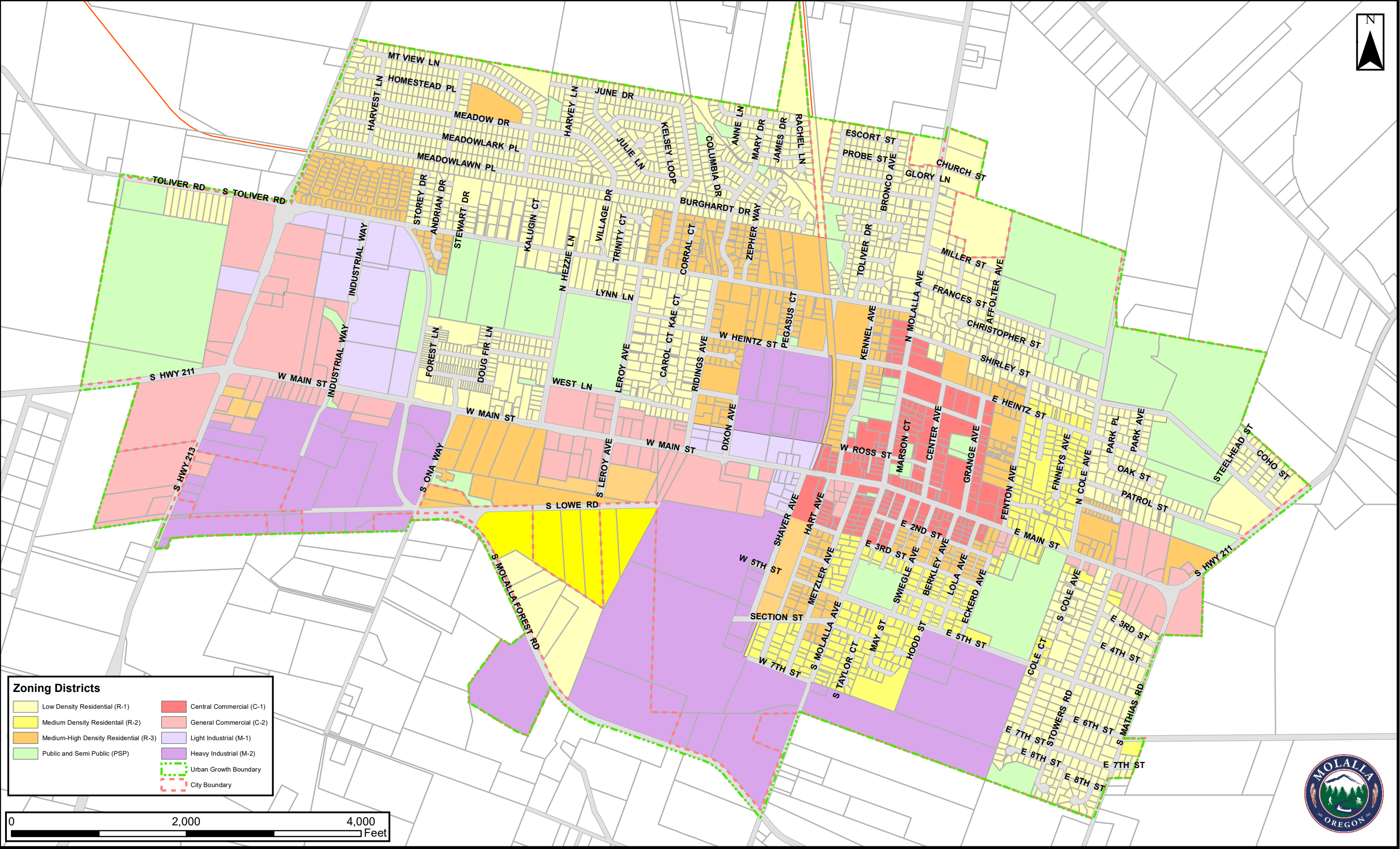


Exhibit C - Proposed Zoning Map

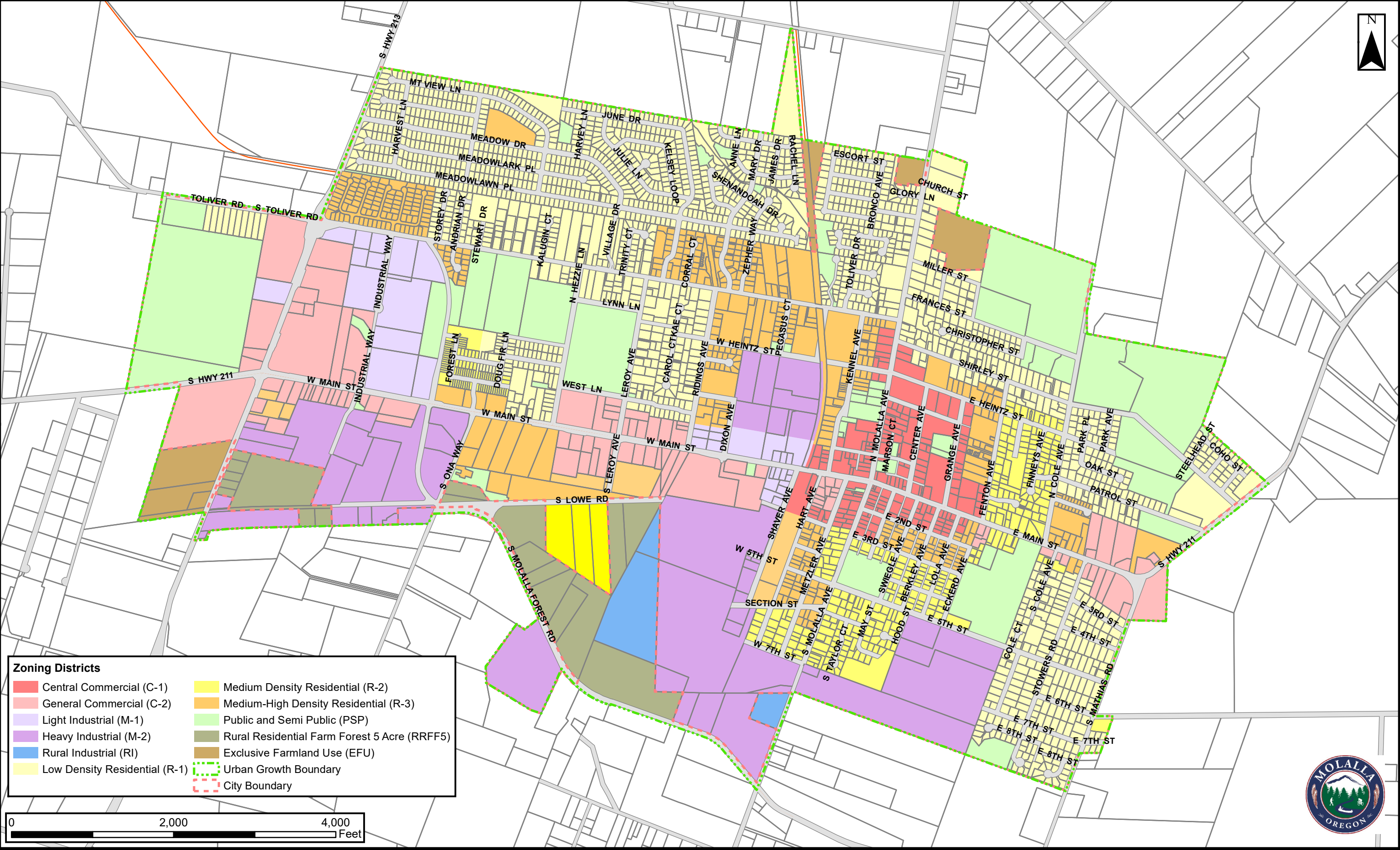


EXHIBIT C – PROPOSED DEVELOPMENT CODE AMENDMENT TEXT EDITS

Existing Language – Black

Proposed Revisions - Red

Proposed Removals – Red Strikethrough

Molalla Municipal Code Section 17-2.3.160 Accessory Dwellings.

Accessory dwellings are subject to review and approval through a ~~Type II~~ Type I procedure, pursuant to Section ~~17-4.1.030~~ 17-4.1.020, and shall conform to all of the following standards:

- A. One Unit. A maximum of one accessory dwelling unit is allowed per legal lot.
- B. Floor Area. An accessory dwelling unit shall not exceed 800 square feet of floor area, or 40 percent of the primary dwelling unit's floor area, whichever is smaller. The unit may be a detached cottage, a unit attached to a dwelling, or in a portion of an existing dwelling. The floor area of any garage associated with the primary dwelling is not included in the calculation of maximum floor area.
- C. Building Design. The accessory dwelling shall comply with applicable Oregon Structural Specialty Code requirements.
- D. Building Height. The height of an accessory dwelling shall not exceed the height of the primary dwelling.



CITY OF MOLALLA

Staff Report

Agenda Category: ORDINANCES AND RESOLUTIONS

Agenda Date: Wednesday, March 26, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Resolution No. 2025-05: Adopting the Housing Production Strategy

RECOMMENDATION/RECOMMENDED MOTION:

Recommended motion: I move the City Council adopt Resolution NO. 2025-05, A RESOLUTION OF THE CITY OF MOLALLA ADOPTING THE 2025 HOUSING PRODUCTION STRATEGY, by title only.

BACKGROUND:

In April 2023, Emerio Design provided a final draft of the HNA and BLI to City Staff for review, which was adopted in July 2023. It assesses the City's current housing supply and projects the City's housing needs over the 20 year period from 2022-2042 in accordance with Portland State University population estimates.

In 2024, Molalla received grant funding from DLCD to support 3J Consulting's to complete a Housing Production Strategy (HPS), to bring the City into compliance with HB 2003 and OAR 660. Oregon Statewide Planning Goal 10, administrated through ORS 660-048-0050, Oregon cities and Counties requires that jurisdictions adopt a Housing Production Strategy (HPS) that utilizes data from the 2022 Molalla Housing Needs Analysis (HNA) and explores diverse options for how the city will promote development to meet the housing need identified in the HNA.

Notably, as the City works towards its first expansion of its Urban Growth Boundary in nearly forty years, the HNA will serve as the core housing component of the City's workplan informing the expansion of the Urban Growth Boundary. Additional forthcoming workplan components prior to undertaking work on the expansion itself include an economic opportunities analysis and associated BLI and efficiency measures based on this Housing Production Strategies document. Efficiency measures may include efforts such as rezoning existing land and development code ordinances.

With HPS adoption, the City will have completed a major component for its Urban Growth Boundary Sequential Review Workplan. Additional forthcoming workplan components include completion of the economic opportunities analysis, passing efficiency measures, and determining the Urban Growth Boundary study area and potential expansion areas.

Notice Posted in Molalla Pioneer 3/05/2025

Posted for public review 3/19/2025

ATTACHMENTS:

[Attachment A: Resolution 2025-05.docx](#)

[Exhibit A - Housing Production Strategy](#)



RESOLUTION NO. 2025-05

A RESOLUTION OF THE CITY OF MOLALLA, OREGON
ADOPTING THE 2025 HOUSING PRODUCTION STRATEGY

WHEREAS, Oregon Statewide Planning Goal 10, administrated through ORS 660-048-0050, Oregon cities and Counties requires that jurisdictions adopt a Housing Production Strategy (HPS) that utilizes data from the 2022 Molalla Housing Needs Analysis (HNA) and explores diverse options for how the city will promote development to meet the housing need identified in the HNA; and

WHEREAS, The City does not have a current adopted housing production strategy that is responsive to the city's current housing conditions; and

WHEREAS, The City adopted a workplan for sequential review of its Urban Growth Boundary, including a housing production strategy; and

WHEREAS, The City secured grant funding through DLCD and hired consultant "3J Consulting" to complete its housing production strategy.

Now, therefore, the City of Molalla does resolve as follows:

Section 1. Findings related to the Housing Production Strategy attached as Exhibit, are incorporated herein by reference, and adopted.

Section 2. Effective Date. This Resolution shall be effective upon adoption.

Signed this 26th day of March 2025.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC
City Recorder



Molalla Housing Production Strategy

March 2025 DRAFT

Acknowledgements

This work relied on funding through the Department of Land Conservation and Development (DLCD) Grant Program.

Molalla City Council

Scott Keyser, Mayor
Jody Newland, Council President
Leota Childress
Terry Shankle
Eric Vermillion
RaeLynn Botsford

Molalla Planning Commission

Doug Eaglebear, Chair
Connie Sharp
Clint Ancell
Martin Ornelas
David Potts
Brady Rickey

Project Advisory Committee

Clint Ancell, Project Manager Aldercrest Development.
Jeffrey Bivens, Director of Development Cold Harbor, LLC
Rae Botsford, Molalla City Council
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Daniel Haun, Habitat for Humanity
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Executive Summary

As required by state law (OAR 660-048-0050), this Housing Production Strategy (HPS) for the City of Molalla utilizes data from the 2023 Molalla Housing Needs Analysis (HNA) and explores diverse options for how the city will promote development to meet the housing need identified in the HNA.

The strategies aim to enhance housing affordability, improve access and choice, minimize displacement, and promote housing stability in Molalla. They reflect collaboration with the community through stakeholder interviews, public and technical committees, public meetings, and surveys conducted from 2023-2024. The process involved a thorough review of the city's policies, past actions, and future housing needs, alongside an analysis of populations at risk of marginalization within the current housing landscape.

This document contains the following five (5) sections:

1. **Molalla's Housing Need:** The findings of the 2022 HNA included the following:
 - Forecasted population for Molalla in 2042 is 15,660, which is an increase of 5,432 people. That translates to 1,996 net new dwelling units based on an assumed vacancy rate of 4% and 2.83 persons per household.
 - Future demand anticipates a greater share of medium and high-density housing compared to the current inventory:



Single-unit detached homes:
including manufactured homes
55% or 1,143 units



Medium density housing:
townhouses and plexes
25% or 519 units)



High density housing:
multi-unit apartments
20% or 415 units

Some segments of the population are particularly vulnerable to increasing housing costs and may have special housing needs. The HPS includes actions that work together to achieve equitable outcomes for all residents of Molalla, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.

The Contextualized Housing Need Memo (Appendix A) highlights:

- 7% of Molalla is living at or below the poverty line, suggesting economic challenges for a substantial number of residents.
- 46% of rental-occupied housing is considered affordable, with households paying less than 30% of income in rent.
- 24% of Molalla identifies as a minority, with 16% identifying as Hispanic or Latino, and homeownership rates are lower for many minority groups compared households overall.
- 16% of Molalla's population is living with a disability, which is higher than county and national averages.

- 410 people were experiencing houselessness in Clackamas County during 2023 Point-in-time counts.
2. **Community Engagement:** Project input helped to shape the strategies in this HPS and included collaboration with Department of Land Conservation and Development (DLCD) staff, Molalla Planning Commission, City Council, County staff, project advisory committee formed with local agencies, faith-based organizations, developers, and advocacy groups, along with one-on-one interviews with both housing producers and housing consumers, online surveys, and public meetings.
 3. **Actions to Meet Future Needs:** These strategies reflect six distinct categories, as established by DLCD guidance documents:¹
 - Zoning and Code Changes
 - Reduce Regulatory Impediments
 - Financial Incentives
 - Tax Exemption and Abatement
 - Land Acquisition, Lease, and Partnerships
 - Custom Options

Discussion of each action includes a description of and approach for the action, implementation considerations, timeline, an estimate of magnitude action's impact, and some suggestions for measuring progress on implementation.

4. **Achieving Fair and Equitable Housing Outcomes:** The actions included in the HPS are evaluated in terms of their impacts on:
 - Location of Housing
 - Fair Housing and Housing Choice
 - Housing Options for Residents Experiencing Homelessness
 - Affordable Homeownership and Affordable Rental Housing
 - Gentrification, Displacement, and Housing Stability

Of the fourteen (14) actions included in the HPS:

- 8 may have a high impact on development of market-rate housing.
- 9 may have a high impact on development of workforce-housing.
- 5 may have a high impact on development of single unit detached housing.
- 6 may have a medium to high impact on development of income-restricted affordable housing.

5. Additional Recommendations

Community feedback highlighted opportunities to enhance engagement efforts and better connect with Molalla's diverse population to ensure future housing-related outreach is inclusive and effective.

Appendix A: Contextualized Housing Needs Memo

Appendix B: Glossary of key terms

Appendix C: Existing Housing Policies

¹ OAR 660-008-0050 Attachment B

I. Introduction

Oregon Legislature passed House Bill 2003 (2019) to help communities find ways to meet their housing needs. This law requires cities to study their housing needs and develop actions to promote housing production. Cities in Oregon must update their Housing Capacity Analysis (HCA), formerly referred to as a Housing Needs Analysis (HNA), every six years if they are within the Portland Metro Boundary or every eight years if they are outside it. Each city must also adopt a Housing Production Strategy (HPS) within one year of completing their HCA. The HPS outlines actions, such as regulatory changes or financial incentives, to encourage the development of necessary housing types.

An HCA determines if cities have enough land to meet projected housing needs for the next 20 years. If there is a shortfall, cities must amend their Urban Growth Boundary (UGB), allow more housing within the existing UGB, or both. Cities with populations over 2,500 must plan for various housing types, including multi-unit housing, manufactured homes, and government-assisted units, collectively known as "needed housing."

An HPS includes specific plans and policies to address housing needs identified in the HCA, with a timeline for implementation. The Department of Land Conservation and Development (DLCD) reviews and approves each HPS. Cities must evaluate their HPS progress every three or four years based on their HCA schedule. In 2020, DLCD developed rules to help cities comply with HB 2003, defining necessary components for an HPS report and criteria for cities that fail to meet their housing needs.

The City of Molalla, situated in Clackamas County, Oregon, is poised for significant growth and development. To proactively address the city's evolving housing needs, the HPS aims to guide Molalla in achieving a balanced, sustainable, and equitable housing market that supports economic vitality and community well-being. Prior to this work, the city engaged in other housing planning efforts to address concerns of access, quality, and affordability.

In 2023, the Molalla HNA and Buildable Lands Inventory (BLI) reviewed the 20-year growth projections compared to available residential buildable land inside the UGB and found a deficit. A Sequential UGB process was approved, setting the stage for a potential UGB expansion. Building on this progress, the HPS reviewed current conditions in Molalla to inform strategic policies aimed at achieving equitable outcomes for all residents, with an emphasis on improving conditions for underserved communities.

A list of relevant current housing policies can be found in Appendix C.

II. Molalla's Housing Needs

Housing Needs Analysis

The population forecast for 2042 shows Molalla's population will reach 15,660, marking an increase of 5,432 residents. This population growth necessitates the addition of approximately 1,996 dwelling units. An inventory of the city's buildable land for housing found an insufficient supply of land to accommodate the housing need, so the city initiated a Goal 14 UGB expansion.

Expectations for future housing demand in Molalla have shifted towards a greater share of medium and high-density housing compared to the current inventory. Single-family detached homes, including manufactured homes, will continue to play a significant role, comprising 55% of the new housing units, which translate to about 1,143 units, reflecting their enduring appeal to homeowners.

Future demand anticipates a greater share of medium and high-density housing compared to the current inventory:

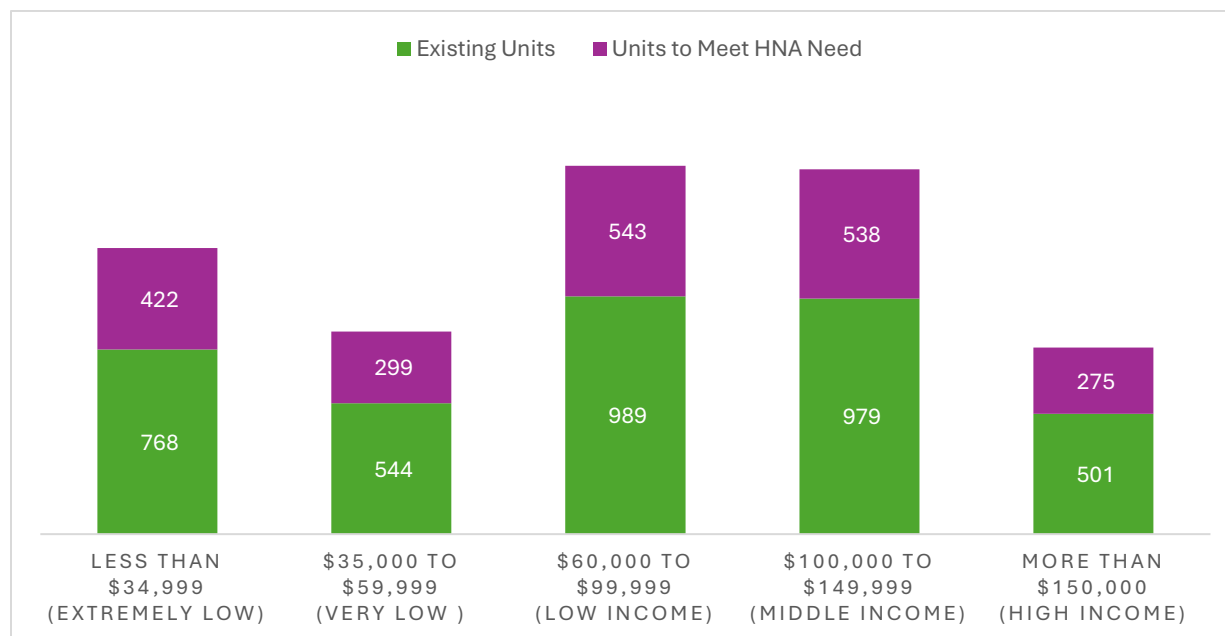
- Single unit detached homes (including manufactured homes): 55% (1,098 units)
- Medium density housing (townhouses, plexes): 25% (499 units)
- High density housing (multi-unit apartments): 20% (399 units)

Recognizing and addressing these trends is crucial to understanding the potential impact on housing costs and ensuring that Molalla can accommodate its diverse and expanding population in a way that is affordable to people at all income levels.

The Department of Housing and Urban Development (HUD) determines income eligibility for assisted housing programs using Median Family Income (MFI)/Area Median Income(AMI) estimates by metropolitan area. Molalla is part of the Portland-Vancouver-Hillsboro MSA and the MFI/AMI for a family of four in 2023 was set at \$114,400.

Figure 1 below shows existing housing units by income bracket and allocates the 1,996 units of needed housing discussed above across those same income brackets based on the assumption that existing ratios will hold.

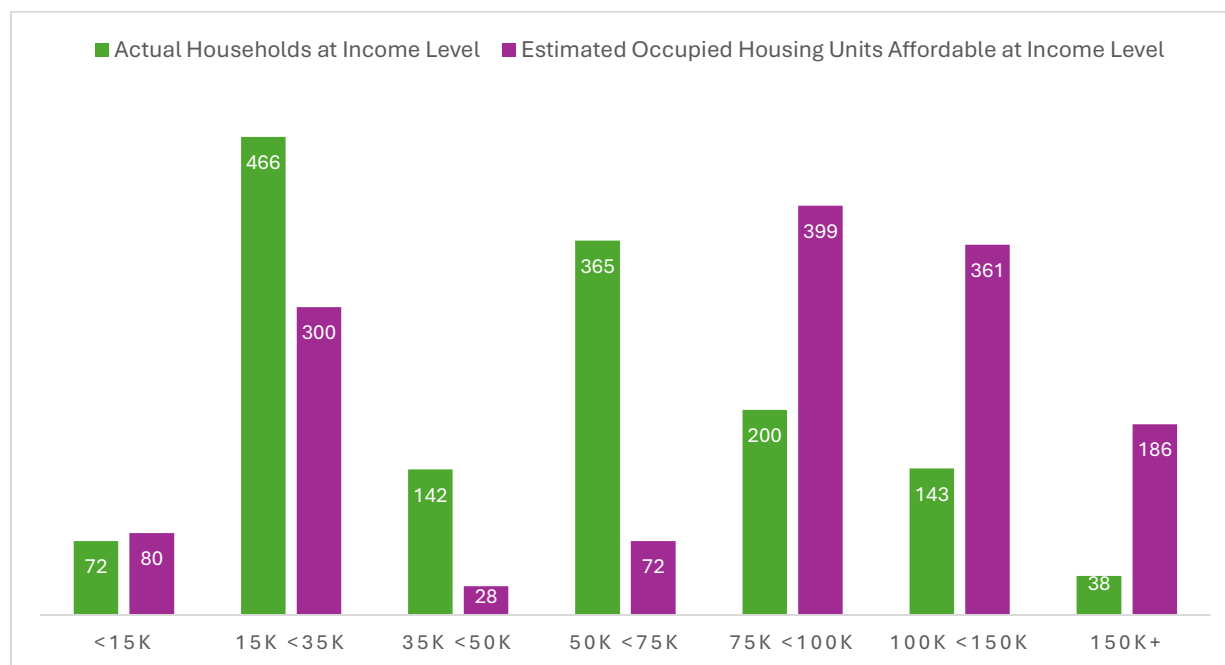
Figure 1: Molalla Housing Units by Income Bracket



Source: Calculations based on ACS 2022 (5-year estimates) in Table B19001 in 2022 Inflation Adjusted Dollars for the City of Molalla with approximate correlation to the 2023 MFI(AMI) for the Portland-Vancouver-Hillsboro Region. New housing units figures are contained in the 2022 HNA.

Molalla’s housing market includes a disconnect between the number of households existing at each income bracket and the supply of housing units with reported costs below 30% of the income for that bracket. Figure 2 illustrates the lack of supply below.

Figure 2: Comparing Rental Households Incomes with Occupied Units Affordable at Each Income Level



Source Calculations based on U.S. Census, ACS 2022 (5-year estimates) Tables B25118 Tenure by Household Income in the Past 12 Months (In 2022 Inflation Adjusted Dollars) and B25063 Gross Rent for Renter-Occupied Housing Units.

When occupied housing units reported within a specific income bracket well exceed the number of existing households in that bracket, those additional households are lower income households paying over 30%, and sometimes over 50% of their income to secure housing. Families making less than \$75,000 per year in Molalla compete in the local housing market where the supply of available housing is mostly only affordable to those making well over \$75,000 per year, as the figure above illustrates.

Contextualized Housing Need

As detailed in Appendix A, the housing needs of key demographics are considered with emphasis placed on how those needs may be met through policies recommended in the HPS. Key demographics analyzed include:

Rent Burdened Households: There is a clear need in Molalla for supporting development of affordable housing through multifaceted solutions. Market rate housing is unaffordable for members of the community in the lower income segments of the population. Renters are at a higher risk of housing insecurity and may be more susceptible to eviction or homelessness if their financial situation worsens.

Molalla has a total of 3,781 occupied housing units, with about 12% (approximately 461 units) occupied by households earning less than \$20,000 annually, indicating significant economic hardship compared to Clackamas County's 6%. Additionally, 7.0% of Molalla's population lives near or below the poverty line.

Out of 2,355 owner-occupied housing units, 24% of homeowners spend 30% or more of their monthly income on housing costs, slightly lower than the county's 26%, yet still indicative of financial strain and housing vulnerability.

Among the 1,426 renter-occupied units, 49% of renters spend 30% or more of their income on housing, compared to 54% in Clackamas County. Additionally, 20% of Molalla renters are severely cost burdened, meaning they are paying more than 50% of their income in rent. This highlights a substantial affordability issue that affects the ability of some households in Molalla to meet their essential needs.

People of Color: The Molalla housing market reflects broader national trends where economic hardship and racial disparities intersect, particularly in the access to housing stability and generational wealth. Homeownership rates in Molalla reveal disparities for some racial and ethnic groups. Of the total 3,578 occupied housing units 65% are owner occupied and 35% are renter occupied. African American households, have a high homeownership rate of 90% and represent 0.28% of occupied housing and 0.39% of owner-occupied housing.

American Indian/Alaska Native households have a 46% homeownership rate, and Asian households have a 71% rate. Native Hawaiian/Pacific Islander households exclusively rent. Hispanic/Latino households, comprising 10% of Molalla's population, have a 48% homeownership rate. While small sample sizes are subject to high margin of error, it is important to continue to monitor the relationship between race and access to homeownership as Molalla continues to grow.

People Living with a Disability: One in six residents in Molalla lives with a disability. Disabilities that may be relevant to housing needs and housing choice include ambulatory difficulties (challenges with walking or moving around safely), cognitive difficulties (issues with memory, problem-solving, or concentration), and vision or hearing difficulties (ranging from partial to total hearing/vision loss). About 16% of the Molalla population reports experiencing a disability, compared to 13% in Clackamas County.² This prevalence emphasizing the need for inclusive and accessible community services, infrastructure, and policies.

People Experiencing Houselessness: In 2023, Point-in-Time (PIT) reports identified 410 people experiencing houselessness in Clackamas County. The 2022-2023 McKinney-Vento Report for Molalla River School District noted 42 children living doubled-up with other families. These findings highlight the need for more emergency shelters, transitional housing, and support services in Clackamas County, as well as collaborative efforts among local authorities and community partners to address houselessness effectively.

² Catholic Charities rehabilitated Molalla Gardens, a NOAH financed development built in 1973 and expanded it to 47 total homes across 6 buildings with units set aside for seniors and those fleeing domestic violence as their target population. Community engagement indicated that many residents there are living with disabilities.

III. Community Engagement

Over the course of two rounds of community engagement, the city conducted online surveys, public meetings, stakeholder interviews, and convened a Technical Advisory Committee (TAC) and a Project Advisory Committee (PAC).

Stakeholder Interview Summary

In July 2024, the city interviewed key stakeholders with experience relevant to both housing producers and consumers, such as developers, housing advocates, and consumer representatives for priority populations, including renters, low-income households, displaced households, people with disabilities, and seniors. Housing producers helped to identify barriers and opportunities to facilitate the development of more affordable housing options. Housing consumers shared their experiences attaining affordable housing and the barriers to doing so.

The following housing stakeholders participated in interviews in connection with this HPS:

- Ant Farm Youth Services
- Molalla Adult Community Center
- Green Light Development
- Plaza Los Robles Apartments
- Mt. View Property Management
- Todos Juntos

The interviews consisted of questions aimed at understanding current and future housing needs for members of the Molalla community. The question sets focused on either housing producers or consumers.

Current Housing Types	Specialized Housing Needs	Needed Housing Options
Single family detached	Seniors	Single family detached
Duplex/triplex/fourplex	People with disabilities	Accessory dwelling unit
Apartment/condominium	People with mental illnesses	Manufactured home
Multi-generational	People experiencing homelessness	Duplex/triplex/fourplex
	Lower income families	Apartment/condominium
	Single people	Aging in place
	Lower income individuals	
	People fleeing domestic violence	

Themes Heard During Stakeholder Interviews

Infrastructure Challenges:

- Lack of infrastructure and regulatory complications with state highway regulations.
- Poor city record-keeping on infrastructure improvements.
- Overworked city staff and a perceived lack of a collaborative mindset.

Regulatory and Process Barriers:

- Issues with the amount of time to gain the city's approval and permitting processes.

- Regulatory impediments such as demands for extensive studies and improvements.
- High System Development Charge (SDC) fees.

Opportunities in Zoning:

- There is flexibility in the zoning code allowing for various housing types.
- Interest in opportunities for smaller lots, greater density, and middle housing types.

City Collaboration:

- A need for improved communication and support from city leadership.
- Desire for property tax exemptions, SDC, and permit waivers to facilitate affordable housing development.

Barriers and Solutions:

- Suggestion to expand city boundaries.
- Proposals for mixed-use developments and policies to reduce evictions and keep people in their homes.

Housing Availability and Affordability:

- Difficulty in finding affordable housing that meets their needs (i.e. families, seniors, accessibility).
- Long waiting lists for affordable and senior housing.
- People living in cars due to lack of affordable options.

Specialized Housing Needs:

- Emphasis on the need for housing for seniors, people with disabilities, mental illnesses, and those experiencing homelessness.
- Lower income families and individuals fleeing domestic violence require easier and faster housing application processes.

Desired Housing Types:

- Need for more single-family detached homes, duplexes/triplexes/fourplexes, and aging-in-place accommodations.

Public Meeting

On October 14th, 2024, the City of Molalla held its second public meeting as part of the Housing Production Strategy process. Notice of the meeting was placed on the Molalla Current³, the city's Facebook page, and an email blast was sent to those subscribed to project updates. It began with a project overview, presenting key findings from the HNA and introducing the proposed housing production actions. Participants placed green or red stickers on posters displaying the actions, indicating their support or opposition. Throughout the event, attendees discussed the actions directly with city and consultant staff. Key questions raised during the event included how this process relates to UGB expansion, the status of newly constructed apartments and their rental occupancy, who is responsible for bringing affordable housing projects to the city, and how tax credit properties demonstrate accountability with income restrictions.

³ <https://current.cityofmolalla.com/>

The proposed actions appeared on six posters and organized according to their category of action type. Zoning Code Changes, Reduce Regulatory Impediments, Financial Resources, Tax Exemption, Land, Acquisitions, Lease and Partnerships, and Custom Options.

The proposed actions with the most support from meeting attendees were:

- Promote cottage cluster housing
- Create short term rental regulations
- Address impediments to home ownership
- Federal HOME Program
- Sidewalk infill and improvement grant
- Modify SDC fee schedules based on size
- Affordable housing options library of information.

An additional idea proposed by an attendee was to build more income-based properties.

Online Survey

The results of two surveys conducted in the first round of community engagement revealed the following key themes:

- Molalla residents value residential affordability and support diverse housing options within existing neighborhoods, provided these options prioritize ownership opportunities over rentals.
- Ensuring off-street parking for all housing types in new developments is a key priority.
- Many community members believe there is an overabundance of apartments and rental properties, but a shortage of affordable homeownership opportunities.
- Reserving land for future parks and schools is a top priority for most survey respondents.

The third and most recent survey received revealed that the community is cautious about growth and deeply invested in preserving its small-town character. While there is moderate satisfaction with some actions, many residents express significant concerns over the impact of high-density and affordable housing on Molalla's infrastructure and quality of life. Fears about overcrowded schools, increased traffic, and potential crime underscored a strong preference for single-family homes and senior housing options that align with Molalla's rural aesthetic.

Respondents also voiced skepticism toward government incentives for developers, favoring market-driven approaches to housing. Many feel that incentives risk prioritizing developer interests over community needs, advocating instead for policies that allowed modest, sustainable growth while preserving green spaces and farmland.

Market Factors Highlighted During Engagement

- Interest rates have increased quickly and impact on a developer's ability to secure financing.
- High construction costs limit profit margins and make some projects untenable.
- Molalla is competing with other jurisdictions within the Portland Metro Area that may be experiencing higher rates of growth and thus offer more profitable development opportunities.

How Was Input Considered?

The housing production actions outlined in this plan reflect by community engagement conducted throughout the process. Feedback from the survey, public meeting, advisory committee, and stakeholder interviews emphasized the community's priorities, concerns, and aspirations, providing valuable guidance for action development.

All policies included in the HPS were vetted by the PAC. Committee discussions included focus on several policies, namely Promote Cottage Cluster Housing, Code Revisions for Accessory Dwelling Units, Reduce or exempt System Development Charges for Needed Housing, Low Income Housing Tax Credits (LIHTC), HOME Program from HUD, Affordable Housing Options Library of Information, and Partnerships with Faith Based landowners.

Through every form of engagement, community members called for increased access to needed housing types. This influenced the emphasis on actions such as Code Revisions for ADU's, Develop Standards for Cottage Clusters, and Encourage Lower-Cost Housing Types.

IV. Actions to Meet Future Needs

This section describes the actions that Molalla is including in its HPS to help increase the overall housing supply. These strategies fall into the six categories, established in OAR 660-008-0050 Exhibit B:

- Zoning and Code Changes
- Reduce Regulatory Impediments
- Financial Incentives
- Tax Exemption and Abatement
- Land Acquisition, Lease, and Partnerships
- Custom Options

The project involved evaluating the community's interest in a wide range of actions. Table 1 below includes an overview of the strategies selected organized into the above categories. Strategies considered, but not selected for implementation at this time, appear later in the document for future consideration.

Table 1. Summary of Actions in the HPS

Zoning and Code Changes			
<i>Number</i>	<i>Action</i>	<i>What is it?</i>	<i>How does it help?</i>
1	Code Revisions for ADUs	Revising development code on ADUs: 1. To make ADU standards less restrictive, and 2. Reduce system development charges (SDCs) below the 1 EDU threshold to be commensurate with actual impact of development.	Expands affordable, flexible housing options and increases density.
2	Develop Standards for Cottage Clusters	Revising development code to add special use standards for permitted cottage cluster housing.	Increases density with multiple small homes on a single lot, offering more affordable and diverse housing options especially for seniors and people experiencing disabilities, while preserving community-oriented living and efficient land use.
3	Small Dwelling Unit Developments	Updating the Development Code to define what qualifies as a "small dwelling unit" as under 2,000 sf. Allow smaller lots than normally permitted if the proposed home fits within the definition of a small dwelling unit.	Increases the number of affordable, smaller homes that can be built on limited land, making efficient use of space and diversifying housing options.
4	Modify Requirements for Ground-floor Retail/Commercial	Allowing flexibility in areas where zoning requirements mandate ground-floor retail, such as in mixed-use zones.	Increases flexibility in development and financing, potentially reducing costs and promoting more affordable housing.
5	Regulate Short Term Rentals	Updating Development Code to manage and limit the use of housing units for short-term rentals.	Helps preserve long-term rental housing availability and affordability for residents.

Reduce Regulatory Impediments			
<i>Number</i>	<i>Action</i>	<i>What is it?</i>	<i>How does it help?</i>
6	Address Impediments to Home Ownership	<ol style="list-style-type: none"> 1. Comprehensive review of impediments to the development of homeownership opportunities. 2. Development of actionable steps to remove those impediments. 	Encourages home ownership among lower-income residents, promoting stability and equity in the housing market.
7	Remove Impediments for Conversions/Duplex parking	Reducing off-street parking requirements that increase the cost of conversions of single-family homes to duplexes or similar housing types.	Lowers development costs and makes it easier to create more housing in established neighborhoods on already developed land.
Financial Incentives			
<i>Number</i>	<i>Action</i>	<i>What is it?</i>	<i>How does it help?</i>
8	Federal Low Income Housing Tax Credit (LIHTC) Program to offset cost of building affordable housing	Take advantage of the LIHTC available to encourage private investment in affordable housing by providing investors with a dollar-for-dollar reduction in federal income tax liability in exchange for investment in qualifying new construction and rehabilitation projects.	Makes affordable housing projects financially viable and encourages private investment in affordable units.
Land Acquisition, Lease, and Partnerships			
<i>Number</i>	<i>Action</i>	<i>What is it?</i>	<i>How does it help?</i>
9	Address unmaintained “zombie” housing	Developing policies to identify neglected, vacant properties, abandoned by the homeowner during foreclosure, but not reclaimed by the bank, often in disrepair, and repurpose or redevelop for new housing.	Facilitates the conversion of unused properties into affordable housing by reducing upfront costs for developers, including non-profits, revitalizes neighborhoods and increases housing stock.
10	Land Owned by Faith-Based Organizations for Affordable Housing	Partnering with faith-based groups that have unused land, potentially for affordable housing development.	Utilizes underused land resources for community benefit and addresses local affordable housing needs.

Custom Options			
<i>Number</i>	<i>Action</i>	<i>What is it?</i>	<i>How does it help?</i>
11	Provide public improvement assistance to housing developers within the Urban Renewal Area	Providing financial assistance for infrastructure improvements, such as roads and utilities, to support housing developments in targeted areas.	Reduces development costs, encouraging housing growth in underdeveloped or strategic areas.
12	Modify SDC fee schedules based on size	Adjusting System Development Charges (SDCs) so that fees are lower for smaller, more affordable units, and higher for larger homes.	Lowers costs for compact housing units, making them more financially feasible for all builders, including non-profits.
13	Affordable Housing Options Library of Information	A publicly available resource with information on affordable housing programs, financing options, and other resources for developers and residents.	Provides residents and developers with easy access to affordable housing resources, increasing awareness and support.
14	Collaborating with Clackamas County	Partnering with Clackamas County to align resources, strategies, and programs aimed at housing policy, preventing homelessness, and supporting individuals and families currently or at-risk of experiencing homelessness.	Leverages county expertise and funding while ensuring the city plays an active role in addressing local needs.

Evaluation Criteria for Actions in the HPS

In developing the Housing Production Strategy (HPS), we evaluated each proposed action using specific criteria. While these criteria helped guide our assessment, none were used to entirely exclude an action from the future action list. The following tables summarize the evaluation criteria per action.

- **Approach:** Assesses how effectively the action addresses Molalla's unmet housing needs.
- **City Role:** Evaluates whether city staff would lead the implementation or if the city would collaborate with other organizations.
- **Potential Impact on Housing Development:** Considers the action's likely scale of impact on housing, indicating whether it would result in significant or minimal changes in the housing market.
- **Administrative Complexity:** Looks at staff time required to implement and manage the action, as well as its overall difficulty or cost of administration.
- **Tenure:** Determines whether the action primarily benefits renters, homeowners, or both.
- **Income Level Served:** Focuses on supporting households earning below 120% of the Median Family Income (MFI), aiming to assist those most likely to struggle with housing affordability.

Potential Partners

Implementing the actions in this strategy will require collaboration from key partners essential to constructing, delivering, and preserving housing units. The descriptions below outline the specific roles each partner would play in supporting these actions. Community engagement, including work sessions with PAC members, during the HPS planning process has generated new relationships and solidified existing partnerships between the city, the county, the local development community, and housing advocates. It is the city's intent to build on the momentum from the planning process to continue to serve the needs of Molalla through open collaboration and partnership.

Potential Impact

Low Impact: The action is unlikely to address the relevant housing need either because the action would not directly lead to the production of a substantial number of new housing units or types.

Medium Impact: Implementation of the action should have a moderate impact on the relevant housing need.

High impact: The action is expected to directly and efficiently address the stated housing need in Molalla.

Affordability Targets

HUD updates MFI/AMI figures annually and delineates figures by family size. MFI/AMI for a family of four in the Molalla region was increased to \$114,400 in 2023.

Extremely Low Income	Less than 30% AMI or \$34,320
Very Low Income	30% to 50% of AMI or \$34,320 to \$57,200
Low Income	50% to 80% of AMI or \$57,200 to \$91,520
Middle Income	80% to 120% of AMI or \$91,520 to \$137,280
High Income	120% of AMI or \$137,280 or more

Housing Policy Descriptions by Category

The following fourteen (14) policies are recommended for consideration in the HPS and are targeted to the housing needs that are not being currently met in Molalla. Each policy includes details by category and with anticipated impacts stated below:

Zoning and Code Reform Strategies

1. Revisions for Accessory Dwelling Units (ADUs)	
What is it?	Revising development code on ADUs: <ol style="list-style-type: none"> 1. To make ADU standards less restrictive, and 2. Reduce system development charges (SDCs) below the 1 EDU threshold to be commensurate with actual impact of development.
How does it help?	Expands affordable, flexible housing options and increases density.
Approach	Revise development code to increase allowed density.
Policy Lead	City
Potential Impact	Low to Medium Impact (most associated with SDC reduction)
Complexity	Low to High (depending on approach to new methodology)
Tenure	Renter
Affordability Target	Affordable (30-80% AMI), Workforce (80-120% AMI), Market Rate (> 120% AMI)
Long-Term Affordability Considerations	Limited, as ADUs typically do not come with affordability restrictions
Benefits/Burdens	<p>Benefits: Homeowners, particularly those attempting to age-in-place and communities of color, gain additional access to income.</p> <p>Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options and increased housing choice.</p> <p>Burdens: Neighbors may experience increased density and strain on infrastructure.</p>
City Staffing Implications	Moderate staff time for revisions and monitoring
Funding Needs	Minimal direct funding needs; administrative costs
Department	Community Development
Funding Partners	None
Implementation Partners	Developers and Homeowners
Annual Monitoring	Number of ADUs developed

2. Develop Standards for Cottage Clusters	
What is it?	Revising development code to add special use standards for permitted cottage cluster housing.
How does it help?	Increases density with multiple small homes on a single lot, offering more affordable and diverse housing options while preserving community-oriented living and efficient land use.
Approach	Revise development code to increase density
Policy Lead	City
Potential Impact	Medium to High Impact (middle housing)
Complexity	Low
Tenure	Owner/Renter
Affordability Target	Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	May include affordability terms for a set period
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Smaller benefit to people experiencing homelessness.</p> <p>Burdens: Existing homeowners may resist due to perceived changes in neighborhood character and impacts on existing infrastructure.</p>
City Staffing Implications	Moderate, due to planning and permitting
Funding Needs	Moderate, depending on incentives provided
Department	Community Development
Funding Partners	None
Implementation Partners	Developers
Annual Monitoring	Number of cottage cluster developments, units constructed

3. Small Dwelling Unit Developments	
What is it	Updating the Development Code to define a "small dwelling unit" as less than 2,000 sf and allow smaller lots than normally permitted, if the proposed home fits within the definition of a small dwelling unit.
How does it help	Increases the number of affordable, smaller homes that can be built on limited land, making efficient use of space and diversifying housing options.
Approach	Revise development code to increase density
City Role	Lead
Potential Impact	Medium to High Impact (single unit detached housing)
Complexity	Low
Tenure	Both
Affordability Target	Publicly Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	Could incorporate affordability requirements
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Smaller benefit to people experiencing homelessness.</p> <p>Burdens: Zoning changes may impact existing community dynamics by making housing development possible where it was previously not permitted.</p>
City Staffing Implications	Moderate, due to planning and zoning adjustments
Funding Needs	Low to moderate, depending on subsidies or incentives
Role	City lead
Department	Community Development
Funding Partners	None
Implementation Partners	Developers
Annual Monitoring	Number of small dwelling units developed

4. Modify Requirements for Ground-floor Retail/Commercial	
What is it?	Amend zoning requirements that mandate ground-floor retail in commercial zones to allow for more flexible mixed use development in these zones based on market demands.
How does it help?	Allows more flexibility in development, potentially reducing costs and promoting more affordable housing. Revising ground-floor commercial use requirements increases a residential project's feasibility. This can allow for a smaller portion of the ground floor for active use areas, such as community spaces or plazas, a horizontal mix of uses, and rezoning of select parcels from commercial to residential upon demonstration that rezones further affordable housing opportunities without compromising commercial growth.
Approach	Revise development code to increase housing stock by encouraging mixed use development.
Policy Lead	City
Potential Impact	Medium (multi-unit housing, middle housing)
Complexity	Low
Tenure	Rental
Affordability Target	Publicly-Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	Minimal impact on affordability
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Additional benefit to people experiencing homelessness.</p> <p>Burdens: Small business owners and workers in mixed-use areas may face fewer commercial spaces and greater strain on infrastructure.</p>
City Staffing Implications	Low to moderate, depending on scope of reassessment
Funding Needs	Minimal; potential lost revenue from reduced commercial space
Department	Community Development
Funding Partners	None
Implementation Partners	Developers
Annual Monitoring	Number of ground-floor retail/commercial spaces converted or developed

5. Regulate Short Term Rentals	
What is it?	Implementing rules to manage and limit the use of housing units for short-term rentals.
How does it help?	Help preserve long-term rental housing availability and affordability for residents.
Approach	Revise development code to limit rentals to increase permanent housing stock.
Policy Lead	City
Potential Impact	Low Impact
Complexity	Medium
Tenure	Both
Affordability Target	Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	No direct affordability impact
Benefits/Burdens	<p>Benefits: Long-term renters, including families, people living with disabilities, communities of color, and those experiencing homelessness, have greater housing availability and those interested in using their property as a short-term rental gain clarity on allowances.</p> <p>Burdens: Tourism-based workers and businesses may see reduced revenue.</p>
City Staffing Implications	Moderate, due to enforcement and monitoring
Funding Needs	Moderate, related to enforcement costs
Department	Community Development
Funding Partners	None
Implementation Partners	Homeowners
Annual Monitoring	Number of short-term rental licenses issued, or violations resolved

Reduce Regulatory Impediments

6. Address Impediments to Home Ownership	
What is it?	<ol style="list-style-type: none"> 1. Comprehensive review of impediments to the development of homeownership opportunities. 2. Development of actionable steps to remove those impediments.
How does it help?	Encourages home ownership among lower-income residents, promoting stability and equity in the housing market.
Approach	Increase affordability by removing impediments particularly with condominium development
Policy Lead	City
Potential Impact	Medium to High Impact
Complexity	Medium
Tenure	Owner
Affordability Target	Workforce (80-120% AMI) and Market Rate (> 120% AMI)
Long-Term Affordability Considerations	Could promote long-term affordability through ownership stability
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the units produced by this action are disproportionately communities of color and people living with disabilities, who would gain affordable housing options through both traditional and non-profit developers and increased housing choice. A small indirect benefit to people experiencing homelessness.</p> <p>Burdens: High costs and program complexity could burden the city if the process is slow.</p>
City Staffing Implications	Moderate to High, depending on the number of impediments identified, outreach required, and program management
Funding Needs	High, as it may require significant financial assistance programs
Department	Community Development
Funding Partners	None
Implementation Partners	Nonprofits
Annual Monitoring	Number of households assisted in overcoming homeownership barriers (e.g., down payment assistance, financing)

7. Remove Impediments for Conversions/Duplex Parking	
What is it?	Reducing off-street parking requirements that increase the cost of conversions of single-family homes to duplexes or similar housing types.
How does it help?	Lowers development costs and makes it easier to create more housing in established neighborhoods.
Approach	Increase stock to make conversions of existing homes into middle housing options more affordable by reducing the need for additional driveways or garages.
City Role	Lead
Potential Impact	Medium Impact (middle housing)
Complexity	Low
Tenure	Rental
Affordability Target	Publicly Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	May include affordability terms for new units
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Limited benefit to people experiencing homelessness.</p> <p>Burdens: Homeowners may resist changes to parking and increased strain on neighborhood infrastructure.</p>
City Staffing Implications	Moderate, for planning and regulatory adjustments
Funding Needs	Minimal direct funding; administrative costs
Department	Community Development
Funding Partners	None
Implementation Partners	Developers and Homeowners
Annual Monitoring	Number of conversions to duplexes or parking requirement adjustments made

Financial Incentives

8. Federal Low Income Housing Tax Credit (LIHTC) Program	
What is it?	Taking advantage of the LIHTC available to encourage private investment in affordable housing by providing investors with a dollar-for-dollar reduction in federal income tax liability in exchange for investment in qualifying new construction and rehabilitation projects.
How does it help?	Makes affordable housing projects financially viable and encourages private investment in affordable units.
Approach	Provide Financial Assistance by providing investors with a dollar-for-dollar reduction in federal income tax liability in exchange for investment in qualifying new construction and rehabilitation projects.
Policy Lead	City partnership working with private developers seeking federal financing
Potential Impact	Medium to High Impact
Complexity	Medium
Tenure	Rental
Affordability Target	Publicly Subsidized (< 30% AMI) and Affordable (30-80% AMI)
Long-Term Affordability Considerations	Supports long-term affordability for a fixed period
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Additional benefit to people experiencing homelessness.</p> <p>Burdens: Market-driven nature may limit broader geographic reach.</p>
City Staffing Implications	Low, as it leverages external funding
Funding Needs	High, but sourced from federal funding
Roles	Partner
Department	Community Development
Funding Partners	Federal Government
Implementation Partners	Developers
Annual Monitoring	Amount of funding allocated through LIHTC; number of affordable units built

Land, Acquisition, Lease, and Partnerships

9. Address Unmaintained “Zombie” Housing	
What is it?	Developing policies to repurpose or redevelop neglected, vacant properties, often in disrepair, for new housing.
How does it help?	Converts unused properties into affordable housing, revitalizing neighborhoods and increasing housing stock.
Approach	Increases habitable housing stock by reducing vacant housing.
Policy Lead	City
Potential Impact	Medium to High Impact (single unit detached and middle housing)
Complexity	High
Tenure	Both
Affordability Target	Publicly Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	No direct affordability impact unless program directly tied to affordability targets.
Benefits/Burdens	<p>Benefits: Safer neighborhoods and increased housing options, including homeownership for communities of color and housing built by non-profits for families and individuals experiencing homelessness, living with disabilities, and seniors.</p> <p>Burdens: High rehabilitation costs and legal challenges burden the city.</p>
City Staffing Implications	High, due to enforcement and rehabilitation management
Funding Needs	High, particularly for rehabilitation and legal processes
Department	Community Development
Funding Partners	None
Implementation Partners	Developers and Nonprofits
Annual Monitoring	Number of “zombie” homes rehabilitated or demolished

10. Land Owned by Faith-Based Organizations (FBO) for Affordable Housing

What is it?	Partnering with local faith-based groups that have surplus, unused land, which could be sold or donated for high priority housing, including affordable housing under ORS 227.500 and SB 8 (2021) and development designed for those experiencing homelessness and very low income populations
How does it help?	Utilizes underused land resources for community benefit, helping to address local affordable housing needs.
Approach	Increase stock by adding new units through future development.
Policy Lead	Partnership with faith based organizations
Potential Impact	Medium to High Impact
Complexity	Medium
Tenure	Both
Affordability Target	Very Low to Middle Income (30% to 120% of MFI)
Long-Term Affordability Considerations	Can include long-term affordability requirement
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Additional benefit to people experiencing homelessness.</p> <p>Burdens: Dependence on partnerships may delay progress.</p>
City Staffing Implications	Moderate to high, due to partnership management
Funding Needs	Low to moderate, depending on partnership agreements
Department	Community Development
Funding Partners	None
Implementation Partners	Developers and Faith-Based Organizations
Annual Monitoring	Number of projects developed on faith-based owned land

Custom Options

11. Provide public improvement assistance to housing developers within the Urban Renewal Area	
What is it?	Financial assistance for infrastructure improvements, such as roads and utilities, to support housing developments in targeted areas.
How does it help?	Reduces development costs, encouraging housing growth in underdeveloped or strategic areas.
Approach	Reduces development costs by assisting with infrastructure costs.
Policy Lead	City
Potential Impact	Medium to High Impact
Complexity	Medium
Tenure	Rental
Affordability Target	Low to Middle Income (50% to 120% of MFI)
Long-Term Affordability Considerations	Enhance affordability indirectly by supporting future development.
Benefits/Burdens	<p>Benefits: Additional units, through both traditional and nonprofit developers, increase housing choice. Groups likely to have incomes relevant to the units that may not be feasible without financial assistance are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options. Additional benefit to people experiencing homelessness.</p> <p>Burdens: Financial cost to the city.</p>
City Staffing Implications	High, due to planning and coordination
Funding Needs	High, dependent on urban renewal funding
Department	Community Development
Funding Partners	None
Implementation Partners	Developers
Annual Monitoring	Amount of public improvement funding allocated; number of projects supported

12. Modify SDC fee schedules based on size	
What is it?	Adjusting System Development Charges (SDCs) so that fees are lower for smaller, affordable units and higher for larger homes, such as a per square foot fees rather than per dwelling.
How does it help?	Lowers costs associated with affordable housing units, making them more financially accessible to builders and buyers. ⁴ Encourages smaller dwelling sizes in single and multi-family housing by not disproportionately burdening them with fees.
Approach	Reduce development costs for smaller/more affordable development
Policy Lead	City
Potential Impact	Medium to High Impact (middle housing)
Complexity	High
Tenure	Both
Affordability Target	Publicly Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	Could promote affordability for smaller units
Benefits/Burdens	<p>Benefits: Groups likely to have incomes relevant to the size of units produced by this action are disproportionately seniors, people living with disabilities, and communities of color, who would gain affordable housing options, through both traditional and non-profit developers and increased housing choice. Additional benefit to people experiencing homelessness.</p> <p>Burdens: City services may face revenue impacts, with no guarantee that buyers/renters share in the reduced costs, unless required.</p>
City Staffing Implications	Moderate, due to fee structure management
Funding Needs	Moderate, with potential revenue loss
Department	Community Development and Public Works Departments
Funding Partners	None
Implementation Partners	Developers and County
Annual Monitoring	Number of developments benefiting from modified SDC fees

⁴ “When SDC rates are both relatively high and relatively flat among different types and sizes of housing, it can increase the barriers to building smaller and lower-cost housing.” Oregon Systems Development Charges Study: Final Report, Key Findings, pg. iii.
https://www.oregon.gov/ohcs/development/Documents/Oregon%20SDC%20Study_FinalReport_121422.pdf

13. Affordable Housing Options Library of Information	
What is it?	A publicly available resource with information on affordable housing programs, financing options, and other resources for developers and residents.
How does it help?	Provides residents and developers with easy access to affordable housing resources, increasing awareness and support.
Approach	Increase information by providing resources to the community housing programs
Policy Lead	City
Potential Impact	Low to Medium Impact
Complexity	Low
Tenure	Both
Affordability Target	Publicly Subsidized (< 30% AMI) Affordable (30-80% AMI) Workforce (80-120% AMI) Market Rate (> 120% AMI)
Long-Term Affordability Considerations	Indirect impact by increasing awareness
Benefits/Burdens	<p>Benefits: Low-income families, people living with disabilities, seniors, communities of color, those experiencing homelessness, and local homeowners and developers gain better access to information on housing options, housing development, and emergency assistance programs. Translated resources would benefit non-English speakers.</p> <p>Burdens: Minimal risks to the city.</p>
City Staffing Implications	Low, primarily for content creation and updates. Clackamas County already provides a housing resource page for linking. ⁵
Funding Needs	Low, administrative costs
Department	Community Development
Funding Partners	None
Implementation Partners	Nonprofits and Housing Organizations
Annual Monitoring	Number of resources accessed; number of individuals/households assisted

⁵ Clackamas County Housing Resources Page available at <https://www.clackamas.us/guide/housing-resources>.

14. Collaborating with Clackamas County to Address Homelessness/Houselessness	
What is it?	Partnering with Clackamas County to align resources, strategies, and programs aimed at preventing homelessness and supporting individuals and families currently experiencing homelessness.
How does it help?	Leverages county expertise and funding while ensuring the city plays an active role in addressing local needs.
Approach	Increase affordability by aligning local efforts with regional goals
City Role	Partner
Potential Impact	Low to Medium Impact
Complexity	Low
Tenure	Both
Affordability Target	Publicly Subsidized (< 30% AMI) and Affordable (30-80% AMI)
Long-Term Affordability Considerations	Helps stabilize housing for vulnerable populations, reducing long-term costs associated with homelessness.
Benefits/Burdens	<p>Benefits: Low-income individuals, families, veterans, seniors, and other vulnerable populations gain access to coordinated services, housing options, and supportive programs. Protected classes disproportionately impacted by homelessness, such as people with disabilities and people of color, will benefit from targeted interventions.</p> <p>Burdens: Administrative coordination may increase workload for city staff; potential community resistance to new programs or housing developments.</p>
City Staffing Implications	Moderate, requiring staff time for coordination, participation in regional planning efforts, and monitoring program outcomes.
Funding Needs	Moderate to high, depending on the city's financial contribution to joint initiatives, but with opportunities to leverage county and state funding.
Department	Community Development Department
Funding Partners	State of Oregon
Implementation Partners	Developers and County
Annual Monitoring	Track the number of individuals transitioned to existing or new permanent housing and those referred for eviction prevention.

Implementation Considerations

This section provides an assessment of the potential limitations, risks, and funding or revenue implications associated with implementing each action. Any of these factors could influence the city's ability to adopt a particular action. Key implementation considerations for each action include:

- **Long-Term Affordability:** A primary goal for the city is to maintain affordable housing over the long term. Many incentive programs and tax exemptions require affordability for a defined period, after which units may revert to market rates. This criterion evaluates whether an action ensures long-term affordability or specifies the duration of required affordability.
- **Risk:** Implementing housing actions may involve trade-offs, potentially affecting residents, development patterns, transportation, or city revenue streams. Some actions depend on successful partnerships for effective execution. This criterion identifies potential challenges or impacts associated with each action.
- **City Staffing Implications:** The execution of HPS actions will require varying levels of staff time and capacity. This criterion considers the staff resources needed for each action, ensuring that implementation demands are feasible given the city's staffing levels.
- **Funding Implications:** Some actions will require significant or ongoing funding. Notably, actions like Urban Renewal or a future Construction Excise Tax (CET) could generate funding to support the implementation of other HPS initiatives.

Funding Sources

One of the primary challenges to implementing the HPS in Molalla is the availability of adequate funding. Financial resources are essential not only to construct new housing units, preserve existing affordable housing, and provide equitable housing access but also to support the staffing and administrative efforts required to implement the strategy. Identifying sustainable and realistic funding sources is critical for achieving Molalla's vision for affordable housing.

A successful housing program requires funding sources that are stable, flexible, and specifically dedicated to housing preservation and development. While Molalla can leverage some existing funding options, pursuing additional funding mechanisms will be necessary to fully support the HPS initiatives. Potential funding sources include:

- **Urban Renewal Area (URA):** Public improvement assistance to housing developers within the Urban Renewal Area.
- **Construction Excise Tax (CET) Revenues:** State statutes allow CET funds to be used for a range of housing-related activities, including at least 50% for developer incentives, up to 4% for administrative costs, 15% for statewide homeowner programs, and up to 35% for flexible local affordable housing programs. If Molalla establishes a CET, the city will need to create a clear plan for allocating these funds to support affordable housing development effectively.
- **Affordable Housing Trust Fund (AHTF):** Molalla could establish an AHTF to provide direct financial resources for affordable housing projects targeting low-income households. Potential funding sources for an AHTF include a construction excise tax, general obligation bonds, transient occupancy taxes, the sale of surplus city property, or dedicated contributions from

marijuana tax revenues. The fund could also benefit from one-time contributions, such as bequests or grants.

- **Department of Land Conservation and Development (DLCD):** Grants are available for technical assistance in implementing housing policies, such as requesting help creating a methodology for scaled SDCs or model code.

Monitoring and Implementation

Table 2 looks at the metrics the city will use to evaluate their progress on implementing the actions, with the understanding that annual monitoring of outcomes is only one way to assess the efficacy of housing policies. Market trends and the level of interest shown by developers could indicate that a policy is favorable, even if it does not result in measurable units each year.

Table 2. Action Monitoring

	Actions	Annual Monitoring
1	Revisions for ADUs	Number of ADUs developed
	Reduce SDCs for ADUs	Number of ADUs developed and revenue collected
2	Develop Standards for Cottage Clusters	Number of cottage cluster developments, units constructed
3	Small Dwelling Unit Developments	Number of small dwelling units developed
4	Reassess Requirements for Ground-floor Retail/Commercial	Number of ground-floor retail/commercial spaces converted or developed
5	Regulate Short Term Rentals	Number of short-term rental licenses issued, or violations resolved
6	Address Impediments to Home Ownership	Number of households assisted in overcoming homeownership barriers (e.g., down payment assistance, financing)
7	Remove Impediments for Conversions/Duplex parking	Number of conversions to duplexes or parking requirement adjustments made
8	Federal Low Income Housing Tax Credit (LIHTC) Program to offset cost of building affordable housing	Amount of funding allocated through LIHTC; number of affordable units built
9	Address unmaintained “zombie” housing	Number of “zombie” homes rehabilitated or demolished
10	Land Owned by Faith-Based Organizations for Affordable Housing	Number of projects developed on faith-based owned land
11	Provide public improvement assistance to housing developers within the Urban Renewal Area	Amount of public improvement funding allocated; number of projects supported
12	Modify SDC fee schedules based on size	Number of developments benefiting from modified SDC fees
13	Affordable Housing Options Library of Information	Number of resources accessed; number of individuals/households assisted
14	Collaborate with Clackamas County	Number of individuals transitioned to permanent housing.

Implementation Timeline

Implementing the HPS will be a gradual process, as each action will require further steps, including additional analysis, updates to existing standards or programs, discussions with decision-makers, and public hearings. Table 3 outlines the five-year implementation timeline for each action.

Table 3. Implementation Timeline

Evaluate	Pass Ordinance		Implement					
Policy	2025	2026	2027	2028	2029	2030	2031	2032
Code Revisions for ADUs								
Evaluate SDCs for ADUs								
Develop Standards For Cottage Clusters								
Small Dwelling Unit Defined								
Modify Requirements for Ground Floor Commercial								
Regulate Short Term Rentals								
Address Impediments to Home Ownership								
Remove Impediments to Duplex Parking								
Federal Low Income Housing Tax Credit								
Land Owned By Faith Based Organizations								
Address Zombie Housing								
Urban Renewal Area Public Improvement Assistance								
Explore SDCs based on size								
Affordable Housing Options Library of Information								
Collaborate with Clackamas County								

Future Housing Action for Consideration

The following actions, though important and valuable, will not be included as formal policies in the HPS. Instead, they will be presented as recommendations for the city to consider in the future or incorporate into another process.

Inclusionary Zoning: Amend the Development Code to include language requiring developers of new housing units within a market rate development to set aside a portion of the new units as affordable housing.

Add Restrictive Covenants to Ensure Affordability: Creating restrictive covenants to ensure affordability at a certain income level for new construction. Covenants are placed on property in exchange for local or state government providing financial contribution to the project.

Provide Handbook with Pre-Approved Plan Sets for Accessory Dwelling Units: This action would allow the city to speed up the review process and costs for ADUs by providing property owners or developers with pre-approved plan sets. Short of actual pre-approved plans, the city should consider developing a handbook for homeowners with specifics on the benefits and steps to building an ADU on their property, with examples of plans that have been or would be approved. Oregon City, OR has a similar document.⁶

Reduce Regulatory Barriers to Lot Division: Amends the Development Code to make proposals for land division more attainable by removing certain requirements. Examples of requirements that could be removed are minimum street frontage or driveway requirements.

Flexible Regulatory Concessions for Affordable Housing: Provide flexible provisions for non-profit developers to allow for reduced standards, bonuses to density or structure height, and/or flexibility in the delivery of units for affordable housing developments.

Operating Subsidies for Affordable Housing Developments: Provide annual funding/subsidies to property owners of affordable housing developments to offset the operating costs of the development to keep units affordable. Subsidies can be provided annually or more frequently, as funds allow.

Tax Increment Financing (TIF) Set-Aside: A Tax Increment Financing (TIF) Set Aside is intended for the creation of affordable housing within designated Urban Renewal Area. Essentially, the increase in property tax revenue resulting from new developments is diverted to subsidize the development of affordable housing.

Federal HOME Program: Funding for rental and homebuyer assistance and construction: The HOME program offers funding for rental assistance, homebuyer assistance, and housing construction, with a focus on serving low-income households, including those at risk of homelessness. By supporting the creation and preservation of affordable housing, as well as providing direct assistance to individuals, the program helps expand housing options for people experiencing homelessness, ensuring they have access to stable housing and the resources needed to maintain it.

⁶ Accessory Dwelling Units in Oregon City by the Community Development – Planning Department available online at <https://www.orcity.org/DocumentCenter/View/3789/Guide-to-Accessory-Dwelling-Units-ADU-in-Oregon-City-PDF>

Eviction Prevention Programs: Eviction Prevention Programs provide financial assistance to families who are being evicted from an affordable dwelling due to nonpayment of rent during or following an unforeseen temporary crisis, such as job loss or serious illness. Eviction prevention programs are often supported by counties to address concerns about displacement of low-income renters and limit the need for much more costly temporary shelters.

Nonprofit Low-Income Rental Housing Exemption: This tool can provide a simplified way for affordable housing owned and operated by a nonprofit or community land trust to qualify for a property tax exemption.

Homestead Tax: Imposing a tax on second homes and using funds to promote and support the development of affordable housing.

Right of First Refusal for Land Purchase: Affordable housing providers could be offered a Right of First Refusal for City, County, or State-owned land when the land would be used for affordable housing.

Street Construction Alternatives (Gutters): This action would eliminate the requirement for concrete gutter installation when developing new streets for local and neighborhood routes only.

V. Achieving Fair and Equitable Housing Outcomes

This section provides an assessment of the goals and strategic actions aimed at achieving fair and equitable housing outcomes. It also includes a discussion on monitoring the outcomes of Molalla's Housing Production Strategy (HPS).

Evaluation of Policies and Strategic Actions

Per OAR 660-008, an evaluation of the HPS is required to assess its effectiveness in achieving specific outcomes. The following discussion offers a brief overview of each expected outcome related to the policies and actions within the HPS, emphasizing housing opportunities for federally and state-protected classes. This is intended as a high-level summary of the HPS, rather than an exhaustive analysis of each action's impact on these outcomes.

Location of Housing

To diversify housing locations, it is essential to expand options for compact residential development in mixed-use neighborhoods, ensuring accessibility for individuals in state and federal protected classes. This approach also aims to contribute to statewide greenhouse gas emission reduction goals. Actions within the HPS that promote the development of compact, mixed-use neighborhoods include:

- **Revisions for ADUs:** Expanding opportunities for accessory dwelling units (ADUs) can increase housing options in established neighborhoods, allowing for more equitable access to desirable locations.
- **Develop Standards for Cottage Clusters:** Supporting the development of cottage clusters creates smaller-scale housing communities that fit within a variety of neighborhoods, offering more diverse housing choices.

- **Small Dwelling Unit Developments:** Facilitating small dwelling units helps provide affordable and accessible housing options for individuals and families with varied needs.
- **Reassess Requirements for Ground-floor Retail/Commercial:** Facilitating small dwelling units helps provide affordable and accessible housing options for individuals and families with varied needs.

Fair Housing

Supporting Fair Housing involves expanding housing access for individuals in state and federal protected classes, actively promoting Fair Housing, addressing disparities in housing opportunities for underserved communities, and reducing patterns of segregation or concentrations of poverty. Actions within the HPS that advance Fair Housing policies include:

- **Land Owned by Faith-Based Organizations for Affordable Housing:** Encouraging the use of land owned by faith-based organizations for affordable housing development can provide additional opportunities for low-income individuals and families to access safe, affordable housing in areas that may otherwise be limited in options. This helps ensure that protected classes have equitable access to housing in diverse neighborhoods, reducing barriers to opportunity.
- **Affordable Housing Options Library of Information:** Creating a centralized resource for information on affordable housing options can help underserved populations, particularly those from protected classes, navigate available housing opportunities more easily. This resource would support equitable access to housing, promote informed decision-making, and address barriers such as lack of knowledge or awareness of available programs and opportunities.

Housing Choice

Expanding housing choice means improving access to housing for communities of color, low-income households, people with disabilities, and other groups protected by state and federal laws. This also involves ensuring access to existing or new housing in neighborhoods that offer healthy, safe environments along with high-quality community amenities, schools, and employment opportunities. Actions within the HPS that support increased housing choice include:

- **Address Impediments to Home Ownership:** By addressing barriers to homeownership, such as high down payment requirements, limited access to credit, and discriminatory lending practices, more individuals from underserved communities, including communities of color and low-income households, can access homeownership opportunities. This expands housing choice by providing pathways to long-term stability and wealth-building in diverse neighborhoods.
- **Remove Impediments for Conversions/Duplex parking:** Simplifying or removing parking requirements for housing conversions or duplex developments can help increase the availability of affordable housing options in existing neighborhoods. By reducing parking-related barriers, more property owners can create additional housing units, thus increasing the housing stock in areas with high demand, and improving access to safe, well-connected neighborhoods with quality amenities.
- **Modify SDC fee schedules based on size**

Housing Options for People Experiencing Homelessness

Expanding options for people experiencing homelessness involves collaborating with partners to address homelessness and implementing measures to reduce the risk for households, particularly those with incomes below 30% of MFI, of experiencing homelessness. The HPS includes the following actions to support people experiencing homelessness:

- Federal Low Income Housing Tax Credit (LIHTC) Program to offset cost of building affordable housing: The LIHTC program provides financial incentives for the development of affordable rental housing, which can help increase the availability of housing options for people experiencing homelessness. By offsetting the cost of construction, the program makes it more feasible for developers to build affordable housing units, including for extremely low-income households, thus expanding housing options for those at risk of or currently experiencing homelessness.
- Collaborate with Clackamas County: Through this partnership, the city can facilitate the development of transitional housing, permanent supportive housing, and affordable rental units tailored to the needs of vulnerable populations. Programs such as coordinated entry systems and targeted outreach can ensure equitable access to these housing options, prioritizing individuals with the greatest needs, including those with disabilities, veterans, and families with children. By aligning city and county efforts, the collaboration can also streamline funding opportunities, enabling the construction of new housing units and the repurposing of existing buildings to serve as shelters or supportive housing.

Affordable Homeownership

This criterion emphasizes actions that promote the production of housing affordable for homeownership, specifically targeting housing affordable to households earning less than 120% of MFI. Many HPS actions support affordable homeownership by encouraging the development of lower-cost ownership options, removing regulatory barriers, upholding Fair Housing standards, and making essential capital improvements. Key actions within the HPS that advance affordable homeownership include:

- Small Dwelling Unit Developments: Can help promote affordable homeownership by providing more accessible and lower-cost housing options. The focus on smaller, efficient homes ensures that these developments remain affordable for low- and moderate-income households, supporting first-time homebuyers and those seeking to enter the housing market.
- Address Impediments to Home Ownership: By addressing barriers such as high down payments, limited access to financing, and restrictive zoning laws, this action makes homeownership more accessible for households earning less than 120% of MFI. Removing these obstacles helps increase the availability of affordable homeownership opportunities, enabling more low- and moderate-income families to achieve long-term housing stability.
- Federal Low Income Housing Tax Credit (LIHTC) Program to offset cost of building affordable housing: The LIHTC program provides incentives for the development of affordable rental and homeownership units. By reducing construction costs, it encourages the creation of homes that are affordable for households earning below 120% of MFI. This helps expand the stock of

affordable homes for ownership, ensuring that lower-income households can access quality, affordable housing.

Affordable Rental Housing

Supporting affordable rental housing involves actions that promote the production of both income-restricted housing (affordable for households earning below 60% of MFI) and privately developed affordable housing (affordable for households earning between 61% and 80% of MFI). Actions within the HPS that foster affordable rental housing development include:

- Federal HOME Program funding for rental and homebuyer assistance and construction: The HOME program provides funding for the construction, rehabilitation, and rental assistance for affordable housing. This program supports the creation of rental units that are affordable to households earning below 60% of MFI and those earning between 61% and 80% of MFI, thus expanding the availability of affordable rental housing for a range of low- to moderate-income households.
- Property Tax Exemption for Affordable Housing Tied to Level of Affordability: Offering property tax exemptions for affordable housing developers incentivizes the creation of rental housing that remains affordable over time. By tying the exemption to the level of affordability, this action ensures that affordable rental units are available to households at different income levels, particularly those below 80% of MFI. It also helps developers maintain long-term affordability without passing on excessive costs to tenants.
- Delayed Tax Exemption tied to affordability: A delayed tax exemption program helps developers of affordable rental housing by offering tax relief after a certain period, provided the housing remains affordable. This incentivizes the development of rental units for low- and moderate-income households, ensuring that affordable housing options are preserved over time while helping to keep rental prices within reach for those earning between 60% and 80% of MFI.

Gentrification, Displacement, and Housing Stability

Enhancing housing stability involves actions that help secure the stability of current households and prevent displacement, reducing the impacts of gentrification that may arise from public investments or redevelopment. Areas vulnerable to displacement are areas of concentrated poverty, elevated level of renters, and property values and rents that make them favorable to development.⁷ For Molalla, the most vulnerable area is located between Molalla Elementary and W. Main Street.⁸

Actions within the HPS that support housing stability include:

⁷2018 Gentrification and Displacement Neighborhood Typology Assessment, Key Findings and Methodology Report, Bureau of Planning and Sustainability, City of Portland, Oregon, via https://www.portland.gov/sites/default/files/2020-01/gentrification_displacement_typology_analysis_2018_10222018.pdf

⁸Vulnerability calculations compare local geographies to regional averages across six variables reported by the US Census. The analysis below uses ACS 2014-2018 (five-year estimates) via Social Explorer reported by state, county, city, census tract, and block group: percent of households that are renters, percent of households that are low-income, percent of adults (25 or older) without a four-year degree, percent of population who identify with a community of color, median home value, and median gross rent.

- **Regulate Short Term Rentals:** By regulating short-term rentals, this action helps ensure that housing units remain available for long-term residents, particularly in areas where housing affordability is already a concern. It prevents the conversion of rental units into short-term vacation rentals, which can drive up rents and contribute to displacement, helping to stabilize the housing market for existing residents.
- **Address unmaintained “zombie” housing:** Taking action to address vacant and unmaintained “zombie” housing helps reduce blight in neighborhoods, making them more attractive for current residents and preventing further deterioration that can contribute to displacement. By revitalizing these properties, communities can maintain housing stability and prevent gentrification-driven pressures that might force existing residents out.
- **Provide public improvement assistance to housing developers within the Urban Renewal Area:** By offering public improvement assistance to developers in urban renewal areas, this action encourages development that aligns with community needs while also preventing the displacement of current residents. The focus on affordable housing ensures that redevelopment projects contribute to stability by creating housing options that remain affordable and accessible to the existing population.

VI. Additional Recommendations

Community feedback during this process highlighted opportunities to enhance engagement efforts and better connect with Molalla’s diverse population. To ensure future housing-related outreach is inclusive and effective, the city could consider adopting policies or measures aimed at increasing accessibility and representation, particularly for underrepresented and vulnerable communities. Community feedback further highlighted a need for broader, more inclusive outreach, especially to older and less tech-savvy residents. Residents seek further transparency and engagement processes that ensure Molalla’s diverse population is represented and engaged. The survey underscored a community committed to balancing necessary growth with protecting the identity, infrastructure, and quality of life they valued.

Key actions include:

- **Enhancing Accessibility:** Use multiple outreach methods, such as printed surveys, in-person canvassing, and partnerships with trusted community organizations, to reach populations less likely to engage online or through traditional city channels.
- **Clarifying Materials:** Provide plain-language summaries and visual aids to help residents better understand proposed actions and their potential impacts.
- **Fostering Trust and Transparency:** Share how community input influences decisions, through clear reports and updates, to demonstrate the value of participation.

These approaches could serve as a foundation for a broader engagement policy focused on equity and accessibility, ensuring all voices in Molalla are heard in future housing and planning efforts.

Appendix A. Contextualized Housing Need Memo

Molalla Housing Production Strategy

December 2024

Introduction

Surrounded by forest and rolling hills, Molalla offers an escape from city life and fosters a tight-knit sense of belonging among residents. With a rich history, Molalla captures the essence of small-town living. This culture has attracted new residents and businesses over recent years, causing Molalla's growth to outpace the rest of Clackamas County.

Against this backdrop, the 2022-2042 Molalla Housing Needs Analysis (HNA) provides a comprehensive overview of Molalla's needed housing, including current and prospective residents. The Molalla community hosts a unique blend of demographics and socioeconomic characteristics, encompassing factors such as age, income, race, ethnicity, and disability, which are a vital context within which to understand the housing need. Steady growth has created need to address the lack of available housing, particularly for rent-burdened households, people of color, people experiencing a disability, and people experiencing houselessness.

Guided by the insights gleaned from the HNA, the Housing Production Strategy (HPS) will bridge the gap between identified housing need and actionable solutions tailored to Molalla's unique context. By aligning unmet housing needs with innovative strategies suited to the distinctive locale and growth, the HPS will pave the way for a brighter, more equitable future for all who call Molalla home.

The first step in bridging that gap is a contextualization and incorporation of information from the HNA that describes current and future housing needs in the context of population and market trends.

At a minimum, a Contextualized Housing Needs Memo must include a discussion of:⁹

- Socio-economic and demographic trends of households living in existing Needed Housing. This must include a disaggregation of households living in existing Needed Housing by race and ethnicity;
- Measures already adopted by the city to promote the development of Needed Housing;
- Market conditions affecting the provision of Needed Housing;
- Existing and expected barriers to the development of Needed Housing;
- An estimate of the number of people or households experiencing homelessness. Estimates must include, as available, the following data sources:
 - An estimate of regional housing need for people experiencing homelessness provided by the state or regional entity;
 - The applicable Housing and Urban Development Point-in-Time count conducted by the Continuum of Care that the city is located within;
 - The applicable Housing and Urban Development Annual Homelessness Assessment Report; and

⁹ OAR 660-008-0050

- The applicable McKinney-Vento Homeless Student Data for all school districts that overlap with the city boundary.
- Percentage of Rent Burdened Households;¹⁰
- Housing tenure, including rental and owner households; and
- Housing needs for people with disabilities, including hearing, vision, cognitive, ambulatory, self-care difficulty, and independent living as provided in the applicable American Community Survey and other data sets, as available.

HNA Highlights

1. Forecasted population for Molalla in 2042 is 15,660, which is an increase of 5,432 people, which translates to 1,996 net new dwelling units based on an assumed vacancy rate of 4% and 2.83 persons per household.
2. Future demand anticipates a greater share of medium and high-density housing compared to the current inventory:
 - Single family detached homes (includes manufactured homes): 55% (1,098 units)
 - Medium density housing (townhouses, plexes): 25% (499 units)
 - High density housing (multi-family apartments): 20% (399 units)

As these numbers indicate, single family detached housing will continue to be a key housing need in the city, accounting for the largest portion of the existing housing and future housing need. While the traditional allure of single family detached housing remains robust, the mosaic of Molalla's population dynamics reflects a burgeoning demand for diverse housing options. About 45% of the future housing need will be a mix of plexes (duplex, tri-plex, quad-plex), townhomes and apartments. Understanding the implications of these trends on housing costs becomes imperative.

Contextualized Factors

Population Growth

The housing market in Molalla is shaped by rapid population growth, significant affordability challenges, and disparities in housing accessibility for low-income households, people of color, people with disabilities, and those experiencing houselessness.

Addressing these issues requires comprehensive strategies, including increasing affordable housing supply, seeking and providing tools for house burdened renters, and implementing inclusive policies to support vulnerable populations.

- 7% of the population in Molalla is living near or below the poverty line, suggesting economic challenges for a substantial number of residents and only 46% of all rental-

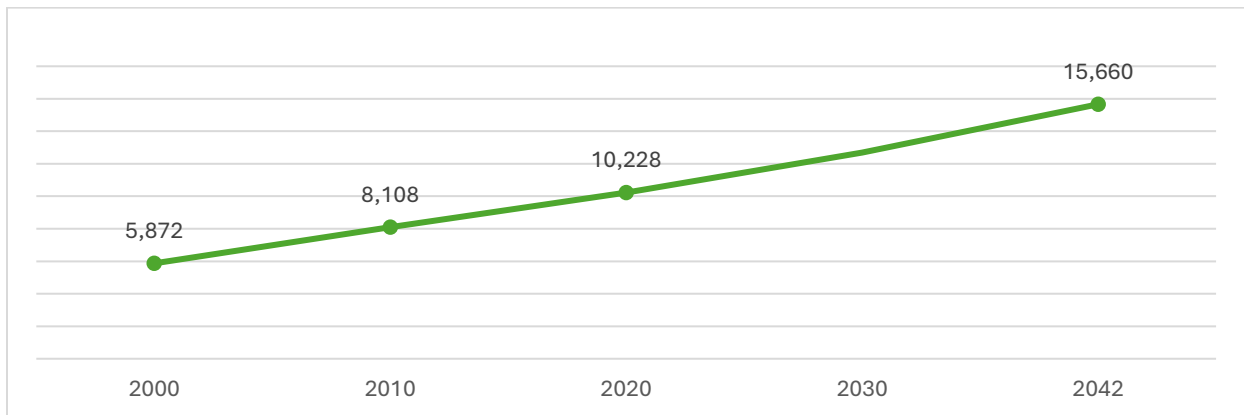
¹⁰ As determined in the report described in OAR 813-112- 0020(2).

occupied housing is considered affordable (commonly defined as paying less than 30% of income in housing costs).

- 24% of Molalla’s population identifies as a minority, with 16% identifying as Hispanic or Latino. Homeownership rates are lower for minority groups compared to households overall.
- 16% of Molalla’s population is living with a disability, which is higher than county and national averages.
- Point-in-Time counts estimate 410 people were experiencing houselessness in Clackamas County in 2023.

The City of Molalla has experienced steady growth for over twenty years. Figure 1 below shows Molalla’s population grew by 2,120 between 2010 and 2020, based on the US Census. This trend is expected to continue over the coming decades with a population projection of 15,660 by 2042.

Figure 1. Molalla Population 2000, 2010, 2020, 2042



Sources: US Decennial Census 2000, 2010, and 2020 and Portland State University (PSU) Population Center 2020 projection for 2042.

As cited in the HNA, this rapid expansion translates to an Average Annual Growth Rate (AAGR) of 2.34% between the 2010 and 2020 Decennial Census reports. In comparison, the State of Oregon saw an AAGR of 1.02% and the Clackamas County as a whole saw 1.13%.¹¹

Market Factors

The housing market in Molalla, Oregon, reflects a unique blend of factors that shape its current landscape. Nestled amidst the scenic beauty of the Willamette Valley, Molalla's allure lies in its small-town charm while still being within commuting distance of the rest of the Portland Metro area. Housing in Molalla is in high demand, which is increasing at a higher rate than in the surrounding area.

¹¹ Source cited in the HNA was *Oregon REA Project*. [Oregon.REA.project.org](https://oregon.rea.project.org)

The March 2024 Rocket Homes Real Estate Report identifies that Molalla is in a “Seller’s Market” meaning, sale prices tend to be higher, and homes sell faster due to high demand. The median sale price was listed in that report as \$470,000, which is a 4.4% increase from May 2023. A similar report for Clackamas County listed a median home price just over \$600,000, but a slightly lower rate of increase at 2.3% over the last year.

The U.S. Census reports on median home value for all owner-occupied housing. The most recent ACS (5-year estimates) placed the 2022 value for Molalla as \$381,300. This figure is generally lower than current sale prices since it reports on assessed value regardless of whether the home was sold recently.

Demographic trends affecting housing demand

In addition to growing more quickly, Molalla residents are comparatively younger. Age can impact housing choice and the decision to rent or buy. The median age is 34.8 years. Oregon’s median age is a few years older at 36.5 years, and Clackamas County is even older than Oregon at 41.7 years. The largest age brackets in the City of Molalla are elementary school age children of 5 to 9 (11.2%) and early to mid-career employment age adults of 25 to 29 (10.38%), 30-34 (9.34%), and 40 to 44 (8.93%).¹²

Housing Affordability

Discussion of housing affordability utilize terms defined by the percentage that a household spends on housing costs and the level of cost burden that a household experiences as a result:¹³

1. Affordable: Less than 30% of income on housing
2. Cost Burdened: Spending >30% of income on housing
3. Severely Cost Burdened: Spending >50% of income on housing

Listed below are the various data sets relevant to analyzing local housing affordability for homeowners and renters:

U.S. Department of Housing and Urban Services

The U.S. Department of Housing and Urban Services (HUD) calculates Median Family Income (MFI), also referred to as Area Median Income (AMI). These numbers consider the regional market and delineate incomes by household size. They serve as the income limits for subsidized housing programs.

The Molalla market is part of the Portland-Vancouver-Hillsboro metro region and 2020 income for an average family size of four was \$92,010¹⁴ and income rates were as follows:

¹² U.S. Census, American Community Survey 5-year estimates (2018-2022) B01001 Sex by Age.

¹³ U.S. Department of Housing and Urban Development (HUD), [Definitions](#)

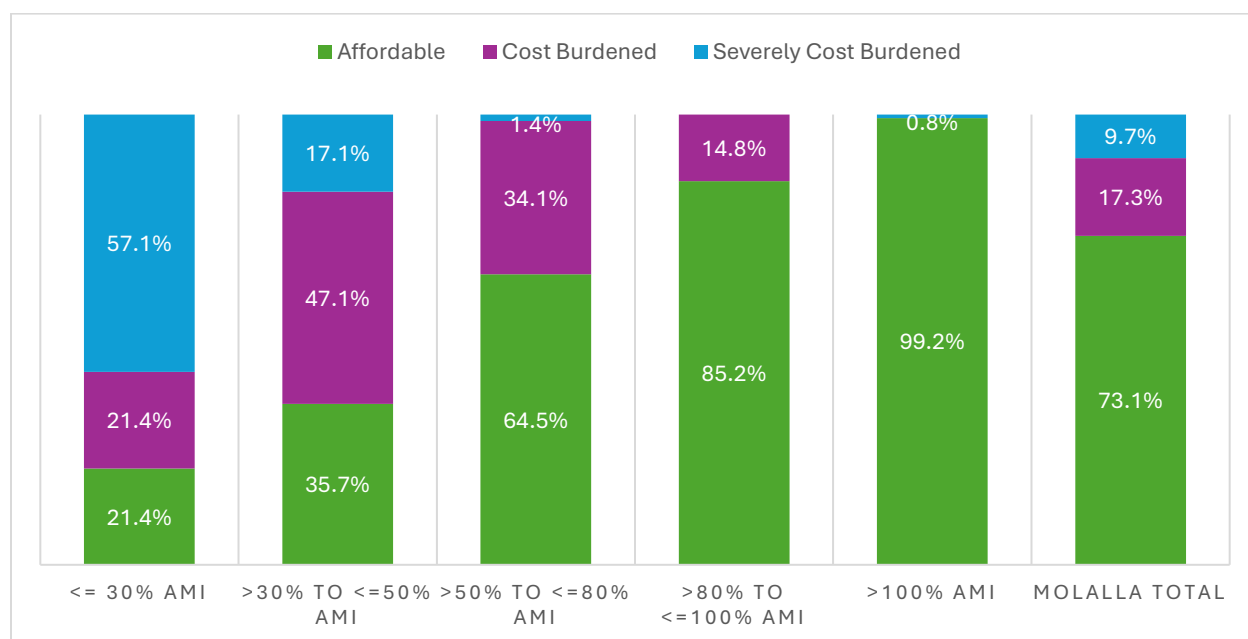
¹⁴ <https://www.portland.gov/phb/documents/2020-income-and-rent-limits-phb/download>

Extremely Low Income	Less than 30% MFI or \$27,630
Very Low Income	30% to 50% of MFI or \$27,630 to \$46,050
Low Income	50% to 80% of MFI or \$46,050 to \$73,680
Middle Income	80% to 120% of MFI or \$73,680 to \$110,520
High Income	120% of MFI or \$110,520 or more

MFI/AMI figures are annual and MFI/AMI for a family of four in the Molalla region was increased to \$114,400 in 2023.

Figure 2 below shows the most recent HUD CHAS data (2018-2020) which calculates the ratio of housing costs to income. It indicates that while 73% of Molalla is considered affordable overall, the rate of cost burdened and severely cost burdened households is much higher for those living below 100% MFI/AMI.

Figure 2: Molalla Ratio of Housing Cost to Income for Households Based on AMI



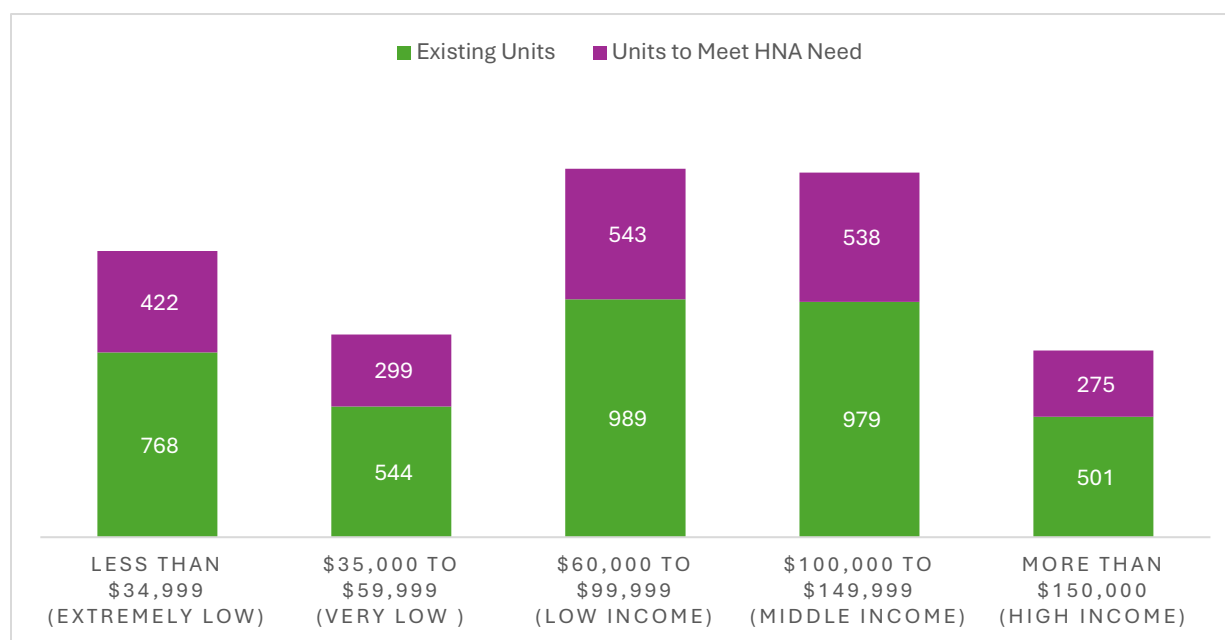
Source: HUD published CHAS data for 2018-2020.

U.S. Census

In addition, US Census reports on median household income (MHI). Molalla has a lower MHI than the surrounding county, but the rate of increase is slightly higher. Molalla's MHI increased from \$49,524 (2010) to \$77,442 (2022), representing a 56% growth rate. MHI for Clackamas County increased from \$62,007 to \$95,740 during the same period, a growth rate of approximately 54%.

The Census also reports households by income bracket, showing that most Molalla households have a reported income between \$60,000 and \$150,000 (2022). Figure 3 below shows the breakdown of existing households by income bracket and allocates an expected number of the new households from the HNA into income brackets assuming current ratios hold.

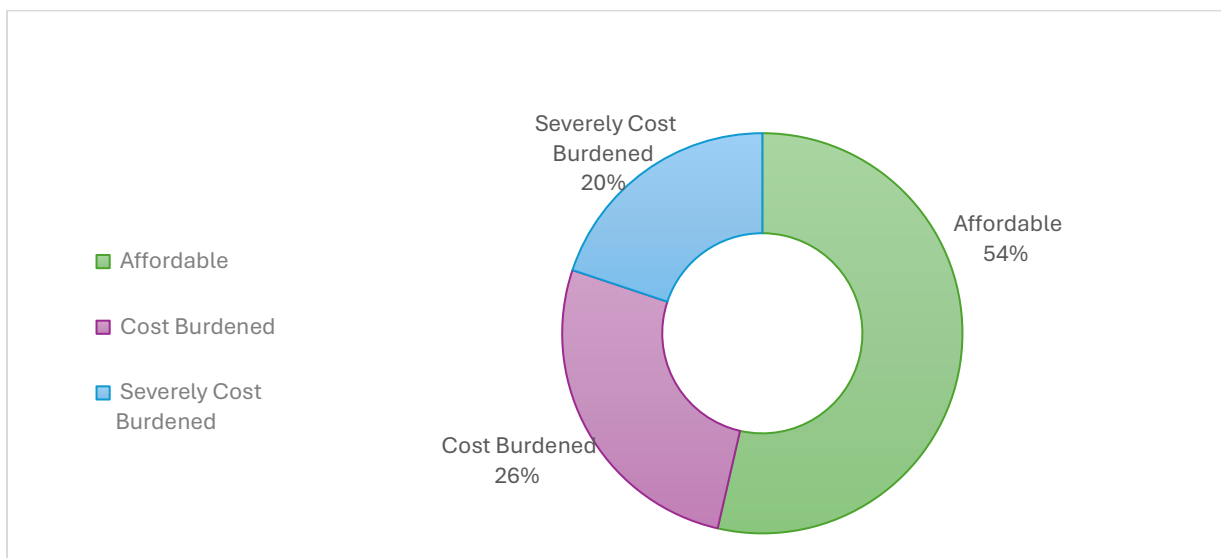
Figure 3: Molalla Housing Units by Income Bracket



Source: Calculations based on ACS 2022 (5-year estimates) in Table B19001 in 2022 Inflation Adjusted Dollars for the City of Molalla with approximate correlation to the 2023 MFI for the Portland-Vancouver-Hillsboro Region. New housing units are reported in the HNA.

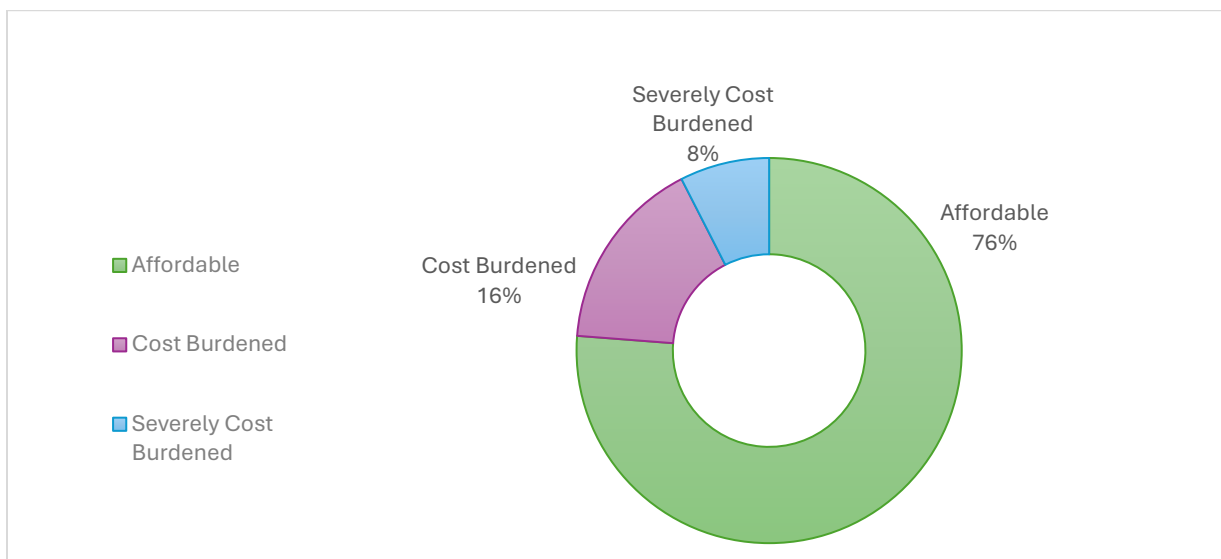
Renter-occupied units spend 30% or more of their income on housing costs more consistently than owner-occupied units. Figures 4 and 5 below illustrate the ratio of housing to income for both renters and owners. For renters, 54% of units pay less than 30% of income on housing costs, while 76% of owners spend less than 30% of income on housing costs.

Figure 4: Molalla Rental Occupied Housing: Ratio of Rent to Income



Source: Calculations based on U.S. Census ACS 2022 (5-year estimates) Table B25070 Gross Rent as a Percentage of Household Income for Renter-Occupied Units.

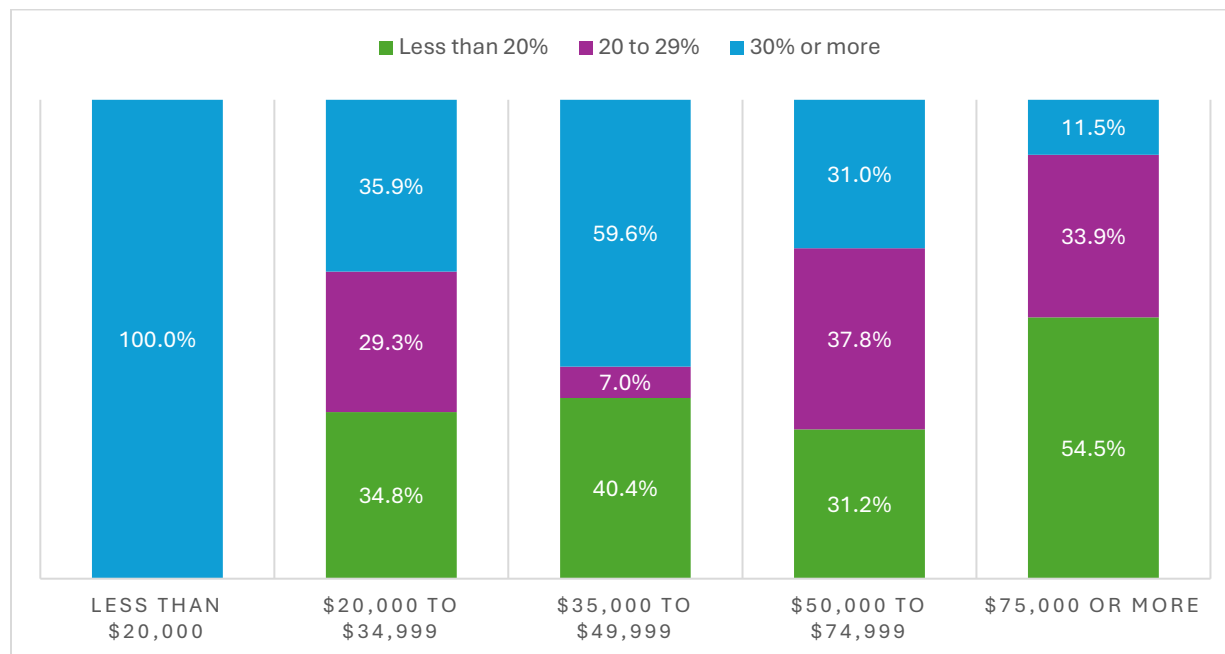
Figure 5: Molalla Owner Occupied Housing: Ratio of Rent to Income



Source: Calculations based on U.S. Census ACS 2022 (5-year estimates) Table B25091 Mortgage Status by Selected Monthly Owner Costs as a Percentage of Household Income for Owner-Occupied Housing Units.

In Figure 6, low-income homeowners spend a greater percentage of income on housing costs. Some households may be stuck in a mortgage they can no longer afford due to a change in circumstances or have paid off their mortgage but are struggling to afford increasing property taxes on a fixed income, such as social security and/or pension.

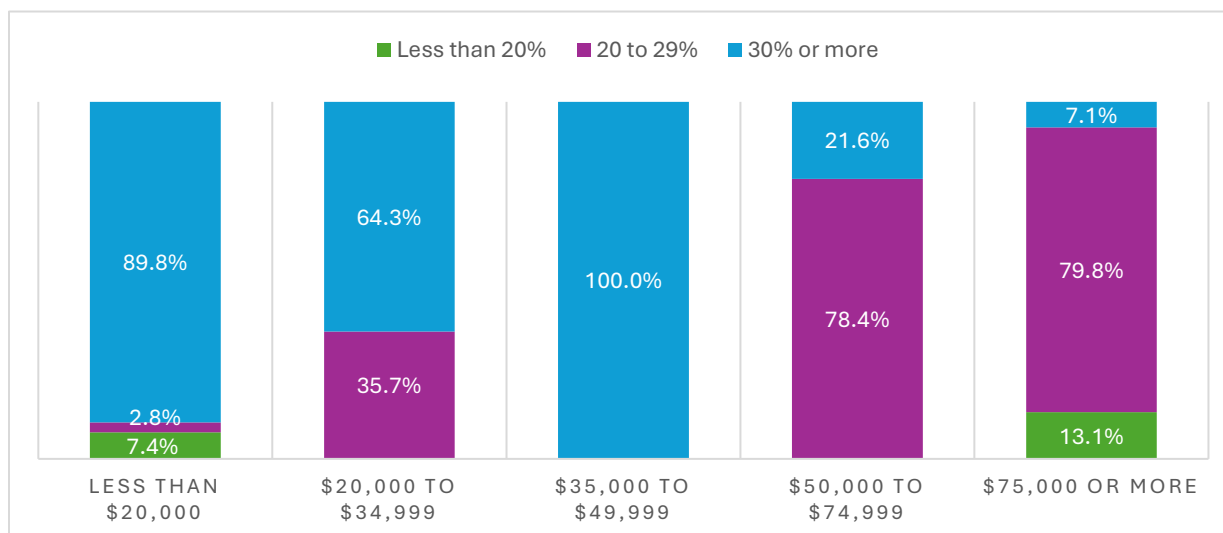
Figure 6: Percentage of Monthly Income Spent on Housing Costs for Owner Occupied Housing by Household Income



Source: Calculations based on U.S. Census, ACS 2022 (5-year estimates) Table B25106.

Rent burdened households are struggling in Molalla and the surrounding county. In Figure 7, most low-income rental households in Molalla spend 30% or more on housing costs. Approximately 85% of the aggregated households with income levels below \$50,000 are spending over 30% of their monthly income on housing costs. Clackamas County reports that about 88.2% of households who rent and make less than \$50,000 spend 30% or more on housing each month.

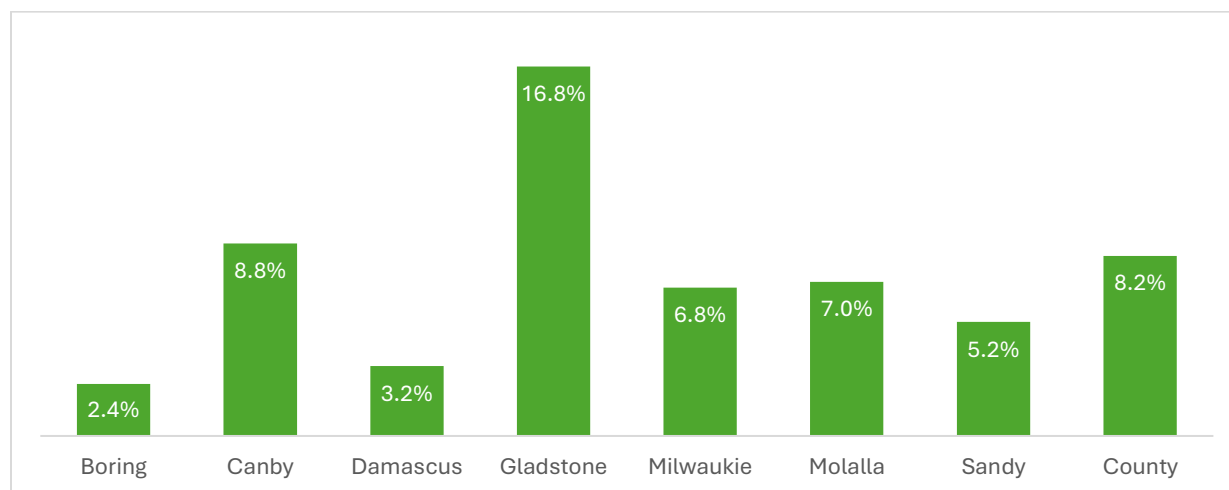
Figure 7: Percentage of Monthly Income Spent on Housing Costs for Owner Occupied Housing by Household Income



Source: Calculations based on U.S. Census, ACS 2022 (5-year estimates) Table B25106.

US Census defines the Federal Poverty Level (FPL) as a set of income thresholds that vary by family size. The average household size in Molalla is 2.8. To measure poverty, this number has been rounded up to 3 persons per household. Based on the FPL, a three-person household has a weighted average threshold of \$21,559 annually. The most recent report was able to determine poverty status for 10,012 people in Molalla and 7% were found to be living in poverty which equates to approximately 703 individuals. This is lower than the state average (11.9%)¹⁵, on par with figures for Milwaukie (6.8%) and Clackamas County (8.2%). Figure 8 below shows incorporated areas within the surrounding county that are experiencing greater levels of poverty, which could impact Molalla housing market in the future.

Figure 8: Percentage of Local Population Living Below FPL



Source: Calculations based upon US Census, ACS 2022 (5-year estimates) C17002.

Housing Needs of Cost Burdened Households

There is a clear need in Molalla for supporting development of affordable housing through multifaceted solutions. Market rate housing is unaffordable for members of the community in the lower income segments of the population. Renters are at a higher risk of housing insecurity and may be more susceptible to eviction or homelessness if their financial situation worsens.

Income Levels:

Molalla has a total of 3,781 occupied housing units. About 12% of occupied housing units (approximately 461 units) are households with an annual income of less than \$20,000. When

¹⁵ Calculations based upon US Census, ACS 2022 (5-year estimates) C17002.

compared to Clackamas County's 6.5%, it is clear that a significant portion of Molalla residents are experiencing economic hardships.¹⁶

Owner-Occupied Housing:

Molalla has 2,355 owner-occupied housing units. About 23.8% of these homeowners spend 30% or more of their monthly income on housing costs (compared to Clackamas County at 26.4%). Although this percentage is lower when compared to renters and to the county, it still indicates that homeowners in Molalla are facing financial strain due to increasing housing expenses.

Renter-Occupied Housing:

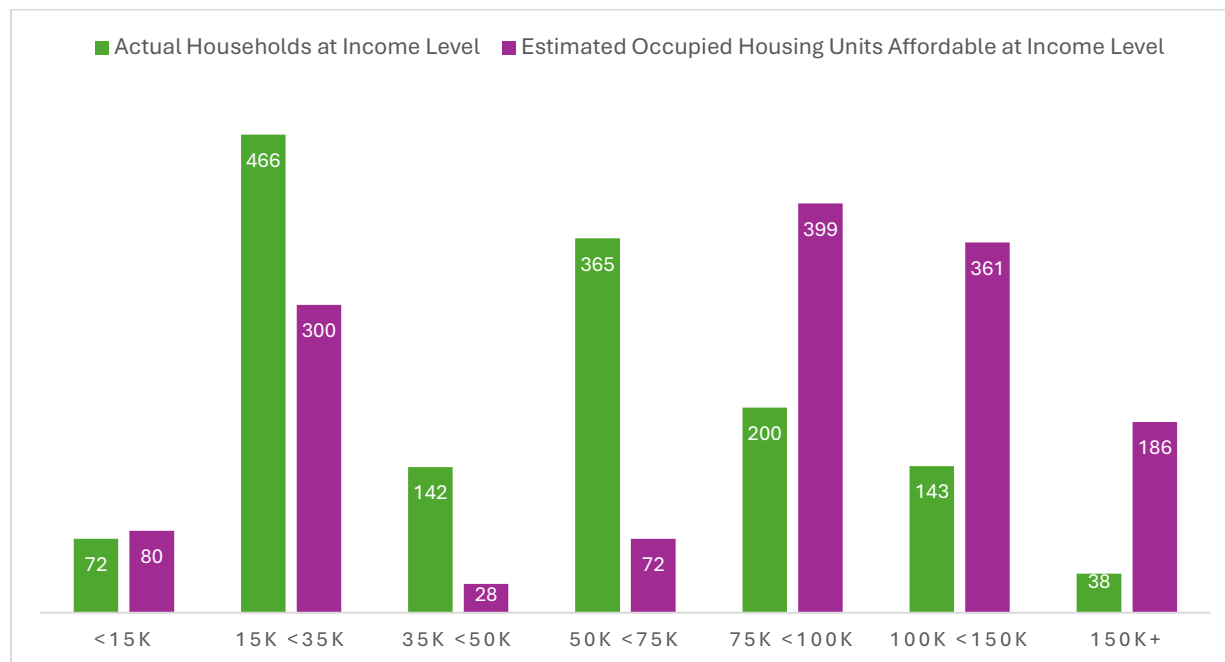
That number is higher for renters. Over half of renters face financial strain due to housing expenses, which can limit their ability to afford other necessities such as food, healthcare, and transportation. There are 1,426 renter-occupied housing units in Molalla, and approximately 48.6% of these renter households spend 30% or more of their monthly income on housing costs. Clackamas County has 54% of renters who are cost burdened or severely cost burdened, which could indicate that costs are on the rise in Molalla.

The lack of low-cost housing creates greater competition for more expensive housing and results in families choosing to pay over 50% of their income in rent (reported as Severely Cost Burdened above in Figure 4 and Figure 5) because there were not sufficient or desirable housing choices affordable at their income level.

Figure 9 (below) shows a disconnect between the number of households existing at each income bracket and the supply of housing units with costs listed below 30% of the incomes included in that bracket. Families making less than \$75,000 per year in Molalla compete in a market where the supply of available housing is mostly only affordable to those making well over \$75,000 per year.

¹⁶ Calculations based upon occupied housing units reported by the U.S. Census ACS 2022 (5-year estimate) B25106 (Tenure by Housing Cost as a Percentage of Household Income in the Past 12 months) for both Clackamas County and the City of Molalla.

Figure 9: Comparing Rental Households Incomes with Occupied Units Affordable at Each Income Level



Source Calculations based on U.S. Census, ACS 2022 (5-year estimates) Tables B25118 Tenure by Household Income in the Past 12 Months (In 2022 Inflation Adjusted Dollars) and B25063 Gross Rent for Renter-Occupied Housing Units.

Implications:

1. **Economic Strain on Low-Income Households:** Market rate housing is unaffordable for members of the community in the lower income segments of the population. While earning income, these households are particularly vulnerable to financial instability and may require assistance through social programs or affordable housing initiatives such as the development of income restrictive housing and the promotion of housing voucher programs.
2. **Challenges for Renters:** Such a high percentage of renters spending 30% or more of their income on housing highlights a major affordability issue. Collaboration with county programs for eviction prevention and strategies to protect naturally occurring affordable rent housing in the face of new development are ways to support this segment of Molalla's community.
3. **Homeowners Facing Financial Pressure:** While the situation is different for homeowners, with 24% spending over 30% of their income on housing, it still points to affordability challenges. Cost-burdened homeowners might be at risk of foreclosure, the elderly may be unable to age in place or may have limited disposable income for other needs.

The data underscore the importance of addressing housing affordability in Molalla. The number of both renters and homeowners experiencing housing cost burdens suggests that there is a need for comprehensive strategies to improve housing affordability.

These strategies should include increasing the supply of affordable housing across all income brackets while recognizing the disconnect apparent in Figure 9 (above), providing rental assistance, and implementing policies to support low-income households. Ensuring that more residents can afford their housing costs is crucial for the overall economic health and stability of the community.

Housing Needs of Communities of Color

The Molalla housing market reflects broader national trends where economic hardship and racial disparities intersect, particularly in the access to housing stability and generational wealth.

Table 1 below shows Molalla’s population by race. Census data indicates that most of Molalla identifies as White (76%), while the second highest population identifies as Hispanic or Latino (15.8%).

Table 1: Molalla Population by Race

	Population Count	Percentage
White alone	7,780	76.07%
Black/ African American alone	45	0.44%
American Indian/Alaska Native alone	58	0.57%
Asian alone	94	0.92%
Native Hawaiian/ Pacific Islander alone	27	0.26%
Some Other Race alone	53	0.52%
Two or More Races	551	5.39%
Hispanic or Latino	1,620	15.84%

Source: U.S. Decennial Census 2020 Table P9 (Hispanic or Latino and Non-Hispanic or Latino by Race).

Homeownership rates reveal disparities across some racial and ethnic groups. Table 2 examines homeownership rates by race. Within the community, White households make up 76% of the population, 85% of occupied housing, and account for 87% of owner-occupied housing. Black/African American households have a high homeownership rate of 90% and their share of the owner-occupied housing is slightly higher than their share of occupied housing overall. Asian households reflect a similar ratio.

Table 2: Homeownership Rates in Molalla by Race/Ethnicity

Householders	Owner Occupied Housing	Rental Housing	Totals by Race	% Owner- Occupied	% Rental Housing	% of Occupied Housing by Race	% of Owner- Occupied Housing by Race
White alone	2,013	1028	3,041	66%	34%	84.99%	86.92%
Black/ African American alone	9	1	10	90%	10%	0.28%	0.39%
American Indian/Alaska Native alone	18	21	39	46%	54%	1.09%	0.78%
Asian alone	22	9	31	71%	29%	0.87%	0.95%
Native Hawaiian/ Pacific Islander alone	0	3	3	0%	100%	0.08%	0.00%
Some Other Race alone	93	94	187	50%	50%	5.23%	4.02%
Two or More Races	161	106	267	60%	40%	7.46%	6.95%
All Households	2,316	1,262	3,578				

Source: U.S. Decennial Census 2020 Table H10 (Tenure by Race of Householder).

American Indian/Alaska Native households have a 46% homeownership rate, while Native Hawaiian/Pacific Islander households exclusively rent. Ownership rates are lower than the percentage of occupied housing overall and it is important to continue to monitor the relationship between race and access to homeownership. US Census reports Hispanic or Latino homeownership rates in a separate table, making it impossible calculate how many of the households in Table 2 are Hispanic or Latino. These households are 10% of all occupied housing units with a split of 48% are homeowners and 52% renters.¹⁷

Historical Context and Correlation between Race and Housing

Discriminatory practices like redlining and biased mortgage lending have systematically excluded minority groups from homeownership. Redlining involved denying loans or insurance to entire neighborhoods based on racial composition, while discriminatory lending practices have often led to minorities being offered less favorable loan terms.

¹⁷ U. S. Decennial Census 2020, Table H11 (Tenure by Hispanic or Latino) reported separately from H10 (Tenure by Race of Householder), and not reported by the ACS estimates.

These practices have long-term impacts, preventing minority families from building equity and wealth through homeownership, which in turn affects their economic stability and ability to afford housing in the future.

The historical exclusion from homeownership has a direct correlation with current housing affordability issues faced by minority populations. Those without generational wealth or with lower incomes are more likely to be renters and to spend a higher proportion of their income on housing, as evidenced by the high-cost burden among renters in Molalla. Lower homeownership rates suggest that ongoing disparities in access to housing opportunities still exist.

Implications: Addressing these disparities requires comprehensive strategies, including policy reforms to promote affordable housing across Molalla, initiatives to combat discrimination in lending practices and increase awareness of Fair Housing rules, and programs aimed at supporting minority homeownership. This could involve expanding access to credit, providing down payment assistance, and enforcing fair housing laws to ensure equitable treatment for all residents.

Housing Need of People Living with Disabilities

A substantial segment of the population, nearly one in six residents in Molalla, is living with some form of disability. This figure is nearly double the percentage of Clackamas County. Disability types relevant to housing need include:

- **Ambulatory Difficulties:** Challenges related to walking or moving around.
- **Cognitive Difficulties:** Issues with mental processes such as memory, problem-solving, or concentrating.
- **Hearing Difficulties:** Problems with hearing, which may range from partial to total hearing loss.

About 16% of Molalla's population reported experiencing a disability, compared to Clackamas County at 13%.¹⁸

Implications: This prevalence underscores the importance of ensuring that community services, infrastructure, and policies promote inclusivity and accessibility to all individuals, regardless of their physical or cognitive functions. Disabilities impact housing decision in a number of ways:

- **Need for Adaptations:** Given the high percentage of people with ambulatory and other disabilities, there is a critical need for accessible housing. This includes features like ramps, wider doorways, modified bathrooms, and ground-floor units to accommodate mobility issues.

¹⁸ Calculations based on U.S. Census ACS 2022 (5-year estimates) Table B18101 Sex by Age by Disability Status.

- **Universal Design:** Promoting universal design principles in new housing developments can help ensure that homes are accessible to people of all abilities, enhancing independence and quality of life for residents with disabilities.
- **Housing Choice:** People living with disabilities might have a greater need to be near doctors and services, making the choice of neighborhood especially important.

The data on disability prevalence in Molalla highlights the need for comprehensive strategies to support individuals with disabilities. By addressing housing accessibility, enhancing support services, and promoting inclusive and fair policies, Molalla can work towards becoming a more inclusive and equitable community for all residents. This requires coordinated efforts from government, community organizations, and residents to ensure that the needs of people with disabilities are met and that they can fully participate in all aspects of community life.

Housing Need of People Experiencing Houselessness

According to point-in-time (PIT) reports for 2023, there were approximately 410 people experiencing houselessness in Clackamas County. This provides important insights into the housing crisis in the region. These figures indicate a significant houselessness issue within Clackamas County, necessitating attention, intervention, and collaboration between local authorities, social service agencies, and the community.

The McKinney Vento Report for Molalla River School District for 2022-2023 PK-12 reported 42 children living doubled-up with other families and no children in motels, shelters, or unsheltered. To fully understand the implications of the data, it's essential to explain what a PIT count is, its limitations, and what these findings mean for the community.

Understanding Point-in-Time (PIT) Counts:

- **Definition:** A Point-in-Time (PIT) count is a survey conducted to measure the number of people experiencing houselessness on a single night in January. This count is mandated by the U.S. Department of Housing and Urban Development (HUD) and is typically carried out by local Continuums of Care (CoCs), which are regional planning bodies that coordinate housing and services funding for homeless families and individuals.
- **Purpose:** The PIT count aims to provide a snapshot of houselessness in the community, capturing both sheltered (those in emergency shelters or transitional housing) and unsheltered (those sleeping in places not meant for human habitation, such as streets, cars, or abandoned buildings) populations.
- **Temporal Limitation:** Since the PIT count is conducted on a single night, it may not capture the true scale of houselessness over time, missing those who are temporarily housed or not visible during the count.
- **Undercounting:** Certain populations, such as youth, families, and individuals who are couch-surfing or living in hidden locations, are often underrepresented. People may also avoid being counted due to stigma or fear of authorities.

- **Weather and Conditions:** Weather conditions on the night of the count can significantly impact the results. For instance, extreme cold might drive more people to shelters, while milder weather might see more people staying outdoors.

Implications: While the PIT count has limitations and may underrepresent the true extent of houselessness, it provides a valuable snapshot that can inform policy, resource allocation, and community action. The actual number of people experiencing houselessness throughout the year is likely higher due to the limitations of the PIT count. To effectively address houselessness, a multifaceted approach is needed, focusing on expanding housing options, enhancing support services, and fostering collaboration through coordination with the county, specifically Clackamas County Coordinated Housing Access and among housing partners such as Bridges to Housing, Central City Concern, and Path Home.

- **Shelter and Housing Needs:** The data underscores the need for more emergency shelters, transitional housing, and permanent supportive housing to accommodate and support those experiencing houselessness.
- **Support Services:** Beyond housing, there is a need for comprehensive services, including mental health care, substance abuse treatment, job training, and case management, to address the root causes of houselessness and support individuals in transitioning to stable housing.

Appendix B: Glossary

Accessory Dwelling Units (ADUs): Secondary housing units on the same lot as a primary residence, often smaller and designed to increase housing options.

Affordable Homeownership: Housing opportunities that allow lower-income households to own homes, often through subsidies or reduced-cost programs.

Affordable Housing: Housing that costs less than 30% of a household's gross income, ensuring affordability for low- and moderate-income residents.

Area Median Income (AMI): The midpoint of a region's income distribution, used to determine housing affordability and eligibility for housing programs.

Buildable Lands Inventory (BLI): An analysis identifying land available and suitable for residential development within the Urban Growth Boundary.

Community Land Trusts: Nonprofit organizations that acquire and hold land for affordable housing, ensuring long-term affordability.

Cost-Burdened Households: Households spending more than 30% of their income on housing expenses.

Cottage Cluster Housing: A group of small, detached homes sharing a common courtyard, providing affordable and community-oriented housing options.

Density: The number of housing units per acre of land, used to describe the intensity of residential development.

Eviction Prevention Programs: Initiatives designed to help renters avoid eviction, often through financial assistance or legal support.

Fair Housing: Policies and practices ensuring equal access to housing opportunities regardless of race, ethnicity, disability, or other protected statuses.

Federal Poverty Level (FPL): A measure of income used to determine eligibility for government assistance programs, adjusted annually based on household size.

Gentrification: The process by which higher-income individuals move into lower-income neighborhoods, potentially displacing existing residents.

Houselessness: A term used to describe individuals and families who lack stable housing, often emphasizing the systemic causes rather than individual shortcomings.

Housing Capacity Analysis (HCA): An evaluation of a city's ability to meet future housing needs through available land and development policies.

Housing Production Strategy (HPS): A comprehensive plan outlining actions and policies to meet a community's housing needs, focusing on affordability and equity.

Inclusionary Zoning: A policy requiring developers to include affordable housing units within new residential developments.

Low-Income Housing Tax Credit (LIHTC): A federal program providing tax incentives to developers for building or rehabilitating affordable housing.

Median Family Income (MFI): Similar to AMI, this figure reflects the income distribution of families in a specific region.

Mixed-Use Development: A type of urban development that blends residential, commercial, cultural, or industrial uses in one space.

Planned Unit Development (PUD): A designed grouping of varied land uses, such as housing, recreation, and commercial centers, in one contained development or subdivision.

Point-in-Time (PIT) Count: An annual survey estimating the number of people experiencing homelessness on a specific night.

Property Tax Exemption: A program reducing property taxes for specific properties, often linked to affordability or nonprofit ownership.

Protected Classes: Groups of people legally protected from discrimination in housing, including race, color, religion, sex, disability, familial status, and national origin.

Rent-Burdened Households: Renters who spend more than 30% of their income on housing costs.

Severely Cost-Burdened Households: Households spending more than 50% of their income on housing expenses.

Short-Term Rentals (STRs): Residential units rented out for short durations, often regulated to preserve long-term housing availability.

System Development Charges (SDCs): Fees imposed on new development to fund infrastructure improvements such as roads, parks, and utilities.

Tax Abatement: A reduction or exemption of property taxes for a specific period, often used as an incentive for affordable housing development.

Transitional Housing: Temporary housing designed to help individuals and families move from homelessness to permanent housing.

Urban Growth Boundary (UGB): A regional boundary set to control urban sprawl and protect rural land by concentrating urban development.

Urban Renewal Area (URA): Designated areas for revitalization, often using tax increment financing to fund infrastructure and housing development.

Vacancy Rate: The percentage of unoccupied housing units within a specific area, used as an indicator of housing market health.

Workforce Housing: Housing targeted at middle-income workers, often close to employment centers, and typically affordable for households earning 60-120% of AMI.

Zombie Housing: Vacant or abandoned properties that have fallen into disrepair, often targeted for redevelopment to increase housing stock.

Zoning Code: A set of regulations defining land use and development standards within specific geographic areas.

Appendix C. Existing Policies

Molalla has implemented several zoning and code changes to efficiently use land within the existing UGB to address housing needs and to promote affordability while ensuring compliance with development standards. Several policies originally considered in the HPS process have already been adopted and appear below. Here is an overview of the city's housing initiatives:

Establishing Minimum Density Standards

Molalla's development code includes minimum density standards to guide residential development effectively. The lowest allowable density in the R-1 residential zone is set at four units per acre, ensuring efficient land use in this zone. This standard is codified through the city's lot and development standards, as outlined in the municipal code.

Encouraging Lower-Cost Housing Types

Molalla's development code permits various affordable housing types across all residential zones without differentiating between manufactured and stick-built homes. Examples include common-wall developments, cottage clusters, and accessory dwelling units (ADUs). Additionally, ADUs and second-story apartments are allowed in commercial zones, offering flexibility and affordability in housing options. ADUs are now permitted under a Type 1 land use process with clear and objective criteria to meet the requirements of HB 2001.

Expanding the Definition of Housing Units

Molalla accommodates Single Room Occupancy (SRO) units in residential zones, provided they meet building codes. This inclusive approach ensures that SROs are treated similarly to other housing types under the city's development code.

High-Density Requirements for Annexed Land

The city has established unit mix requirements for annexed land, targeting a composition of 55% low-density, 25% medium-density, and 20% high-density housing. These targets align with the Housing Needs Analysis (HNA) and support diverse housing options in newly incorporated areas.

Mixed Housing Types in Planned Unit Developments (PUDs)

Molalla's PUD code facilitates the inclusion of various housing types within planned developments, allowing for greater flexibility and diversity in residential design.

Reducing Regulatory Impediments

Molalla has taken steps to streamline regulatory processes and reduce barriers to lot division and development:

- **Parking Requirements:** Minimum parking standards are flexible, allowing applicants to propose alternative standards based on engineered parking demand assessments during design review. The downtown C-1 district has no minimum parking requirement, and other reductions can be approved through the design review process.

- **Streamlining Permitting:** The city offers a comprehensive pre-application process involving outside agency partners to guide projects from conception to completion. Additionally, the transition to an online permitting platform is underway, further enhancing efficiency.
- **Additional Policies for Future Consideration:** Removing barriers such as minimum street frontage, driveway requirements, that impact minimum lot size/density during lot division. This could be allowed by-right lot division up to max number of units allowed.

Promoting a Pro-Housing Agenda

While Molalla's agenda is neutral in tone, its development code reflects a commitment to diverse housing options and non-discrimination against affordable housing types. This approach fosters a more inclusive housing environment.

Sidewalk Infill and Improvement Grant

Improving sidewalks and pedestrian infrastructure helps enhance neighborhood walkability and connectivity, making areas more desirable without displacing current residents. This action supports neighborhood revitalization without driving up property values in a way that would force lower-income households to relocate, contributing to long-term housing stability

Supporting Active Transportation

Bike parking requirements for multi-unit developments align with DLCDC recommendations, requiring 0.5 stalls per unit. This standard is consistent with actual usage patterns and promotes active transportation options.

Addressing NIMBYism

Molalla mitigates opposition to affordable housing by emphasizing adherence to substantive criteria in code language. Regular training for new Planning Commissioners ensures consistent rulings based on established criteria, and quasi-judicial hearing procedures reinforce these principles. This approach has led to decisions that are less likely to be appealed.

Sidewalk Infill and Improvement Grant

Molalla has introduced a sidewalk improvement grant program, offering up to \$10,400 in funding to enhance pedestrian infrastructure, further supporting accessible and connected neighborhoods.

Reduce or Exempt SDCs for Needed Housing

Molalla has already committed financing System Development Charges (SDCs) at a low interest rate for needed housing types. This strategy reduces development costs for needed housing. Cities such as Albany, Cornelius, Florence, Forest Grove, Lebanon, Madras, Newport, West Linn, and Winston offer SDC deferrals and/or financing for residential developments in similar programs.