



**CITY OF MOLALLA
PLANNING COMMISSION MEETING REGULAR MEETING
AGENDA**

Molalla Civic Center 315 Kennel Ave Molalla, OR 97038
Wednesday, September 3, 2025 | 6:30 PM

NOTICE: Planning Commission Meeting 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.](#)

1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. CONSENT AGENDA

- A. [Planning Commission Meeting minutes - July 2, 2025](#)

4. 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 support staff. The Planning Commission does not generally engage in dialog with those making comments but may refer the issue to the Community Development Director. Complaints shall first be addressed at the department level prior to addressing the Planning Commission.

5. PUBLIC HEARINGS

6. GENERAL BUSINESS

- A. [SB1537 Update \(Corthell\)](#)
B. [Urban Growth Boundary Update \(Zinder\)](#)
C. [Special Meeting for Molalla River School District \(Zinder\)](#)

7. STAFF COMMUNICATION

8. COMMISSIONER COMMUNICATION

9. 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 Community Development Office at 503-759-0243.



City of Molalla
Planning Commission - Regular Meeting Minutes
July 02, 2025
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla Planning Commission Meeting of July 02, 2025 was called to order by Chairman Doug Eaglebear at 6:33 pm.

COMMISSIONER ATTENDANCE

Present: Commission Chair Doug Eaglebear, Commissioner Kristy Hodgkinson, Commissioner Clint Ancell, Commissioner Martin Ornelas, Commissioner David Potts, Commissioner Brady Rickey.

Absent: Commissioner Connie Sharp.

STAFF IN ATTENDANCE

Present: Community Development Technician, Jessica Wirth, Planning Manager, Dan Zinder, and Assistant City Manager, Mac Corthell.

Absent: Engineering Section Manager, Sam Miller, Engineer Technician, Landon Sheekard.

CONSENT AGENDA

A. Planning Commission Meeting Minutes – June 4, 2025

ACTION:

Commissioner Ancell moved to approve the Consent Agenda for June 4, 2025 Meeting Minutes with corrections; Commissioner Potts seconded.

AYES: Hodgkinson, Ancell, Ornelas, Potts, Eaglebear, Rickey. **Motion passed 6-0-0.**

NAYS: None.

ABSENTIONS: None.

PUBLIC HEARING

None.

PUBLIC COMMENT

A public comment was received by Paige Lantz regarding the UGB, and is included at the end of these minutes.

GENERAL BUSINESS

Correction to the agenda: Replace “UGB memo” with discussion of **Senate Bill 974**.

ACTION:

Assistant City Manager, Mac Corthell Motioned to correct the agenda: Replace “UGB memo” with discussion of Senate Bill 974.

AYES: Hodgkinson, Ancell, Ornelas, Potts, Eaglebear, Rickey. **Motion passed 6-0-0.**

NAYS: None.

ABSENTIONS: None.

GENERAL BUSINESS

Assistant City Manager, Mac Corthell, provided an overview of SB 974, highlighting:

- New timelines for infrastructure plan review and final decisions.
- Elimination of many Planning Commission Type 3 quasi-judicial hearings for residential/mixed-use density applications.
- Conditional use permits and variances remain Type 3.
- Reduction of public notice requirement from 300 ft to 100 ft.
- New limits on design standards for subdivisions over 20 units.
- Effective date: September 29, 2025.

Staff will coordinate with legal counsel to evaluate conditional use pathways to maintain community input.
No formal action taken.

STAFF COMMUNICATION

- **Community Development Technician, Jessica Wirth**, nothing to add.
- **Senior Planner, Dan Zinder**, reported on planning staff updates.
- **Assistant City Manager, Mac Corthell**, – reported on SB 974 and city project updates, including:
 - Bohlander Park parking and safety improvements completed.
 - Clark Park ADA-accessible gazebo completed.
 - Wastewater treatment plant construction ongoing.
 - Police facility construction progressing.
 - Yelkus Park play structure arriving mid-July.
 - Lola Street utility and road reconstruction project underway.
 - Feasibility study to reopen Molalla Forest Road.

COMMISSION COMMUNICATION

- **Commissioner Ancell**, nothing to report.
- **Commissioner Hodgkinson**, nothing to report.
- **Commissioner Ornelas**, nothing to report.
- **Commissioner Potts**, nothing to report.
- **Chair Eaglebear**, announced Molalla CPC Garage Sale fundraiser (July 24-26, 2025)

ADJOURNMENT

Chair Eaglebear adjourned the meeting at 7:11pm.

**PLANNING COMMISSION MEETINGS CAN BE VIEWED IN ITS ENTIRETY ON YOUTUBE
“MOLALLA PLANNING COMMISSION – JULY 2, 2025”**

Doug Eaglebear, Planning Commission Chair

Date

Submitted by: _____
Jessica Wirth, Community Development Technician

Date

Attest: _____
Mac Corthell, Assistant City Manager

Date



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Business

September 3, 2025

From: Mac Corthell, Assistant City Manager

Approved by: Mac Corthell, Assistant City Manager

SUBJECT: SB1537 – Quasi-Judicial Land Use Hearings Update

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: N/A

BACKGROUND:

Senate Bill 1537 (SB 1537 or the bill) was adopted by the Oregon State Legislature in 2024 and signed into law on May 6, 2024. Amongst the provisions in the bill are sections 45(3)(a) and 45(6) which seem to contradict one another on the question of whether Type 3 site design review is allowed any longer.

Based on this conflict, staff sought City Attorney advice on April 11, 2025. The City Attorney's Office, in summary, advised us that the provisions of ORS 197.195 appear to be mandatory. They also offered that the possibility of a Type 2.5 process, wherein the Planning Commission issues a decision without a hearing may be a viable alternative as well, though the guidance on what that would look like is scant.

Staff then received updated advice from the City Attorney's Office on August 5, 2025. The guidance acknowledges the contradiction in the statute and ultimately counsels that we can continue our Type 3 hearings as required by the code until a clarifying amendment is adopted:

The one change in my interpretation since our prior e-mail is that I don't think a hearing is necessarily prohibited. The process outlined in ORS 197.195 doesn't include a hearing, but also doesn't explicitly prohibit one, and subsection (5) contemplates that one could occur.

Based on this guidance, staff will continue to process applications that our development code specifies as Type 3 in accordance with the development code's requirement for a quasi-judicial land use hearing.



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Business

September 3, 2025

From: Dan Zinder, Planning Manager

Approved by: Mac Corthell, Assistant City Manager

SUBJECT: UGB Expansion Project Update

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: N/A

BACKGROUND:

City staff to update Planning Commission on the UGB expansion project associated studies.

Housing Production Strategy (HPS)

The City adopted its HPS in March of 2025 and shortly thereafter submitted the document to DLCD for comment and review. For the second time, the City's HPS was remanded back to the City for revision. This came as somewhat of a surprise as the project's TAC included DLCD staff and an in-house consultant contracted through DLCD (3J Consulting). Staff's take is that while the report met HPS rules for the report structure and submission (see Exhibit A), the rules for HPS review (see Exhibit B) allow DLCD reviewers broad discretion in their review that do not necessarily align.

The upshot is while the remand comments are, in some cases, not supported by the statute or administrative rules, our understanding is that they can be addressed primarily through revisions to the document that highlight how the strategies that we chose meet the concerns addressed in the comments. DLCD's concerns about public process, which were heavily highlighted in the first remand, were deemed to have been met. Further, DLCD has committed to fund the revisions by extending the existing contract with 3J Consulting. The City is currently

finalizing a scope of work to address the remand comments and resubmit. Once finalized, the document will be brought to the City Council for review and comment.

The remand letter in its entirety is included as Exhibit C.

Submitted Grant Application To DLCD To Finish UGB Project

The City's most recent grant with DLCD contracted 3J Consulting to finish our HPS and perform background Goal 14 analysis to determine the most suitable areas to expand Molalla's Urban Growth Boundary (UGB). The bulk of this analysis was focused on the subareas that fell in first priority "exception" lands located to the south of the City's existing UGB. This decision was based on strong feedback from DLCD that arguments that expanding to the south would be cost prohibitive would not overcome the burden of "impracticability" cited in [OAR 660-024-0065](#) section 4a (see Exhibit D) that would allow our analysis to consider lower priority lands, including any lands designated as "high value farmland."

Southern expansion has raised many concerns from the community through our town meetings and from City Council. City Staff raised concerns about the practicability of expanding the City's Urban Growth boundary to representatives with the Governor's Office. Concerns included:

1. The cost of expanding utilities, particularly sewer and water to the south
2. The cost of expanding transportation facilities to the south
3. Disruption of environmental factors – sizable wetlands of likely significance exist to the south that would either need to be mitigated or passed by with infrastructure
4. Disruption of existing residential communities

These factors are consistent with the broader factors considered in Goal 14 analysis once prioritization is considered and Staff strongly agrees with the sentiment that other subareas better accommodate these factors.

The Governors' Office has by and large been receptive to considering these concerns and has advised that we submit a grant to DLCD and that DLCD consider it. The City did submit a grant to DLCD under its current housing assistance grant cycle that would fund:

1. Performing a more robust cost analysis of additional subareas within the study area
2. Incorporating that analysis into the Goal 14 analysis writeup
3. Additional public engagement, including public meetings and hearings and continuation of consultation with the PAC/TAC
4. Bringing the UGB amendment process to completion through City Council adoption.

DLCD's decision on this grant application is expected this month.

EXHIBITS:

Exhibit A: OAR 660-008-0050 Housing Production Strategy Report Structure

Exhibit B: OAR 660-008-0055 Review of Housing Production Strategy Reports

Exhibit C: Review of City of Molalla Housing Production Strategy

Exhibit D: OAR 660-024-0065 Establishment of Study Area to Evaluate Land for Inclusion in the UGB

OAR 660-008-0050

Housing Production Strategy Report Structure

As provided in ORS 197.290 (Housing production strategy)(2), a city with a population of more than 10,000 people must develop and adopt a Housing Production Strategy Report that includes a list of specific actions, including the adoption of measures and policies that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296 (Factors to establish sufficiency of buildable lands within urban growth boundary)(3) or ORS 197.296 (Factors to establish sufficiency of buildable lands within urban growth boundary)(10) for the most recent 20-year period described in the city's Housing Capacity Analysis. At a minimum, this Report must include the following components:

- (1)** Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.
 - (a)** At a minimum, this must include a discussion of:
 - (A)** 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;
 - (B)** Measures already adopted by the city to promote the development of Needed Housing;
 - (C)** Market conditions affecting the provision of Needed Housing;
 - (D)** Existing and expected barriers to the development of Needed Housing;
 - (E)** An estimate of the number of people or households experiencing homelessness. Estimates must include, as available, the following data sources:
 - (i)** An estimate of regional housing need for people experiencing homelessness provided by the state or regional entity;

- (ii) The applicable Housing and Urban Development Point-in-Time count conducted by the Continuum of Care that the city is located within;
 - (iii) The applicable Housing and Urban Development Annual Homelessness Assessment Report; **and**
 - (iv) The applicable McKinney-Vento Homeless Student Data for all school districts that overlap with the city boundary.
- (F) Percentage of Rent Burdened Households, as determined in the report described in OAR 813-112- 0020(2);
- (G) Housing tenure, including rental and owner households; **and**
- (H) 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.
- (b) A city may use the following types and sources of data to further contextualize housing need for the purposes of this section:
- (A) The percentage of housing stock that is market rate compared to the percentage of housing stock that is subsidized to make it affordable;
 - (B) Units that the city has permitted but which have not yet been produced;
 - (C) Population groups that are not typically accounted for in a Housing Capacity Analysis, including but not limited to college and university students or second homeowners;
 - (D) Redevelopment rates that impact the preservation of existing affordable market-rate units; **and**
 - (E) Other types and sources of data to refine housing need for those experiencing homelessness, including:
 - (i) Data collected by local Coordinated Care Organizations;
 - (ii) Data collected by community action agencies;
 - (iii) The capacity of existing emergency shelters;
 - (iv) Rental and homeowner vacancy rates;
 - (v) Change in gross or net property values or rent over time;
 - (vi) Qualitative data that illustrate specific needs of people experiencing homelessness; **and**
 - (vii) Other local houseless population datasets
- (2) Engagement – A Housing Production Strategy Report must include a narrative

summary of the process by which the city engaged Consumers of Needed Housing and Producers of Needed Housing, especially with regard to state and federal protected classes. A city may conduct engagement for a Housing Production Strategy concurrent with other housing planning efforts within the city including, but not limited to, a Housing Capacity Analysis, Consolidated Plans for Community Development Block Grant Entitlement Communities, and public engagement for Severely Rent Burdened Households as described in OAR 813-112-0010 (Definitions). The narrative summary must include the following elements:

- (a) A list and description of stakeholders who will be impacted by potential Housing Production Strategies, stating who was engaged and why, including Consumers of Needed Housing and Producers of Needed Housing;
 - (b) A summary of feedback received from each stakeholder group;
 - (c) A description of how the information from stakeholders influenced implementation of Housing Production Strategies adopted by the city as provided in section (3);
and
 - (d) An evaluation of how to improve engagement practices for future housing engagement efforts conducted by the city.
- (3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to, those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B. For each identified Housing Production Strategy, the Housing Production Strategy Report must include:
- (a) A description of the Housing Production Strategy chosen;
 - (b) A timeline for adoption of the Housing Production Strategy;
 - (c) A timeline for implementation of the Housing Production Strategy; **and**
 - (d) An estimated magnitude of impact of the Housing Production Strategy, including:
 - (A) Housing need addressed by the identified Housing Production Strategy by tenure and income;
 - (B) An estimate of the number of housing units that are anticipated to be created through implementation of the identified Housing Production Strategy;
 - (C) An analysis of the income and demographic populations that are anticipated to receive benefit or burden from the Housing Production Strategy, including:

- (i) Low-income communities;
 - (ii) Communities of color;
 - (iii) People with disabilities; **and**
 - (iv) Other state and federal protected classes; **and**
- (D) A time frame over which the Housing Production Strategy is expected to impact Needed Housing.
- (4) Achieving Fair and Equitable Housing Outcomes – A Housing Production Strategy Report must include a narrative summarizing how the selected Housing Production Strategies, in combination with other city actions, will achieve equitable outcomes with regard to the following factors:
- (a) Location of Housing - How the city is striving to meet statewide greenhouse gas emission reduction goals, established under Executive Order No. 20-04, by creating compact, mixed-use neighborhoods available to people part of state and federal protected classes.
 - (b) Fair Housing - How the city is affirmatively furthering fair housing for all state and federal protected classes. Affirmatively furthering fair housing means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity;
 - (c) Housing Choice – How the city is facilitating access to housing choice for communities of color, low- income communities, people with disabilities, and other state and federal protected classes. Housing choice includes access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment.
 - (d) Housing options for residents experiencing homelessness – How the city is advocating for and enabling the provision of housing options for residents experiencing homelessness and how the city is partnering with other organizations to promote services that are needed to create permanent supportive housing and other housing options for residents experiencing homelessness;
 - (e) Affordable Homeownership and Affordable Rental Housing – How the city is supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership, primarily for state and federal protected classes that have been disproportionately impacted by past housing policies; **and**
 - (f) Gentrification, Displacement, and Housing stability – How the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from

investment or redevelopment.

- (5) A Housing Production Strategy Report must include the following additional elements:
- (a) A description of any opportunities, constraints, or negative externalities associated with adoption of the elements of proposed Housing Production Strategies;
 - (b) A description of actions that the city and other stakeholders must take to implement the proposed Housing Production Strategies;
 - (c) If the Housing Production Strategy Report is the first produced under this division, a description of how the city will measure strategy implementation and progress;
 - (d) If the Housing Production Strategy Report is not the first produced under this section, a summary of strategies that the city has previously adopted and implemented, and a reflection on the efficacy of each implemented strategy; **and**
 - (e) A copy of the city's most recently completed survey to meet the requirements of ORS 456.586 (Rent-burdened households information).

[ED. NOTE: To view attachments referenced in rule text, click here to view rule.]

Location: https://oregon.public.law/rules/oar_660-008-0050

Original Source: *Rule 660-008-0050 — Housing Production Strategy Report Structure*, <https://secure.sos.state.or.us/oard/view.action?ruleNumber=660-008-0050> (last accessed May 10, 2025).

OAR 660-008-0055

Review of Housing Production Strategy Reports

- (1) No later than 20 days after a city's adoption or amendment of a Housing Production Strategy Report, a city must submit the adopted Report or amended Report to the Department.
- (2) On the same day the city submits notice of the Housing Production Strategy Report or amended Report to the Department, the city must provide a notice to persons who participated in the proceedings that led to the adoption of the Housing Production Strategy Report and requested notice in writing.
- (3) Within ten days of receipt of the submission under section (1), the Department must provide notice to persons described under ORS 197.615 (Submission of adopted comprehensive plan or land use regulation changes to Department of Land Conservation and Development) (3).
- (4) Notices given under sections (2) and (3) must state:
 - (a) How and where materials described under section (5) may be freely obtained;
 - (b) That comments on the Housing Production Strategy Report may be submitted to the Department within 45 days after the Department has received the submission under section (1); **and**
 - (c) That there is no further right of appeal of the Department's decision under section (7).
- (5) The submission under section (1) must include copies of:
 - (a) The signed decision adopting the Housing Production Strategy Report or amended Report;
 - (b) The text of the Housing Production Strategy Report as provided in OAR 660-008-0050 (Housing Production Strategy Report Structure) and any amendments to the most recent Report submitted under section (1);

- (c) A brief narrative summary of the Housing Production Strategy Report; **and**
- (d) The information that the city reviewed and considered under section (6).
- (6) The Department shall review the accuracy and sufficiency of the Housing Production Strategy Report based upon the following:
 - (a) Unmet housing need as described in ORS 197.296 (Factors to establish sufficiency of buildable lands within urban growth boundary)(6);
 - (b) Unmet housing need in proportion to the city's population;
 - (c) Percentage of households identified as severely rent burdened;
 - (d) Recent housing development;
 - (e) Recent adoption of a Housing Production Strategy or implementation of actions therein;
 - (f) The city's response to address the housing needs of those experiencing homelessness;
 - (g) Increased access to housing opportunity including the elimination of barriers to fair and equitable housing options;
 - (h) Other attributes that the Commission considers relevant; **and**
 - (i) Recent or frequent failure to address the metrics listed in the criteria in this subsection.
- (7) The Department shall, within 120 days after receiving the submission under section (1):
 - (a) Approve the Housing Production Strategy Report;
 - (b) Approve the Housing Production Strategy Report, subject to further review and actions recommended by the Department based on its review under section (6);
or
 - (c) Remand the Housing Production Strategy Report for further modification as identified by the Department.
- (8) A determination by the Department under section (7) is not a land use decision and is final and not subject to appeal.
- (9) The Department will maintain an annual summary of proposed Housing Production Strategies included in Reports submitted under section (1) and reports submitted under OAR 660-008-0060 (Reporting on Housing Production Strategy Implementation).

Location: https://oregon.public.law/rules/oar_660-008-0055

Original Source: Rule 660-008-0055 — Review of Housing Production Strategy Reports, <https://secure.sos.state.or.us/oard/view.action?ruleNumber=660-008-0055> (last accessed May 10, 2025).



Oregon

Tina Kotek, Governor

Department of Land Conservation and Development

635 Capitol Street NE, Suite 150

Salem, Oregon 97301-2540

Phone: 503-373-0050

Fax: 503-378-5518

www.oregon.gov/LCD

August 13, 2025

Dan Zinder, Planning Manager
117 N. Molalla Ave.
Molalla, OR 97038
Sent via e-mail



RE: Review of City of Molalla Housing Production Strategy

Dear Planning Manager Zinder,

On April 11, 2025, the Department of Land Conservation and Development (DLCD or Department) received a submittal from the City of Molalla notifying the Department of the adoption of the city's Housing Production Strategy (HPS). Per Oregon Revised Statute (ORS) 197A.103(4), the Department posted the city's HPS for a 45-day public comment period on April 15, 2025. Upon the close of the public comment period on May 30, 2025, the Department received [three comments](#) on the city's HPS.

Per ORS 197A.103(6) (formerly ORS 197.291(6)), the Department must review the city's submittal to determine whether to:

1. Approve the Housing Production Strategy Report;
2. Approve the Housing Production Strategy, subject to further city review and actions as recommended by the Department; or
3. Remand the Housing Production Strategy for further modification as identified by the Department.

The Department is required to complete this review and issue a decision within 120 days of the city submittal. In the case of the City of Molalla's Housing Production Strategy, the Department must make a final decision by August 13, 2025. Per ORS 197A.103(7) (formerly ORS 197.291(7)), the Department's decision is final and may not be appealed.

*Based on the Department's review of the City of Molalla's Housing Production Strategy against the review criteria established in OAR 660-008 as it was in effect prior to amendments adopted by the Land Conservation and Development Commission in December 2024, which remains applicable to this review pursuant to ORS 197A.025 (Section 9), **the Department remands the city's Housing Production Strategy Report, and requires the city to readopt once the four conditions described below are met.***

Next Steps – Work Plan Submission

Within 30 days of this decision (by September 12, 2025), the city must submit a workplan to the Department. The workplan must outline the city's approach, timeline, and responsibilities for addressing each of the readoption conditions. Submission of this workplan is the first step in initiating the readoption process to respond to this decision. The Department is prepared to fund any necessary work to meet the readoption conditions, contingent upon approval of the workplan.

The city must re-adopt an HPS that fully addresses the readoption conditions within 180 days of this decision or by February 9, 2026. This deadline may be extended if needed to align with the next available city council session during that month.

Review Conducted

As part of the Department's review of the City of Molalla's HPS, staff evaluated the city's adopted actions against the applicable statutory requirements in ORS 197. The city was actively developing its Housing Capacity Analysis (HCA) and HPS at the time House Bill 2001 (HB 2023) was enacted. Anticipating such situations, HB 2001 included provisions allowing the Land Conservation and Development Commission (LCDC) to allow cities to continue operating under the statutes and rules in effect prior to the bill's changes. Specifically, ORS 197A.025(9)(4) provides:

To avoid interference with current planning activities or to avoid unjust or surprising results, the Land Conservation and Development Commission may postpone, for cities specified by the commission, the applicability of section 13 [ORS 197A.210], 21 [ORS 197A.280], 22 [ORS 197A.270] or 23 [ORS 197A.018], chapter 13, Oregon Laws 2023, and the amendments to ORS 197.286, 197.290, 197.296 [renumbered ORS 197A.350], 197.297 [renumbered ORS 197A.335] and 197.303 [renumbered ORS 197A.348] by sections 12 and 25 to 28, chapter 13, Oregon Laws 2023, until a date that is not later than January 1, 2027.

Accordingly, the Department reviews the City of Molalla's HPS under the applicable statutory framework in ORS 196 and 197, rather than under the updated statutes in ORS 197A (2023).

The review criteria applicable to the City of Molalla's HPS are available for reference through the Oregon Secretary of State's Archives Division here:

- *Chapters 196, 197, edition 2021:*
https://www.oregonlegislature.gov/bills_laws/Pages/ORSarchive.aspx
- *Chapter 660, Division 8:*
- <https://secure.sos.state.or.us/oard/viewCompDocument.action?compDocRsn=1240>

Department Findings based on OAR 660-008-0050

(1) Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.

The City of Molalla adopted its HCA in July 2023 and its HPS in March 2025, meeting its statutory obligation to adopt these housing planning documents as prescribed by ORS 197A.103 (formerly ORS 197.291).

The city's HPS includes a section titled "*Molalla's Housing Needs*" which provides an overview of the city's demographic and socio-economic characteristics and affordability metrics, disaggregated by race and ethnicity. The full Contextualized Housing Need (CHN) analysis is included as "*Appendix A*" of the city's HPS.

The HCA found that between 2010 and 2020, the city's average annual growth rate of 2.34%, is much higher than the growth rate in Clackamas County (1.13%) or the state (1.02%) over that same period. It estimates that the population will increase by 5,432 residents by 2042. In 2023, the city had a Median Household Income (MHI) of \$114,400, much higher than the county (\$95,740).

The CHN includes a disaggregation of households living in existing Needed Housing by race and ethnicity. The city's population identifies as 76.07% White not Hispanic or Latino, 15.84% Hispanic or Latino, and 5.39% two or more races. The CHN provides further breakdown of homeownership rates by race and ethnicity, including 66% of White not Hispanic or Latino households, 60% of households of two or more races, and 48% of Hispanic or Latino households. This information satisfies the requirements of OAR 660-008-0050(1)(a)(A).

OAR 660-008-0050(1)(a)(B) requires a description of measures the city has already adopted to promote the development of Needed Housing. The HPS includes Appendix C, "*Existing Policies*" which contains this information, satisfying this rule.

The CHN subsection titled "*Market Factors*" provides information on the current housing market in Molalla. It states that in March 2024, the median sale price was \$470,000, a 4.4% increase from the previous year, but still below the median Clackamas County price of \$600,000. It also notes that the median age in Molalla is lower than the state or county, with a particularly high percentage of elementary school age children and early to mid-career employment age adults, which impacts housing choice and tenure. This subsection satisfies the requirements of OAR 660-008-0050(1)(a)(C).

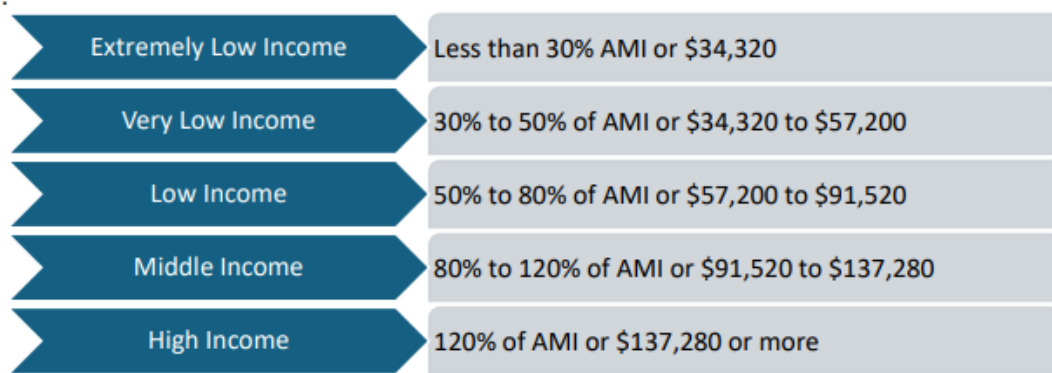
The HPS section "*Community Engagement*" states barriers to developing needed housing, including infrastructure challenges and regulatory and process issues. This information minimally satisfies the requirements of OAR 660-008-0050(1)(a)(D).

The CHN subsection titled “*Housing Need of People Experiencing Houselessness*”, reports that in 2023, 410 people in Clackamas County were experiencing homelessness. McKinney-Vento Act reporting for the 2022-2023 found a total of 42 homeless or housing insecure students in the Molalla River School District. This information satisfies the requirements of OAR 660-008-0050(1)(a)(E).

The HPS subsection titled “*Affordability Targets*” includes the following graphic which defines income levels in Molalla based on the 2023 Area Median Income (AMI):

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

Additionally, this subsection states that 26% of renters spend between 30% and 50% of their income on housing costs, and 20% of renters spend more than half of their income on housing. Among homeowners, 16% spend between 30% and 50% and 8% spend more than 50%. Rates of cost burden are very stratified among income groups. This information satisfies the requirements of OAR 660-008-0050(1)(a)(F).

The CHN cites the 2022 ACS data which finds that there are a total of 1,426 renter-occupied households and 2,355 owner-occupied households. The percentage of renters in Molalla (37.71%) is greater than in Clackamas County (27%) and slightly higher than in the state (37%). This information satisfies the requirements of OAR 660-008-0050(1)(a)(G).

An estimated 16% of individuals in Molalla have one or more disabilities, with the most common types of disability being ambulatory, independent living, cognitive, and hearing related difficulties. This is slightly higher than the percentage of people who have one or more disabilities in Clackamas County (13%) and the state (15%). This information satisfies the requirements of OAR 660-008-0050(1)(a)(H).

The CHN additionally includes a subsection titled “Implications”. This is an excellent example of the intent of the CHN, which is to translate the quantitative and qualitative information gathered during the CHN process and translate that into housing needs which should be met by the HPS actions. The identified implications are:

- Economic Strain on Low-Income Households
- Challenges for Renters
- Homeowners Facing Financial Pressure
- Fair Housing
- Need for Adaptations
- Universal Design
- Housing Choice
- Homelessness
- Shelter and Housing Needs
- Support Services

(2) Engagement – A Housing Production Strategy Report must include a narrative summary of the process by which the city engaged Consumers of Needed Housing and Producers of Needed Housing, especially with regard to state and federal protected classes. A city may conduct engagement for a Housing Production Strategy concurrent with other housing planning efforts within the city including, but not limited to, a Housing Capacity Analysis, Consolidated Plans for Community Development Block Grant Entitlement Communities, and public engagement for Severely Rent Burdened Households as described in OAR 813-112-0010.

The city undertook engagement activities as part of the development of the HPS as required by OAR 660-008-0050(2). This process is summarized in the HPS section titled “*Community Engagement*”.

The city conducted a public engagement process which included online surveys, public meetings, interviews with developers and housing advocates that support priority populations, including renters, low-income households, displaced households, people with disabilities, and seniors. A Technical Advisory Committee (TAC) and a Project Advisory Committee (PAC) comprised of local agencies, faith-based organizations, developers, and advocacy groups were set up as part of the development of the HPS. Collectively, this satisfies the requirements of OAR 660-008-0050(2)(a).

The description of each engagement activity also summarizes the feedback received by that group, as required by OAR 660-008-0050(2)(b). Feedback from the first set of online surveys, the public meeting held on October 14, 2024, and interviews with developers and housing advocates informed the Contextualized Housing Need to further understanding of local housing needs. The interviews highlighted barriers such as a lack of infrastructure, slow permitting, and high System Development Charges (SDCs), and a

need for more affordable housing, accessible housing, and opportunities for aging-in-place. The final survey focused on getting public feedback on a draft set of actions.

The HPS section titled “*Community Engagement*” includes a subsection titled “How Was Input Considered?” It describes how feedback from the final survey informed action selection and were considered by the PAC, who helped vet the final set of actions included in the city’s HPS. This information satisfies OAR 660-008-0050(2)(c).

The HPS includes an evaluation of how to improve engagement practices for future housing engagement efforts conducted by the city, as required by OAR 660-008-0050(2)(d). The city found that accessibility in outreach efforts could be improved by using more in-person outreach efforts, including by partnerships with trusted community groups. The HPS also recommends providing plain-language summaries and visual aids to help understand the HPS actions and being transparent about how community input influences public decisions.

Note: As part of the Department’s 45-day public comment period initiated in accordance with ORS 197A.103(4), the Department received [three comment letters](#).

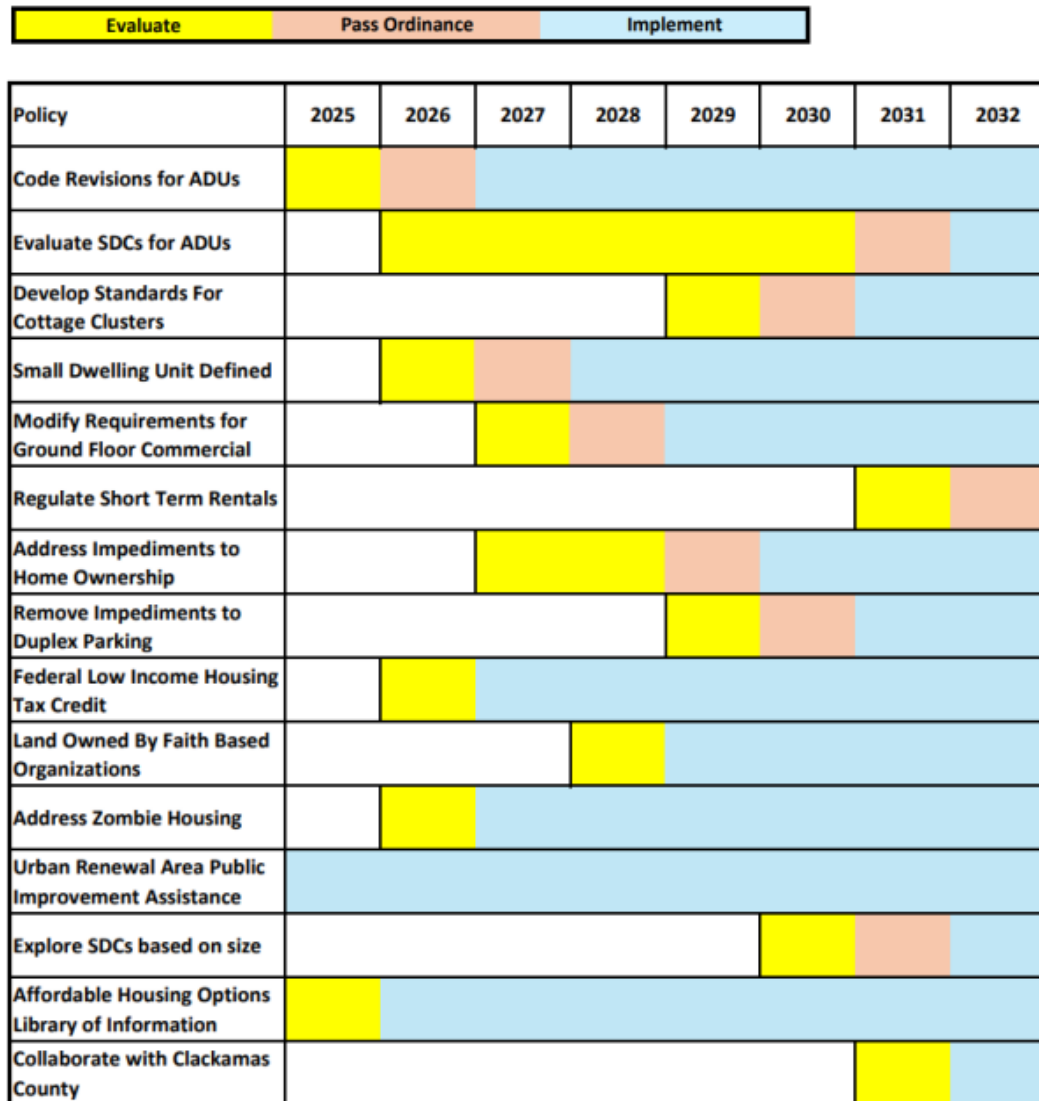
(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to, those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B.

The city’s HPS outlines 14 actions for implementation within its eight-year HPS cycle to address the housing needs identified through the CHN. These actions are detailed in the HPS section titled “*Actions to Meet Future Needs*”. To provide clarity and structure, the city organized these actions into six categories:

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

Each action in the HPS includes a title and description which meets the requirements of OAR 660-008-0050(3)(a).

The HPS section “*Actions to Meet Future Needs*” includes a subsection titled “*Implementation Timeline*”, as required by OAR 660-008-0050(3)(c). Within this subsection, the following graphic was included which notes the adoption timeline for each action (where applicable), as required by OAR 660-008-0050(3)(b).



While the timeline provides clear adoption and implementation milestones, several actions aimed at addressing housing needs for historically marginalized communities are scheduled late in the eight-year HPS cycle. For example, Action 2 “Develop Standards for Cottage Clusters” and Action 12, “Modify SDC fee schedules based on size” are critical to meeting Molalla’s medium- and high-density housing needs yet are pushed to the second half of the HPS cycle. Additionally, Action 7 “Remove Impediments for Conversions/Duplex parking” seeks to remove barriers to middle housing production that

appear out of compliance with state housing law, is not scheduled for adoption until 2029.

Each action description includes a section titled “*Potential Impact*”, as required by OAR 660-008-0050(3)(d). However, most entries list broad impact ranges such as “Low to Medium Impact” or “Medium to High Impact”, which suggest the scope of these actions remain noncommittal. The lack of specificity undermines the HPS program’s intent, and the Department expects the city to clearly define the impact of each action.

OAR 660-008-0050(3)(d)(A) requires an assessment of the housing need addressed by each action, categorized by tenure and income. The “Tenure” and “Affordability Target” subsections of each action description include this information satisfying this rule.

OAR 660-008-0050(3)(d)(C) requires an analysis of the income and demographic populations that are anticipated to receive benefit or burden for each action, including:

- (i) Low-income communities;
- (ii) Communities of color;
- (iii) People with disabilities; and
- (iv) Other state and federal protected classes

Each action description contains a subsection titled “*Benefits/Burdens*”, and the populations expected to receive benefit are well-defined. However, the listed “burdens” focus primarily on impacts on the city itself rather than on the specific populations identified in this rule. This falls short of meeting this rule requirement. Further, in the HPS section “*Achieving Fair and Equitable Housing Outcomes*”, the subsection “*Gentrification, Displacement, and Housing*” notes that gentrification may result from public investments or redevelopment. It identifies the area between Molalla Elementary and West Main Street as particularly vulnerable to displacement, as it is the only location where all three identified risk factors – concentrated poverty, a high percentage of renters, and low property values – are present. While no other areas exhibit all three factors, other locations could likely be vulnerable to some degree. Because the current analysis does not fully capture how burdens may affect specific populations or where those impacts may occur, a more comprehensive analysis is needed.

To address concerns regarding timeline sequencing of actions, the lack of sufficient burdens analysis, and the specificity of impact for each action, the Department is applying the following readoption condition.

Readoption Condition 1: The city shall analyze and present potential burdens resulting from existing actions and any new actions. Where burdens are identified, the city shall

commit to mitigation steps through new actions or sub-actions. The city shall also refine the “Potential Impact” descriptions for each action and possible new actions to provide a clear and specific statements of impacts, rather the broad ranges of impact currently reflected in the action descriptions. Additionally, the city shall reevaluate the adoption and implementation timelines of all actions, with emphasis on Action 2 “Develop Standards for Cottage Clusters”, Action 7 “Remove Impediments for Conversions/Duplex parking”, and Action 12 “Modify SDC fee schedules based on size” to better address acute housing needs earlier. Compliance with existing housing statutes should be given high priority and associated implementation timeline in the city’s action plan.

(4) Achieving Fair and Equitable Housing Outcomes – A Housing Production Strategy Report must include a narrative summarizing how the selected Housing Production Strategies, in combination with other city actions, will achieve equitable outcomes with regard to the following factors:

(a) Location of Housing – How the city is striving to meet statewide greenhouse gas emission reduction goals, established under Executive Order No. 20-04, by creating compact, mixed-use neighborhoods available to people who are members of state and federal protected classes. Within Metro, cities subject to this rule shall describe actions taken by the city to promote the production of regulated affordable units, as defined in ORS 456.586(1)(b); to promote the production of accessible dwelling units; to mitigate or avoid the displacement of members of state and federal protected classes; and to remove barriers and increase housing choice for members of state and federal protected classes within Region 2040 centers.

The HPS specifies four actions which directly support the goal of reducing greenhouse gas emissions and promoting compact, mixed-use neighborhoods:

- Code revisions for ADUs (Action 1)
- Develop Standards for Cottage Clusters (Action 2)
- Small Dwelling Unit Developments (Action 3)
- Modify Requirements for Ground-floor Retail/Commercial (Action 4)

This information satisfies OAR 660-00800050(4)(a).

(b) Fair Housing – How the city is affirmatively furthering fair housing for all state and federal protected classes. Affirmatively furthering fair housing means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity.

The HPS lists two actions which address this rule:

- Land Owned by Faith-Based Organizations for Affordable Housing (Action 9)
- Affordable Housing Options Library of Information (Actions 13)

OAR 660-00800050(4)(b) is met.

(c) Housing Choice – How the city is facilitating access to housing choice for communities of color, low- income communities, people with disabilities, and other state and federal protected classes. Housing choice includes access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment.

The HPS identifies three actions to enhance housing choice:

- Address Impediments to Home Ownership (Action 6)
- Remove Impediments for Conversions/Duplex parking (Action 7)
- Modify SDC fee schedules based on size (Action 12)

However, the HPS contains no actions that specifically address the needs of people with disabilities. As noted in the city's CHN findings for this population, roughly 16% of individuals in Molalla have one or more disabilities – a higher percentage than in Clackamas County (13%) and the state (15%). Given this identified need, the Department expected a corresponding action to address it. While Action 3 “Small Dwelling Unit Developments” and Action 4 “Modify Requirements for Ground-floor Retail/Commercial” mention opportunities to produce accessible dwelling units, neither commit to doing so. The absence of an action, or sub-actions within existing actions, that addresses this need represents a gap in meeting housing choice for people with disabilities, as required by this rule, and given this gap, the Department is applying the following readoption condition.

Readoption Condition 2: The city shall identify and commit to measures that meet its accessible housing need through new or existing actions. These measures may include incentive or regulatory actions and should be responsive to the findings of the CHN.

Without the city addressing Readoption Condition 2, the department cannot confirm that 660-008-0050(4)(c) is met.

(d) Housing Options for People Experiencing Homelessness – How the city is advocating for and enabling the provision of housing options for residents experiencing homelessness and how the city is partnering with other organizations

to promote services that are needed to create permanent supportive housing and other housing options for residents experiencing homelessness.

The HPS identifies two actions which address this rule section:

- Federal Low Income Housing Tax Credit (LIHTC) Program (Action 8)
- Collaborate with Clackamas County (Action 14)

These actions minimally satisfy OAR 660-008-0050(4)(d). However, the city has not addressed unique financial and spatial needs of permanent supportive housing or other housing options for residents experiencing homelessness. For example, Action 9 “Address unmaintained ‘zombie’ housing” and Action 10 “Land Owned by Faith-Based Organizations for Affordable Housing”, could potentially make land available for shelter or transitional housing at a low cost.

(e) Affordable Homeownership and Affordable Rental Housing – How the city is supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership, primarily for state and federal protected classes that have been disproportionately impacted by past housing policies.

The HPS includes three actions that will address affordable homeownership needs:

- Small Dwelling Unit Developments (Action 3)
- Address Impediments to Home Ownership (Action 6)
- Federal LIHTC Program (Action 8)

While the LIHTC program is a significant source of funding for regulated affordable housing nationwide, the city’s role in Action 8, “Federal LIHTC Program” is unclear. The action states that the city would partner with private developers seeking federal financing but provides little detail on what that partnership would entail. Further communication with the city indicated that the action could involve helping developers “better understand HUD requirements and leveraging those funds with additional state or county programs and financing tools”. However, the Department finds this explanation and action insufficient to meet the expressed affordable homeownership need.

Similarly, Action 6 “Address Impediments to Home Ownership” outlines this action to entail a “(c)omprehensive review of impediments to the development of homeownership opportunities” and the “development of actionable steps to remove those [home ownership] barriers”, but the action itself does not identify those steps. As written, the action is neither specific nor committal, leaving its

scope and intended outcomes unclear. Without clearly named and defined measures, the Department cannot assess whether this action will meaningfully support affordable homeownership outcomes as required under this rule.

The HPS claims to include three actions which support affordable rental housing:

- Federal HOME Program funding for rental and homebuyer assistance and construction
- Property Tax Exemption for Affordable Housing Tied to Level of Affordability
- Delayed Tax Exemption tied to affordability

However, the “Federal HOME Program funding for rental and homebuyer assistance and construction” action is listed only in the “*Future Housing Action for Consideration*” section of the HPS, and the “Property Tax Exemption for Affordable Housing Tied to Level of Affordability” and “Delayed Tax Exemption tied to affordability” actions were not included in the city’s adopted HPS. These discrepancies create a gap, leaving the Department without a clear basis to evaluate the city’s adopted work to address affordable rental housing needs as required by this rule.

Furthermore, the HCA found that 20% of Molalla’s future housing need is for high density housing. This type of housing can trend towards more affordable rental options. Although the HPS does include an action which references LIHTC units, the Department does not consider this action as written to meet the identified need for the production of high density housing as part of its HPS.

Given that the city’s three actions for achieving affordable homeownership and affordable rental housing outcomes lack sufficient detail to allow for meaningful evaluation and considering the absence of any action specifically promoting high density housing, the Department is applying the following readoption condition.

Readoption Condition 3: The city shall adopt new actions and/or further elaborate on the implementation of the three actions identified as achieving the identified needs for affordable rental housing and homeownership opportunities. Additionally, the city shall ensure, either through new or the existing actions, that the multi-unit housing need identified in the CHN is addressed.

Without the city addressing Readoption Condition 3, the department cannot confirm that OAR 660-008-0050(4)(e) is met.

The Department acknowledges that there has been recent multi-unit development activity in Molalla, some of which is affordable. However, this housing production is not reflected in the city's housing production dashboard. The department urges the city to submit the data, via the annual Permitted and Produced Survey, to ensure the dashboard accurately reflects recent housing production activity. Additionally, the Department is aware that the city has been engaged in the rezoning of lands to medium and high-density residential in conjunction with the sequential UGB process. The Department encourages the city to account for these actions in the readopted HPS in order to demonstrate how the city is addressing the need for multi-unit housing, which typically includes more affordable rental opportunities.

(f) Gentrification, Displacement, and Housing Stability – How the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from investment or redevelopment.

As previously stated, the HPS section “*Achieving Fair and Equitable Housing Outcomes*” includes a subsection titled “*Gentrification, Displacement, and Housing Stability*” which states that gentrification may arise from public investments or redevelopment. It also lists three actions which support housing stability:

- Regulate Short Term Rentals (Action 5)
- Address unmaintained “zombie” housing (Action 9)
- Provide public improvement assistance to housing developers within the Urban Renewal Area (Action 11)

The city explained that Action 9 “Address unmaintained ‘zombie’ housing” serves as an anti-displacement measure that will help “reduce blight in neighborhoods, making them more attractive for current residents and preventing further deterioration that can contribute to displacement.” However, given the increasing housing prices referenced in the city’s CHN, blight caused by vacant buildings is unlikely. If this program is used to develop regulated affordable housing, as referenced in the action description, this could contribute to neighborhood stability, particularly if former residents are given the opportunity to return. However, this aspect of the program was not referenced in this subsection. It was also not listed as an action supporting affordable rental or homeownership. The city could have also directly promoted stability by investing in rehabilitation for housing while it is still occupied. Without clear purpose, refined details, specific implementation steps, or other high impact actions

addressing this need, the Department cannot confirm that this rule is met. Therefore, the Department is applying the following readoption condition.

Readoption Condition 4: The city shall develop an implementation plan for Action 9 “Address unmaintained ‘zombie’ housing” that includes measures which ensure that the action promotes neighborhood stability.

Without addressing Readoption Condition 3, the department cannot confirm that OAR 660-008-0050(4)(f) is met.

Additionally, the CHN noted that the city should collaborate with Clackamas County to protect naturally occurring affordable housing. However, this collaboration is not reflected in the corresponding steps of Action 14 “Collaborating with Clackamas County”. According to implementation timeline for this action, the associated steps to implement this action are slated for the second half of the HPS cycle. As noted in Readoption Condition #1, the city shall reevaluate the adoption and implementation timelines of all actions and emphasizes refinement to the implementation timeline for Action 14 “Collaborating with Clackamas County” to better address acute housing needs earlier.

(5) A Housing Production Strategy Report must include the following additional elements:

(a) A description of any opportunities, constraints, or negative externalities associated with adoption of the elements of proposed Housing Production Strategies;

The section “*Actions to Meet Future Needs*” includes a subsection called “Implementation Considerations”. Each action also contains some description of potential challenges it will create for the city. This information collectively meets the requirements of OAR 660-008-0050(5)(a).

(b) A description of actions that the city and other stakeholders must take to implement the proposed Housing Production Strategies;

Each action contains subsections titled “Approach”, “City Role”, “Department”, “Funding Partners”, and “Implementation Partners” which minimally meets the requirements of OAR 660-008-0050(5)(b).

(c) If the Housing Production Strategy Report is the first produced under this division, a description of how the city will measure strategy implementation and progress;

The HPS section “*Actions to Meet Future Needs*” includes a subsection titled “Monitoring and Implementation” which meets the requirements of OAR 660-008-0050(5)(c).

(d) If the Housing Production Strategy Report is not the first produced under this section, a summary of strategies that the city has previously adopted and implemented, and a reflection on the efficacy of each implemented strategy; and

Not applicable.

(e) A copy of the city’s most recently completed survey to meet the requirements of ORS 456.586.

The HPS includes Appendix C, “*Existing Policies*” meets the requirements of ORS 456.586. OAR 660-008-0050(5)(e) is met.

Closing

The city must readopt a Housing Production Strategy that complies with OAR 660-008, as was in effect prior to amendments adopted by the Land Conservation and Development Commission in December 2024. Compliance with OAR 660-008 can be achieved by addressing the four readoption conditions outlined in this letter. The readoption must be completed within 180 days of this decision, or by February 9, 2026. This deadline may be extended if needed to align with the next available city council session during that month.

Finally, the Department is committed to supporting the city in achieving readoption of its HPS and sincerely appreciates the dedication and hard work the city has already invested in the development of the HPS. We look forward to our continued partnership with Molalla as we work together toward this shared goal.

Please reach out to the DLCD Housing Division at housing.dlcd@dlcd.oregon.gov to discuss this decision further.

Sincerely,

A handwritten signature in black ink, appearing to read "Ethan Stuckmayer". The signature is fluid and cursive, with a long, sweeping underline.

Ethan Stuckmayer
Housing Division Manager, Department of Land Conservation and Development

Cc: Brenda Bateman, DLCD
Kirstin Greene, DLCD
Kelly Reid, DLCD
Ingrid Caudel, DLCD

OAR 660-024-0065

Establishment of Study Area to Evaluate Land for Inclusion in the UGB

- (1) When considering a UGB amendment to accommodate a need deficit identified in OAR 660-024-0050 (Land Inventory and Response to Deficiency)(4), a city outside of Metro must determine which land to add to the UGB by evaluating alternative locations within a “study area” established pursuant to this rule. To establish the study area, the city must first identify a “preliminary study area” which shall not include land within a different UGB or the corporate limits of a city within a different UGB. The preliminary study area shall include:

 - (a) All lands in the city’s acknowledged urban reserve, if any;
 - (b) All lands that are within the following distance from the acknowledged UGB:

 - (A) For cities with a UGB population less than 10,000: one-half mile;
 - (B) For cities with a UGB population equal to or greater than 10,000: one mile;
 - (c) All exception areas contiguous to an exception area that includes land within the distance specified in subsection (b) and that are within the following distance from the acknowledged UGB:

 - (A) For cities with a UGB population less than 10,000: one mile;
 - (B) For cities with a UGB population equal to or greater than 10,000: one and one-half miles;
 - (d) At the discretion of the city, the preliminary study area may include land that is beyond the distance specified in subsections (b) and (c).
- (2) A city that initiated the evaluation or amendment of its UGB prior to January 1, 2016, may choose to identify a preliminary study area applying the standard in this section rather than section (1). For such cities, the preliminary study area shall consist of:

- (a) All land adjacent to the acknowledged UGB, including all land in the vicinity of the UGB that has a reasonable potential to satisfy the identified need deficiency, and
- (b) All land in the city's acknowledged urban reserve established under OAR chapter 660, division 21, if applicable.
- (3) When the primary purpose for expansion of the UGB is to accommodate a particular industrial use that requires specific site characteristics, or to accommodate a public facility that requires specific site characteristics, and the site characteristics may be found in only a small number of locations, the preliminary study area may be limited to those locations within the distance described in section (1) or (2), whichever is appropriate, that have or could be improved to provide the required site characteristics. For purposes of this section:
 - (a) The definition of "site characteristics" in OAR 660-009-0005 (Definitions)(11) applies for purposes of identifying a particular industrial use.
 - (b) A "public facility" may include a facility necessary for public sewer, water, storm water, transportation, parks, schools, or fire protection. Site characteristics may include but are not limited to size, topography and proximity.
- (4) The city may exclude land from the preliminary study area if it determines that:
 - (a) Based on the standards in section (7) of this rule, it is impracticable to provide necessary public facilities or services to the land;
 - (b) The land is subject to significant development hazards, due to a risk of:
 - (A) Landslides: The land consists of a landslide deposit or scarp flank that is described and mapped on the Statewide Landslide Information Database for Oregon (SLIDO) Release 3.2 Geodatabase published by the Oregon Department of Geology and Mineral Industries (DOGAMI) December 2014, provided that the deposit or scarp flank in the data source is mapped at a scale of 1:40,000 or finer. If the owner of a lot or parcel provides the city with a site-specific analysis by a certified engineering geologist demonstrating that development of the property would not be subject to significant landslide risk, the city may not exclude the lot or parcel under this paragraph;
 - (B) Flooding, including inundation during storm surges: the land is within the Special Flood Hazard Area (SFHA) identified on the applicable Flood Insurance Rate Map (FIRM);
 - (C) Tsunamis: the land is within a tsunami inundation zone established pursuant to ORS 455.446 (Tsunami inundation zone);
 - (c) The land consists of a significant scenic, natural, cultural or recreational resource described in this subsection:
 - (A) Land that is designated in an acknowledged comprehensive plan prior to initiation

of the UGB amendment, or that is mapped on a published state or federal inventory at a scale sufficient to determine its location for purposes of this rule, as:

- (i) Critical or essential habitat for a species listed by a state or federal agency as threatened or endangered;
- (ii) Core habitat for Greater Sage Grouse; **or**
- (iii) Big game migration corridors or winter range, except where located on lands designated as urban reserves or exception areas;
- (B)** Federal Wild and Scenic Rivers and State Scenic Waterways, including Related Adjacent Lands described by ORS 390.805 (Definitions for ORS 390.805 to 390.925), as mapped by the applicable state or federal agency responsible for the scenic program;
- (C)** Designated Natural Areas on the Oregon State Register of Natural Heritage Resources;
- (D)** Wellhead protection areas described under OAR 660-023-0140 (Groundwater Resources) and delineated on a local comprehensive plan;
- (E)** Aquatic areas subject to Statewide Planning Goal 16 that are in a Natural or Conservation management unit designated in an acknowledged comprehensive plan;
- (F)** Lands subject to acknowledged comprehensive plan or land use regulations that implement Statewide Planning Goal 17, Coastal Shoreland, Use Requirement 1;
- (G)** Lands subject to acknowledged comprehensive plan or land use regulations that implement Statewide Planning Goal 18, Implementation Requirement 2;
- (d)** The land is owned by the federal government and managed primarily for rural uses.
- (5)** After excluding land from the preliminary study area under section (4), the city must adjust the area, if necessary, so that it includes an amount of land that is at least twice the amount of land needed for the deficiency determined under OAR 660-024-0050 (Land Inventory and Response to Deficiency)(4) or, if applicable, twice the particular land need described in section (3). Such adjustment shall be made by expanding the distance specified under the applicable section (1) or (2) and applying section (4) to the expanded area.
- (6)** For purposes of evaluating the priority of land under OAR 660-024-0067 (Evaluation of Land in the Study Area for Inclusion in the UGB; Priorities), the “study area” shall consist of all land that remains in the preliminary study area described in section (1), (2) or (3) of this rule after adjustments to the area based on sections (4) and (5), provided that when a purpose of the UGB expansion is to accommodate a public park need, the city must also consider whether land

excluded under subsection (4)(a) through (c) of this rule can reasonably accommodate the park use.

- (7) For purposes of subsection (4)(a), the city may consider it impracticable to provide necessary public facilities or services to the following lands:
- (a) Contiguous areas of at least five acres where 75 percent or more of the land has a slope of 25 percent or greater, provided that contiguous areas 20 acres or more that are less than 25 percent slope may not be excluded under this subsection. Slope shall be measured as the increase in elevation divided by the horizontal distance at maximum ten-foot contour intervals;
 - (b) Land that is isolated from existing service networks by physical, topographic, or other impediments to service provision such that it is impracticable to provide necessary facilities or services to the land within the planning period. The city's determination shall be based on an evaluation of:
 - (A) The likely amount of development that could occur on the land within the planning period;
 - (B) The likely cost of facilities and services; and,
 - (C) Any substantial evidence collected by or presented to the city regarding how similarly situated land in the region has, or has not, developed over time.
 - (c) As used in this section, "impediments to service provision" may include but are not limited to:
 - (A) Major rivers or other water bodies that would require new bridge crossings to serve planned urban development;
 - (B) Topographic features such as canyons or ridges with slopes exceeding 40 percent and vertical relief of greater than 80 feet;
 - (C) Freeways, rail lines, or other restricted access corridors that would require new grade separated crossings to serve planned urban development;
 - (D) Significant scenic, natural, cultural or recreational resources on an acknowledged plan inventory and subject to protection measures under the plan or implementing regulations, or on a published state or federal inventory, that would prohibit or substantially impede the placement or construction of necessary public facilities and services.
 - (8) Land may not be excluded from the preliminary study area based on a finding of impracticability that is primarily a result of existing development patterns. However, a city may forecast development capacity for such land as provided in OAR 660-024-0067 (Evaluation of Land in the Study Area for Inclusion in the UGB; Priorities)(1)(d).
 - (9) Notwithstanding OAR 660-024-0050 (Land Inventory and Response to Deficiency)

(4) and section (1) of this rule, except during periodic review or other legislative review of the UGB, the city may approve an application under ORS 197.610 (Submission of proposed comprehensive plan or land use regulation changes to Department of Land Conservation and Development) to 197.625 (Acknowledgment of comprehensive plan or land use regulation changes) for a UGB amendment to add an amount of land less than necessary to satisfy the land need deficiency determined under OAR 660-024-0050 (Land Inventory and Response to Deficiency)(4), provided the amendment complies with all other applicable requirements.

Location: https://oregon.public.law/rules/oar_660-024-0065

Original Source: Rule 660-024-0065 — Establishment of Study Area to Evaluate Land for Inclusion in the UGB, <https://secure.sos.state.or.us/oard/view.action?ruleNumber=660-024-0065> (last accessed May 10, 2025).



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Business

September 3, 2025

From: Dan Zinder, Planning Manager

Approved by: Mac Corthell, Assistant City Manager

SUBJECT: Planning Commission October Date

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: Change the date for next month's Planning Commission meeting from October 1 to October 15, or a similar mid-October date to best accommodate timing on the Molalla River School District Middle School application.

BACKGROUND:

Staff will be bringing the Molalla River School District's application for a new middle school building to Planning Commission for review next month. Per State law, the City has until November 28th to render a decision on this project. Staff has advised the school district to do additional studies on the Leroy Ave/OR-211 intersection while school is in session to determine whether signal warrants – nine factors that determine when traffic signals are to be installed on ODOT roads – are met and thus whether a traffic signal is required with the construction of this project.

To ensure that this work is completed and included in the staff report for the Planning Commission meeting, Staff requests that Planning Commission set the date of the next hearing to October 15th, rather than our traditional date of holding Planning Commission meetings on the first Wednesday of the month; in this case October 1. Staff is likewise concerned that postponing the hearing until November would put the City at risk of violating the 120-day review requirement in the event that the applicant appeals the decision to City Council, particularly with inevitable conflicts around the Thanksgiving holiday looming near the end of that review period.

A, similar date in mid-October could be considered if the 15th creates conflicts.