



City of Molalla
 City Council - Regular Meeting
 Minutes – January 14, 2026
 Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Regular Meeting for January 14, 2026 was called to order by Mayor Scott Keyser at 6:00 pm.

COUNCIL ATTENDANCE

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

STAFF IN ATTENDANCE

Dan Huff, City Manager; Mac Corthell, Assistant City Manager; Dan Zinder, Planning Manager; Christie Teets, City Recorder; Claressa Davis, Associate Planner.

GUEST IN ATTENDANCE

Violet Brown, 3J Consulting

APPROVAL OF AGENDA

As presented.

CONSENT AGENDA

- A. Work Session Meeting Minutes - December 10, 2025
- B. City Council Meeting Minutes - December 10, 2025

ACTION:

Councilor Childress made a motion to approve the Consent Agenda as presented; Councilor Gilmer seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Bisenius, Keyser
 NAYS: None.
 ABSTENTIONS: None.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

A. 2026 Council President and Liaison Appointments

Mayor Keyser called for nominations for Council President per the Molalla City Charter. Council discussed, nominated, and voted on Council President and liaison appointments.

2026 Council President and liaison appointments were approved by hand-raise consensus.

Appointment President/Liaisons	Nominated	Votes	Abstained
2026 Council President	Councilor Eric Vermillion	6-0-1	Mayor Keyser
Beautification and Culture CPC	Councilors Leota Childress and Terry Shankle	7-0	N/A
Molalla Are Chamber of Commerce	Councilor Terry Shankle	7-0	N/A
Molalla Public Library	Councilor Doug Gilmer and K.C. Bisenius	7-0	N/A
Molalla River School District	Councilor Childress, Gilmer, and Bisenius	7-0	N/A
C4 Alternate	Councilor Eric Vermillion	7-0	N/A

PUBLIC COMMENT

None.

PUBLIC HEARING

None.

ORDINANCES AND RESOLUTIONS

- A. **Resolution No. 2026-01: Accepting the Dedication of a Portion of Taxlot 52E07A00710 and Authorizing the City Manager to Prepare and Execute Necessary Real Property Transaction Documents**

Mr. Corthell shared the Resolution involved a 4.56-acre undeveloped parcel resulting from a previous partition associated with the Tractor Supply development, located just south of Tractor Supply with a creek running through, known as the Yaw property (*outlined in green on Exhibit A*), would be dedicated to the City.

ACTION:

Council President Vermillion moved to approve Resolution No. 2026-01: Accepting the Dedication of a Portion of Taxlot 52E07A00710 and Authorizing the City Manager to Prepare and Execute Necessary Real Property Transaction Documents by title only; Councilor Shankle seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Bisenius, Keyser.

NAYS: None.

ABSTENTIONS: None.

B. Resolution No. 2026-02: Adopting a Legacy System Development Charge (SDC) Policy (Corthell)

Mr. Corthell explained Res. 2026-02 was the first step in addressing SDCs before a comprehensive update next fiscal year. Staff identified fundamental unfairness in how current SDC policies affect older properties that existed before SDCs were implemented in Molalla. The policy supports the 2025 Comprehensive Plan implementation strategies to encourage infill redevelopment and adaptive reuse of obsolete properties while streamlining regulations to reduce costs and provide predictability. While this reduces SDC revenue for legacy properties, it can be factored into future master planning. Staff believes the policy creates fairness for properties that have contributed to the system for decades and will encourage redevelopment while being more business-friendly.

ACTION:

Councilor Bisenius moved to adopt Resolution 2026-02: Resolution of the City of Molalla Adopting a Legacy System Development Charge (SDC) Policy by title only; Council President Vermillion seconded. Motion passed 7-0.

AYES: Gilmer, Shankle, Childress, Vermillion, Bartholomew, Bisenius, Keyser.

NAYS: None.

ABSTENTIONS: None.

GENERAL BUSINESS:

A. Housing Production Strategy (HPS) Update (Zinder)

Mr. Zinder opened with introduction for Violet Brown consultant with 3J Consulting. Ms. Brown presented updates to the Housing Production Strategy (HPS) following a remand from the Department of Land Conservation and Development (DLCD). Key revisions to the HPS include adding a fee on short-term rentals to fund affordable housing assistance. A new policy for flexible regulatory concessions was added, allowing staff to waive certain requirements like setbacks to make affordable and accessible housing developments for developers, though Mr. Corthell clarified all such actions would come before Council for adoption as ordinances. The zombie housing action was refined to focus on partnerships with affordable housing developers making code enforcement records of problem properties available to partners to reduce their administrative costs while ensuring replacement with affordable units. The document would now include enhanced one-page descriptions for each action showing implementation timelines and specific implementation steps like applying for DLCD funding. All actions now explicitly state when there are "no identified burdens for target populations" as required by statute. The implementation strategy aims to pair actions that might trigger displacement with actions designed to help at-risk communities.

B. System Development Charges related to Daycare Facilities (Corthell)

Mr. Corthell noted this is another targeted SDC issue before the comprehensive update next fiscal year. When SDCs were implemented in April 2022, the City retained certain codes from the 9th edition of the Institute of Traffic Engineers (ITE) manual, which lists daycares at 12.34 PM peak hour trips an astronomically high number that likely represents pass-through trips rather than endpoint destinations. The 10th edition, which is referenced in the City's existing SDC resolution for unlisted codes, shows a more realistic 4.66 PM peak hour trips. Staff recommended updating to align with the 10th edition, particularly since the City's adopted Economic Opportunities Analysis prioritizes childcare as a workforce readiness issue. The current high SDC rate may have deterred childcare business development in the City. Council reached consensus to update the daycare SDC calculation to the newer 10th edition ITE manual standard, which may realistically align with actual impact. (*YouTube Meeting Recording minutes 01:58:55 – 02:02:51*)

C. Urban Growth Boundary (UGB) Update (Corthell)

Mr. Corthell directed Council's attention to an email chain from Kelly Reid at DLCD that initiated the discussion. Although Ms. Reid initially indicated DLCD would support the City's use of updated population forecasts and housing allocations and assist with funding, she later clarified that no dedicated funding is available. Mr. Corthell explained the City could pursue competitive grants or repurpose an existing grant, both of which would depend on the state's biennial budget and grant awards, emphasizing that no guaranteed funding is being offered. Staff and Ms. Brown further expanded on the UGB, noting recent state rule changes, funding uncertainties, and clarified DLCD guidance significantly affect the City's planning path and timelines. They explained that using updated population data would likely require completion of a new Housing Capacity

Analysis under more rigorous standards, which could be largely covered by the existing Goal 14 grant. Council discussed concerns regarding financial responsibility, uncertainty in population projections, and the risks of changing course. While acknowledging benefits and drawbacks to both approaches, Council agreed the issue warranted further review, should not be rushed, and reached consensus to continue the discussion at the January 28th Council meeting. *(YouTube Meeting Recording minutes 01:58:56 – 03:22:35)*

PUBLIC COMMENT

Mr. Jim Gilbert, Molalla CPO: President of the Molalla Community Planning Organization (CPO) shared the CPOs request that the City use updated population forecast numbers in planning work.

Mr. Corwin DiMeo, rural Molalla: Spoke in opposition to using higher population projections for the UGB expansion and urged the City to rely on updated and accurate data.

Ms. Zoe Conlee, Molalla: She urged the Council to use updated population forecasts.

STAFF COMMUNICATION

- **City Recorder Teets:** Reminded the public of current opportunities to serve the community, noting one vacancy on the Planning Commission and one on the Budget Committee. Both positions are available to residents living within the City limits. She also announced a public notice has been issued regarding Council's participation in the Grand Opening of the Molalla Police Department scheduled for January 28, 2026. Ms. Teets also noted a Goal Setting Work Session would be held on Wednesday, January 21, 2026, at 5:30 p.m. at the new police facility. Due to the newness of the building, the meeting will not be televised, but it will be open to the public.
- **Associate Planner Davis:** Expressed appreciation for the thoughtful public testimony/evenings discussion and thanked staff for their responses to Council's questions.
- **Assistant City Manager Corthell:** Mr. Corthell reported that the U.S. House of Representatives approved \$1.92 million in FY26 community project funding for the Molalla Water Intake Project, covering approximately 20–25% of project costs, and that the design phase had begun. He noted that the Oxford Storage and Recovery Feasibility Study, funded by Business Oregon and the Oregon Water Resources Department, would begin soon to evaluate a secondary water source. He also provided updates on the Wastewater Treatment Plant Project, including tentative funding approval from DEQ and USDA, an upcoming regulatory review, and a projected cost reduction of approximately 12% for an accelerated project phase, resulting in significant savings. Additional updates included progress on the North Molalla ADA crosswalk and receipt of draft PAS study results, which will be reviewed with Business Oregon before presentation to Council.
- **City Manager Huff:** Shared Colton High School expressed interest in educational opportunities with the City. He also reported touring PGE's new command center in Tualatin, noting that Molalla is recognized on their grid and observing their proactive work on power reliability and infrastructure. He emphasized the importance of participating in such tours to demonstrate the City's engagement. He concluded by looking forward to the police station grand opening and the upcoming Goal-Setting session.

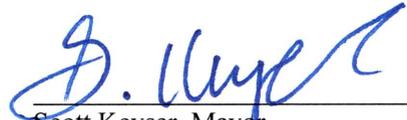
COUNCIL COMMUNICATION

- **Councilor Bisenius:** Noted anticipation for new appointments and learning more about the community.
- **Councilor Bartholomew:** Had no updates.
- **Councilor Gilmer:** Reflected on a positive meeting with the Molalla River School Board's Mark Luke, who commended the Assistant City Manager for transparency, community engagement, and dedication.
- **Councilor Shankle:** Had no updates.
- **Councilor Childress:** Attended the educational session and reported gaining a new appreciation for the City's operations and staff, particularly Seth Kelly. She noted the cold conditions but praised the way technical information was made understandable for students. She expressed support for extending similar opportunities to Colton High School.
- **Council President Vermillion:** Shared that he looks forward to serving another year, highlighted positive experiences at local parks and the library with his grandson, and encouraged community engagement with City resources.
- **Mayor Keyser:** Commended public works staff for their rapid response to recent flooding and thanked them for their hard work and leadership. He provided an update on the C4 committee and upcoming state legislative session, shared plans to attend a civic engagement conference, and expressed appreciation to staff and the public for their participation.

For the complete video account of the City Council Meeting, please go to YouTube
[City of Molalla | Oregon – January 14, 2025](#)

ADJOUR

Mayor Keyser adjourned the meeting at 8:35 PM.



Scott Keyser, Mayor

PREPARED BY:

ATTEST:



Crystal Robles, Deputy City Recorder



Christie Teets, CMC - City Recorder

Meeting Attachments:

- Housing Production Strategy Readoption 01/14/2026
- Email Public Comment Submission: Alex Worth 01/14/2026
- Molalla River Watch Watershed Council 01/13/2026
- Email Public Comment Submission: Zoe Conlee 01/14/2026
- Email Public Comment Submission: Corwin DiMeo 01/14/2026
- Molalla Community Planning Organization 01/14/2026
- Email Public Comment Submission: Dirk Schlagenhauser 01/14/2026

Housing Production Strategy Readoption

**City Council Update on Revised Draft
January 14, 2026, 6:00pm – 8:00pm**



Agenda



Project Overview



Revisit Housing
Needs Analysis Key
Findings



Remand Conditions



Draft Revised
Housing Strategy



Next Steps

HPS Project Overview

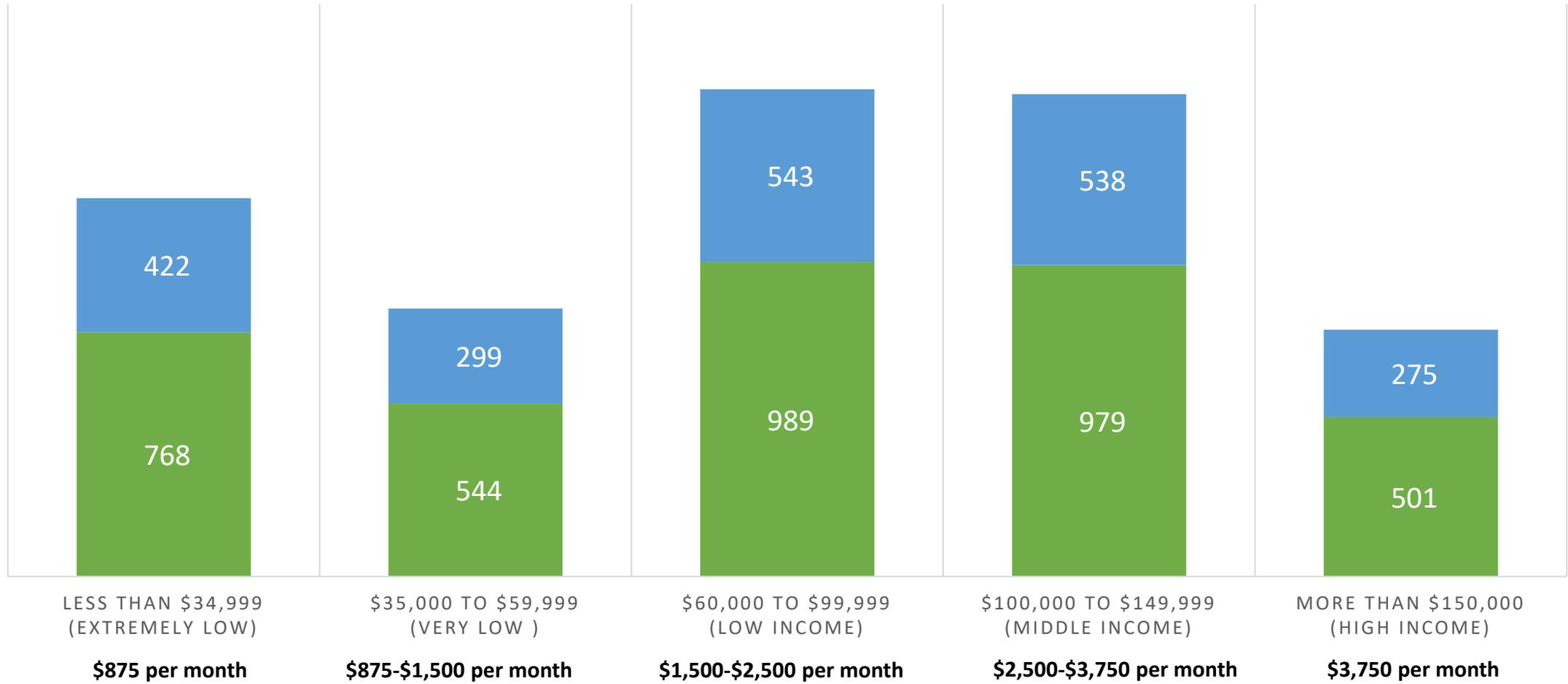
- Key Project Documents
 - Housing Needs Analysis (2023)
 - Draft Housing Production Strategy (2025)
 - Revised Draft Housing Production Strategy (2026)
- Public Engagement
 - Public Advisory Committee (PAC) Summer & Fall 2024
 - Stakeholder Interviews Summer 2024
 - Public Meeting Fall 2024
- Readoption by March 2026

Housing Needs Analysis Overview

- Need 1,996 new units by 2042
 - Population forecasted to grow to 15,660 with 5,432 new people.
 - Assumes vacancy rate of 4% and 2.83 persons per household.
- Needed greater ratio of medium & high-density housing
 - Single-family detached homes 55% (1,143 units)
 - Medium density housing 25% (519 units)
 - High density housing 20% (415 units)
- Need units affordable at all income brackets

MOLALLA HOUSEHOLDS BY INCOME LEVEL

Existing New



Oregon Housing Needs Analysis 2026 Production Targets and Adopted Methodology

Metro UGBs	Results	Total	0-30% AMI	31-60% AMI	61-80% AMI	81-120% AMI	>120% AMI
Molalla UGB	1 year	64	14	11	7	11	21
	20 year	1,145	200	191	126	211	417

Current Molalla AMI \$124,100

\$37,230

\$75,700

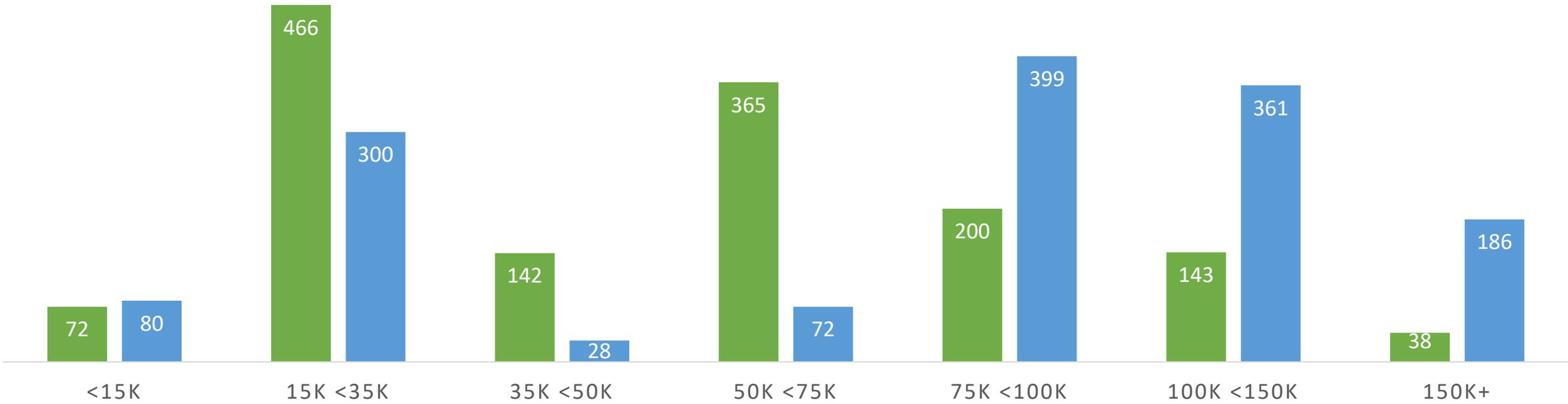
\$100,500

\$148,900

<https://www.oregon.gov/das/oea/Documents/OHNA-2026-Results-Report.pdf>

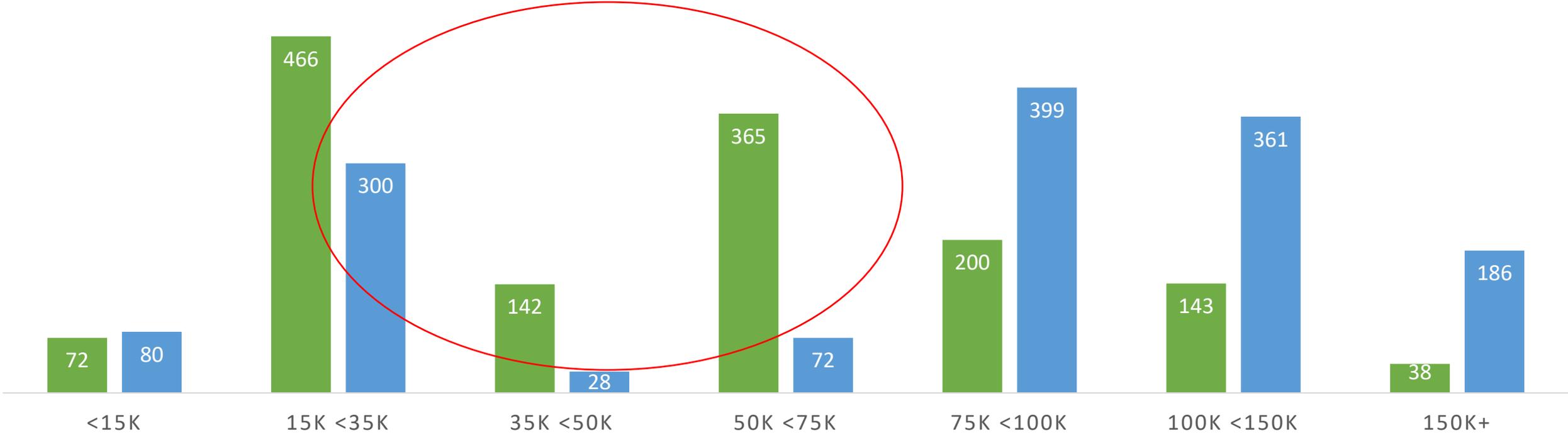
COMPARING RENTAL HOUSEHOLD INCOMES WITH OCCUPIED UNITS AFFORDABLE AT EACH INCOME LEVEL

■ Actual Households at Income Level ■ Estimated Occupied Housing Units Affordable at Income Level



COMPARING RENTAL HOUSEHOLD INCOMES WITH OCCUPIED UNITS AFFORDABLE AT EACH INCOME LEVEL

■ Actual Households at Income Level ■ Estimated Occupied Housing Units Affordable at Income Level



Housing Need Contextualized

- Affordable units (costs less than 30% of income) are 76% of owner-occupied housing and only 54% of renter-occupied housing
- Point in Time counts list 410 people experiencing homelessness in 2023 across Clackamas County
- Population living with a disability represent 16% of Molalla's occupied housing
- Minority population is slightly higher (24%) than the county (23%) and lower than the state (28%)
- Hispanic/Latino population (16%) is higher than county (9%) or state (14%)
- Homeownership rates are slightly lower for some, but not most, minority communities in Molalla

Readoption Conditions

- **Condition 1** Revisit burdens and articulate mitigation steps and refine impact statements as low/medium/high with no ranges and revisit implementation schedule
- **Condition 2** Address housing accessibility more directly, including articulating things the city is already doing to expand ADA protections
- **Condition 3** Elaborate on how these actions address affordability, specifically multi-unit housing
- **Condition 4** Address gentrification implications of the Zombie Housing action

Housing Production Strategies



Zoning & Code Change Options:

- Revisions for Accessory Dwelling Units (ADUs), Cottage Cluster Housing, and Small Dwelling Units
- Adjust Requirements for Ground-floor Retail/Commercial
- Regulate Short Term Rentals

What is already being done?

- Establish Minimum Density Standards
- Encourage Lower-Cost Housing Types
- Broaden the Definition of Housing Unit and Allow for Single Room Occupancy (SRO) in Residential Zones
- High Density Requirements for To-Be-Annexed Land
- Mixed Housing Types in Planned Unit Developments
- ADUs Permitted under Type 1

Housing Production Strategies



Zoning & Code Change Options:

- Revisions for Accessory Dwelling Units (ADUs), Cottage Cluster Housing, and Small Dwelling Units
- Adjust Requirements for Ground-floor Retail/Commercial
- Regulate Short Term Rentals **Add fee to fund affordable housing**

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Housing Production Strategies



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- Adjust Requirements for Ground-floor Retail/Commercial
- Regulate Short Term Rentals **Add fee to fund affordable housing**
- **Flexible Regulatory Concessions for Affordable/Accessible Housing**

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Housing Production Strategies

Options to Reduce Regulatory Impediments

- Address Impediments to Home Ownership
- Remove Impediments for Conversions/Duplex parking

What is already being done?

- ✓ Remove or Reduce Minimum Parking Requirements
- ✓ Reduce Regulatory Barriers to Lot Division
- ✓ Promote a Pro-Housing & Pro-Affordable Housing Agenda
- ✓ Align Bike Parking Requirements with actual usage
- ✓ Reduce the Power of NIMBY-ism to stop, slow, change, or reduce affordable housing



Housing Production Strategies

Options for Land, Acquisitions, Lease, and Partnerships

- Address Unmaintained “Zombie” Housing
- Land Owned by Faith-Based Organizations for Affordable Housing

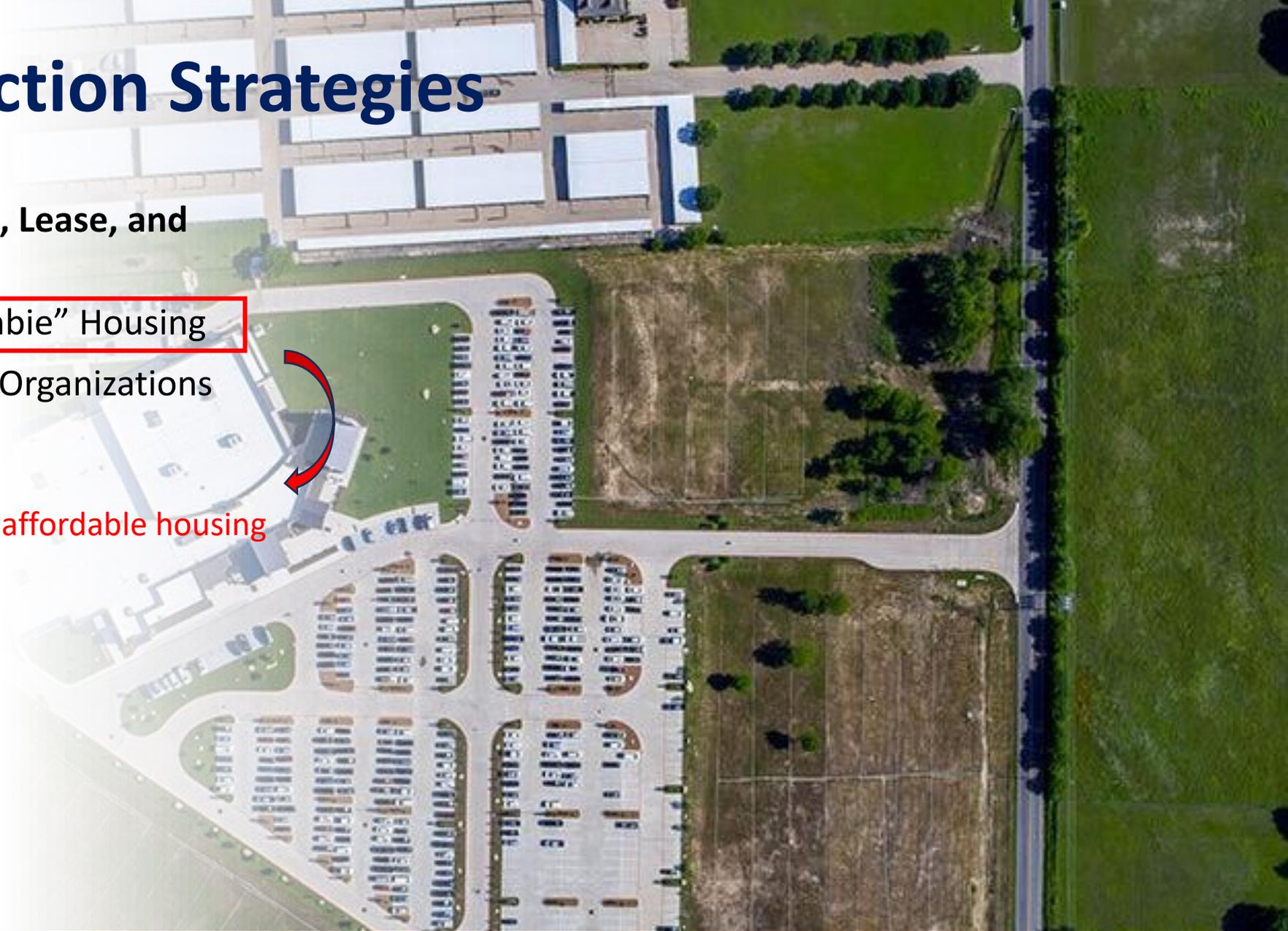


Housing Production Strategies

Options for Land, Acquisitions, Lease, and Partnerships

- Address Unmaintained “Zombie” Housing
- Land Owned by Faith-Based Organizations for Affordable Housing

Resource for developers of affordable housing



Housing Production Strategies



Custom Options

- Modify SDC Fee Schedules To Be Directly Linked to Size
- Affordable Housing Options Library of Information
- Collaborate with Clackamas County on Homelessness and Eviction Prevention
- Provide Public Improvement Assistance to Housing Developers within the Urban Renewal Area

What is already being done?

- ✓ Reduce or Exempt SDC's for Needed Housing
- ✓ Sidewalk Infill and Improvement Grant

Housing Production Strategies

Options for Financial Resources

- Federal Low Income Housing Tax Credit (LIHTC) Program to offset cost of building affordable housing

Potential Future Considerations

- Federal HOME Program funding for rental and homebuyer assistance and construction



Housing Production Strategies

Potential Future Options for Tax Exemption Weighed Against Other Fiscal Concerns

- Property Tax Exemption for Affordable Housing Tied to Level of Affordability
- Delayed Tax Exemption Tied to Affordability



1. Revisions for Accessory Dwelling Units (ADUs)

OVERVIEW

Implementation Timeline

1-2 years	3-4 years
5-6 years	7-8 years

Potential Impact:

Medium

Affordability Target:

Workforce (80-120% AMI)

Market Rate (> 120% AMI)

Tenure:

Owner/Renter

Funding Needs:

Minimal direct funding needs;
administrative costs.

Funding Partners:

None

DESCRIPTION

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.

Magnitude of Impact: Medium Impact (primarily due to SDC reduction)

Long-Term Affordability Considerations: Limited, as ADUs typically do not come with affordability restriction.

IMPLEMENTATION

Approach: Revise development code to increase allowed density. Pursue DLCD technical assistance grants to support this work.

Complexity: Low to High (depending on complexity of new methodology and ability to utilize model code)

Policy Lead: City

Department: Community Development

City Staffing Implications: Moderate staff time for revisions and monitoring.

Implementation Steps: Apply for DLCD funding to support this work and assess the model code once available to determine applicability in Molalla. Engage with local developers, contractors, and homeowners to understand barriers to ADU construction.

Implementation Partners: Developers and Homeowners

Annual Monitoring: Number of ADUs developed.

OPPORTUNITIES/CONSTRIANTS/EXTERNAMILITES

Benefits: Homeowners, particularly those attempting to age-in-place and communities of color, gain additional access to income.

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 accessibility and choice.

Burdens: No identified burdens for target populations.

Externalities: Neighbors may experience increased density and strain on infrastructure.

Mitigation of Burden

- *All redevelopment runs the risk of displacing low-income renters, both on the property being developed and in the surrounding neighborhood. ADUs, cottage, and middle housing have a medium impact on preventing displacement, with planning and continued monitoring of production.*
- *Low-income renters are statistically disproportionately seniors, people living with disabilities, communities of color, and other protected classes.*
- *Planning and continued monitoring with attention to displacement in gentrifying areas; Maintain a relationship with Clackamas County Health, Housing, and Human Services regarding available services and assistance.*
- *HPS actions are designed as a whole to support low-income housing, and the implementation strategy aims to offset burdens on at risk communities.*

Implementation

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

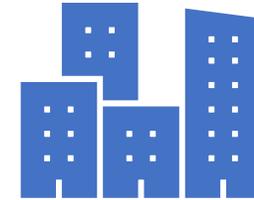
Project Next Steps



Refine Actions & Report based
on feedback

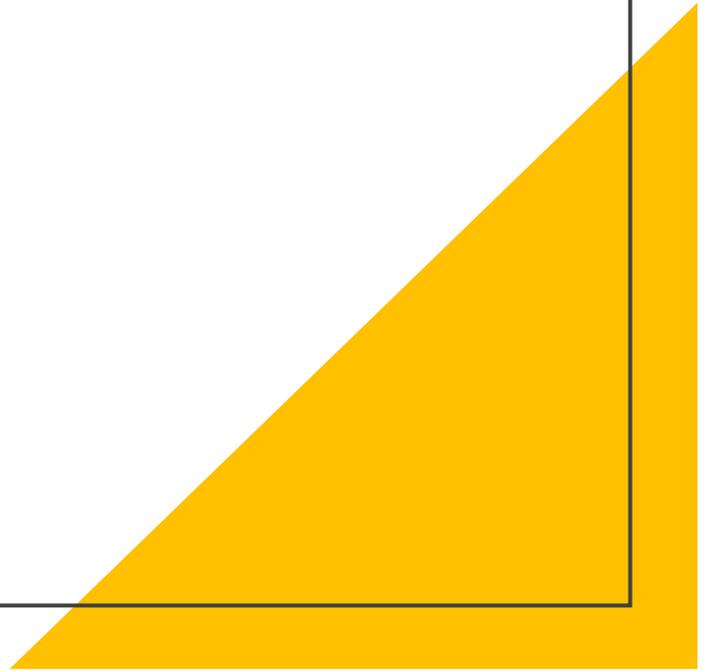


Draft HPS presented to City
Council



Adoption of Updated HPS

Questions?





Thank you!

City of Molalla – Urban Growth Boundary (UGB) Amendment Draft Scope of Work

December 23, 2025

Project Purpose Statement: Prepare materials for an urban growth boundary (UGB) amendment for the City of Molalla according to OAR 660-024-0065 and 660-024-0067 and consistent with the city's approved sequential UGB work program. The purpose of this Project is to update all materials and support processes necessary to amend a city Urban Growth Boundary (UGB) as provided in OAR Chapter 660, Division 024 to address an identified deficiency of lands to accommodate 20-year housing and employment land needs. This project will continue previous Goal 14 Analysis by providing additional engineering cost estimates for development of the study area and the subareas within the final study area. This need for further inquiry into Molalla's UGB study areas is based on City Council direction and discussions with the Governor's office in which they supported our inquiry into an initiative that could provide quicker and more robust housing production. The City may opt to adopt Comprehensive Plan designations for the newly added land at this time or may complete that task separately, following expansion.

Task 1: Kickoff & Project Management

The City and consultant will hold a kickoff meeting for the consultant to become familiar with local conditions and planning documents, including the recently adopted Housing Capacity Analysis and draft Housing Production Strategy, for City staff and the consultant to confirm the project objectives and refine the project schedule, and for City staff to prepare for the project.

The consultant will contact City staff via conference or video call to establish project expectations and familiarize themselves with city-specific concerns. The consultant will verify the action items identified through this initial meeting with the City staff and will develop and share a proposed schedule for the actions required for the completion of all tasks, building on the task timeline included in this scope.

City staff and the consultant will participate in biweekly phone calls to monitor progress on key tasks throughout the course of the project. City will complete required pre-housing production strategy survey on the Housing Portal and provide a copy of survey responses to the Consultant.

Task 1 Consultant Deliverables:

- 1.1 Agenda and notes for meetings, including summary of updated priorities and major tasks for the project*
- 1.2 Proposed Project schedule*
- 1.3 Agenda and notes for project management team meetings*

Task 1 City Deliverables:

- 1.1 Copy of relevant comprehensive plan and code sections*
- 1.3 Building permit and housing data to support the project*

Timeline: December 2025 to May 2026

Estimated Cost: \$20,000

Task 2: Communications and Public Outreach Support

2a Advisory Committees

City staff will schedule and provide notice and agendas for one (1) virtual Project Advisory Committee (PAC) meetings and one (1) Technical Advisory Committee (TAC) meetings to present the project scope, goals, findings, and recommendations. The consultant will coordinate with City staff on meeting arrangements and facilitate the advisory committee meetings, including developing any additional materials to supplement project reports and memoranda.

PAC/TAC meeting topics will include:

- Final and Updated Draft Goal 14 Analysis with cost estimates
- UGB expansion recommendation

2b Public Meetings and Surveys

City staff will schedule one (1) public meeting related to the UGB. The consultant will coordinate with City staff on meeting arrangements and facilitate the public meeting to solicit input from the public on project issues, goals and recommendations.

Public Meetings topics will include:

- Final and Updated Draft Goal 14 Analysis with cost estimates
- UGB expansion recommendation

The consultant will also prepare one (1) online survey to allow participation from people who are unable to attend public meetings.

2c Planning Commission and City Council Briefings

The consultant will coordinate with City staff on presenting UGB updates at two (2) in person Planning Commission briefing/hearings, two (2) in person City Council briefings/hearings, and two (2) in person County public meetings during the project.

Task 2 Consultant Deliverables:

- 2.1 Presentation materials, facilitation, and summary for PAC meeting #1*
- 2.2 Presentation materials, facilitation, and summary for TAC meeting #1*
- 2.3 Presentation materials, facilitation, and summary of public meeting #1*
- 2.4 Planning Commission meeting #1 presentation*
- 2.5 City Council meeting #1 presentation*
- 2.6 Online open house or survey #1*
- 2.7 Planning Commission meeting #2 presentation*
- 2.8 City Council meeting #2 presentation*
- 2.9 Clackamas County meeting #1 presentation*
- 2.10 Clackamas County meeting #2 presentation*

Task 2 City Deliverables:

- 2.1 Advisory committee appointments, meeting notices, and agendas*
- 2.2 Written review comments on public engagement materials*
- 2.3 Public meeting notices and logistics*
- 2.4 Mailers to property owners within or adjacent to the UGB study area*

- 2.5 *Facilitate PAC and TAC touring the UGB study area*
- 2.6 *Coordination of commission and committee meetings*

Timeline: January 2026 to December 2026
Estimated Cost: \$21,328

Task 3: Identification of Potential UGB Expansion Areas

Consultant will conduct a revised Goal 14 Boundary Location Analysis to identify and evaluate potential areas where the UGB could be expanded. Based on the alternatives analysis previously completed by 3J, the City Engineer of record, Dyer Partnerships, will work with consultants to develop updated findings, specific cost estimates for the provision of public facilities and the exclusion of land analysis, to support the UGB amendment proposal, to present at a public work session with Planning Commission and City Council.

This process will be coordinated with County and State Agency staff, including the Oregon Departments of Land Conservation and Development and Transportation throughout. The first step in the process is to identify potential UGB expansion areas as directed by OAR 660-024-0065. Steps include:

- Identify lands that may be excluded from the preliminary study area based on both the topographic/hazard characteristics of areas within the preliminary study area, as well as the cost of providing public facilities, in accordance with OAR 660-024-0065(4) and (7) rule language prior to the recent OHNA rulemaking amendments in December 2025. Analysis should include:
 - Identification of sewer, water, stormwater, and transportation extensions and capital improvements necessary to serve development in the potential study area
 - Itemized estimated costs in today's dollars for identified capital improvements
 - Comparison of the estimated cost to serve potential UGB expansion areas, on a per-unit basis
- Establish the Final Study Area

Consultant will coordinate with Clackamas County and DLCD throughout the process and submit draft findings for an informal review in advance of the formal adoption process.

Task 3 Consultant Deliverables

- 3.1 *Evaluation of Preliminary Study Area / Exclusion of Lands with detailed cost estimates and written findings*
- 3.2 *Final Study Area*

Task 3 City Deliverables:

- 3.1 *Participation in planning meeting*
- 3.2 *Written review comments on the draft Study Area /Exclusion of Lands analysis*

Timeline: December 2025 to March 2026
Estimated Cost: \$59,000

Task 4: Evaluation of Potential UGB Expansion Areas

Once the Final Study Area is established, the next step is to evaluate subareas within the study area to determine the most suitable locations for expansion. The evaluation will include the following steps:

- Prioritize land in the Study Area consistent with OAR 660-024-0067.
- Evaluate Land in the Study Area for inclusion into the UGB, through application of Goal 14 Factors.

Task 4 Consultant Deliverables

4.1 *Final and Updated Draft parcel prioritization*

4.2 *Final and Draft Goal 14 Analysis, including written findings for OAR 660-024-0050 (4) and other relevant rules*

Task 4 City Deliverables:

4.1 *Written review comments on the draft parcel prioritization*

4.2 *Written review comments on the draft Goal 14 analysis*

Timeline: January to September 2026

Estimated Cost: \$20,000

Task 5: UGB Expansion Recommendation

Once the Goal 14 analysis is complete, the Consultant will work with City staff and the advisory committee to select a proposed UGB expansion area based on results of the evaluation described above. Consultant will coordinate with Clackamas County and DLCD throughout the process and submit draft findings for an informal review in advance of the formal adoption process.

Task 5 Consultant Deliverables

5.1 *Draft UGB expansion recommendation*

5.2 *Final UGB expansion recommendation*

Task 5 City Deliverables:

5.1 *Written review comments on the draft UGB expansion recommendation*

Timeline: May to September 2026

Estimated Cost: \$2,000

Task 6: Preparation of Adoption Materials and Findings

Based on the results of Tasks 3-5, the consultant will prepare materials needed for adoption of a UGB amendment, including memoranda and reports summarizing earlier tasks and findings of compliance and consistency with all applicable City, County and State policies, administrative rules (OARs) and statutes (ORS provisions).

Once City Council adopts the UGB expansion, it will go to the Clackamas County Board of County Commissioners to consider adoption. Once adopted by the City and County, DLCD will consider any objections that were submitted and its own analysis to determine whether to approve, remand, or refer the matter to the Land Conservation and Development Commission (LCDC).

Task 6 Consultant Deliverables

- 6.1 *Draft adoption materials*
- 6.2 *Final adoption materials*

Task 6 City Deliverables:

- 6.1 *Written review comments on the draft adoption materials*
- 6.2 *Compilation of entire record for submittal to DLC*

Timeline: June - December 2026

Estimated Cost: \$2,700

City of Molalla - DLCDC Housing Planning Assistance Projects

Draft Scope of Work

January 16, 2026

Project Purpose: The purpose of this project is to meet state requirements for preparing and adopting the following for the City of Molalla:

- Contextualized Housing Need (CHN) analysis as described in OAR 660-008-0075 that relates to Molalla's allocated housing need and housing production target, as provided in ORS 184.451 to 184.455 and OAR 660-008-0045(7), to local qualitative and quantitative information. This analysis uses current and future housing needs, along with population and market trends, to evaluate fair housing choice and identify fair housing issues in Molalla to affirmatively further fair housing. The output of the analysis is a determination of the needed types, characteristics, and locations of housing that Molalla must plan for in its eight-year housing capacity and production cycle to mitigate and remedy the identified fair housing issues in furtherance of fair housing choice, and
- Housing Capacity Analysis (HCA), as described in ORS 197A.270, which will incorporate the state-provided Housing Need Allocation.

Project Implementation: 3J Consulting will ensure all final products meet state requirements. Certain aspects of the CHN and HCA may be done at the same time. The Consultant is expected to manage nearly all aspects of the process, including managing public outreach, equitable engagement, and the creation and management of any advisory committee that the Consultant deems necessary to complete the project, as outlined below. City staff will participate in the meetings, provide documents upon request, make suggestions for outreach, coordinate legal notices; agendas and minutes for public hearings and participate in the adoption process, as outlined below.

Task 1: Project Management

1a. Project Kickoff

The purpose of the project kick-off is for the Consultant to become familiar with local conditions and with the City's planning documents, for the parties to confirm the objectives of the project and refine the project schedule, and for the City to prepare for the Project. The Consultant will convene a kickoff meeting to establish project expectations and familiarize themselves with city-specific concerns. The Consultant will verify the action items identified through this initial meeting with City staff and will develop a proposed schedule for the actions required for the completion of all tasks. The level of detail required for the proposed project schedule should be determined and with mutual agreement by the City and the Consultant.

1b. Project Administration

The Consultant will have biweekly Project Management Team (PMT) calls with the City to discuss major project milestones and work products, address questions, and identify follow-up actions.

Task 1 Consultant Deliverables:

- 1.1 *Agenda and summary of the kickoff meeting, including summary of updated priorities and major tasks for the project*

- 1.2 *Proposed project schedule*
- 1.3 *Agenda and notes for biweekly PMT meetings*

Task 1 City Deliverables:

- 1.1 *Copy of relevant comprehensive plan and code sections, other housing related documents including equitable engagement summaries, or other relevant local government data or documents*
- 1.2 *Building permit and housing data to support the Housing Capacity Analysis.*

Timeline: February 2026 and ongoing

Task 2: Equitable Community Engagement

2a Public Involvement Plan

The Consultant will plan equitable engagement and will support City staff with communications and public outreach related to the project. The Consultant will draft a Public Involvement Plan to engage key stakeholder groups through a variety of strategies that prioritize and actively seeks to center communities of color, low-income communities, individuals with disabilities, and tribal communities, to ensure these perspectives are meaningfully incorporated.

The Consultant will help plan for the engagement, including helping to define the questions and topics for the outreach and methods to solicit input and referring to DLCD's Equitable Engagement Toolkit or OAR 660-012-0130 to employ best practices regarding equitable engagement.

City staff will connect Consultant with existing networks and feedback, support facilitation (if appropriate), and support successful execution of equitable engagement pursuant to OAR 660-008-0075(5).

The City will satisfy the engagement requirement to center tribal communities when notice has been made to all tribes with ancestral connection to land within the City's jurisdiction or approved expansion areas from the Oregon Legislative Commission on Indian Services by inviting government-to-government consultation and staff coordination in the development of the City's contextualized housing need, pursuant to OAR 660-08-0075(5)(c).

2b Stakeholder Interviews/Focus Groups

City staff will identify and provide introductions/invitations to up to three (3) meetings with communities of color, low-income communities, individuals with disabilities, and tribal communities. The Consultant will schedule interviews or focus group with identified parties, conduct the meetings, and prepare a written summary.

2c Advisory Committee Meetings

Planning Commission will serve as the project advisory committee. City staff will schedule and provide notice and agendas for up to four (4) virtual advisory committee meetings to present the project scope, goals, findings, and recommendations. The Consultant will coordinate with City staff on meeting arrangements and facilitate the advisory committee meetings.

Advisory Committee meeting topics will include, but are not limited to:

- Meeting #1
 - Project overview
 - Draft Public Involvement Plan
 - Housing Needs Allocation

- Meeting #2
 - Draft Contextualized Housing Need (CHN)
 - Draft Buildable Lands Inventory (BLI)
- Meeting #3
 - Draft Development-Ready Lands Inventory (DRLI)
 - Draft Residential Land Need Analysis (RLNA)
- Meeting #4
 - Equitable Engagement Summary
 - Draft HCA

2d Public Meetings and Surveys

City staff will schedule two (2) public meetings to present required housing findings, statutes and administrative rules. The City will solicit input from the public on the draft deliverables. The Consultant will coordinate with the City on meeting arrangements and facilitate the public meeting(s).

Public Meetings topics will include:

- Housing Needs Allocation and CHN
- Draft BLI, DRLI, and RLNA

The Consultant will also prepare two (2) online surveys to allow participation from people who are unable to attend public meetings.

2e Equitable Engagement Summary Document

Following equitable engagement, the Consultant will produce an equitable engagement summary that includes a list and description of the types of interested parties and communities of color, low-income communities, individuals with disabilities, and tribal communities, in accordance with pursuant to OAR 660-08-0075(5)(c). While the equitable engagement summary will initially be produced as a stand-alone memorandum, it will eventually become a section of the HPS. The Consultant will make it available for public comment.

2f City Council Briefings

The Consultant will coordinate with City staff on presenting updates at three (3) virtual City Council briefings during the project, not including adoption hearings.

Task 2 Consultant Deliverables:

- 2.1 *Draft public involvement plan*
- 2.2 *Final public involvement plan*
- 2.3 *Facilitation and written summaries of three (3) virtual housing stakeholder interviews/focus groups*
- 2.4 *Presentation materials, facilitation, and summary for PC meeting #1*
- 2.5 *Presentation materials, facilitation, and summary of public meeting #1*
- 2.6 *Online open house or survey #1*
- 2.7 *Presentation materials, facilitation, and summary for PC meeting #2*
- 2.8 *Presentation materials, facilitation, and summary of public meeting #2*
- 2.9 *Online open house or survey #2*
- 2.10 *City Council briefing #1 presentation*
- 2.11 *Presentation materials, facilitation, and summary for PC meeting #3*

- 2.12 *Draft Equitable Engagement Summary*
- 2.13 *Presentation materials, facilitation, and summary for PC meeting #4*
- 2.14 *City Council briefing #2 presentation*
- 2.15 *Presentation materials, facilitation, and summary for PC meeting #5*
- 2.16 *City Council briefing #3 presentation*

Task 2 City Deliverables:

- 2.1 *Communications and public outreach coordination*
- 2.2 *Written review comments on draft public involvement plan*
- 2.3 *Identification and introduction to ten key housing stakeholders*
- 2.4 *Advisory committee appointments, meeting notices, and agendas*
- 2.5 *Written review comments on public engagement materials*
- 2.6 *Public meeting notices and logistics*
- 2.7 *Coordination of PC and City Council meetings*
- 2.8 *Coordination of tribal engagement*

Timeline: February 2026 to March 2027

Task 3: Contextualized Housing Need

3a Data Collection and Analysis: The Consultant will gather relevant data from the housing production dashboard, housing equity indicators dashboard, equitable engagement already conducted by the City, the Department of Land Conservation and Development’s (DLCD) hosted data repository as provided by OAR 660-008-0075(3), and any additional information as provided in OAR 660-008-0075(4) if available and recent within the last five years to understand current and future housing needs, along with population and market trends, to evaluate fair housing choice, and identify fair housing issues in Molalla to affirmatively further fair housing, including work recently completed by the Consultant under the previous grant cycle.

The City will provide the Consultant with access to all relevant available local data. The Consultant will incorporate the state-provided Housing Need Allocation. This work will inform the determination of residential land need in Task 7.

3b Contextualized Housing Needs Summary Document: While the CHN analysis will initially be produced as a stand-alone memorandum, it will later become a section of the HPS that clearly describes and identifies the housing types, characteristics, and locations needed to remedy, or mitigate the identified fair housing issues to achieve fair housing choice and meet Molalla’s allocated housing need and housing production target while affirmatively furthering fair housing.

The CHN must include the following:

1. An affordability analysis including at a minimum a review of market conditions affecting the provision of needed housing including existing and expected barriers to the development of needed housing;
2. An analysis of past discriminatory actions or practices related to land and housing access including, as practicable given information and resource availability, mapping of the geographies

impacted by these actions and comparing those geographies' relationship to current patterns of segregation as well as affluence and poverty as illustrated in the housing equity indicators;

3. An analysis of fair housing choice across the following issue areas for communities of color, low-income communities, individuals with disabilities, and tribal communities that concludes with the identification and evaluation of fair housing issues within the city:
 - o Housing tenure and wealth building opportunities;
 - Permanent housing to resolve homelessness;
 - Accessible and adoptable housing;
 - Access to community assets and mitigation of exposure to harms;
 - Housing stability, anti-displacement and displacement mitigation;
 - Addressing and disrupting patterns of segregation, and their correlation with concentrated areas of affluence and poverty;
 - Any issue areas the City is required to address in other requirements or regulations; and
 - Any other issue areas that appear to exist based on occurrences of disparate housing needs in Molalla across protected classes and named communities in needed housing as provided in ORS 197A.018;
4. Clear conclusion that describes the needed types, characteristics, and locations of housing that the Local Government must plan for in its eight-year housing production cycle to mitigate and remedy the identified fair housing issues in furtherance of fair housing choice;

Task 3 Consultant Deliverables:

- 3.1 *Draft CHN with conclusions from the three analyses noted above that clearly describe and identify the housing types, characteristics, and locations needed to remedy, or mitigate the identified fair housing issues to achieve fair housing choice and meet Molalla's housing production target while affirmatively furthering fair housing.*
- 3.2 *Final CHN*

Task 3 City Deliverables:

- 3.1 *Copy of relevant comprehensive plan, housing related planning documents including equitable engagement summaries, or other relevant Molalla data or documents*
- 3.2 *Review and comment on draft CHN*

Timeline: February to June 2026

Task 4: Buildable Lands Inventory (BLI)

The Consultant will prepare a draft inventory of buildable land inventory consistent with OAR chapter 660, division 8, as applicable that will incorporate work recently completed by the Consultant as part of the most recent housing assistance grant cycle. The BLI will be used to determine the City's residential land need in Task 7. The BLI will be developed based on discussion with a project advisory committee at one or more committee meetings.

Task 4 Consultant Deliverables:

- 4.1 *Data Collection and Analysis*
- 4.2 *Draft BLI*

Task 4 City Deliverables:

4.1 *Review and comment on draft BLI*

Timeline: February to August 2026

Task 5: Development Ready Lands Inventory (DRLI)

The Consultant will prepare a draft development ready lands inventory (DRLI) consistent with ORS 197A.210 and OAR Chapter 660, division 8, as applicable. The DRLI will be informed by the BLI and the findings in the Contextualized Housing Need and developed based on discussion with a project advisory committee at one or more committee meetings.

Task 5 Consultant Deliverables:

- 5.1 *Data Collection and Analysis*
- 5.2 *Draft DLRI, including summary, tables, maps, and final GIS layers*
- 5.3 *Final DRLI*

Task 5 City Deliverables:

- 5.1 *Review and comment on draft DLRI, including collaboration with city departments on infrastructure readiness*

Timeline: February to August 2026

Task 6: Residential Land Needs Analysis (RLNA)

Based on the outcomes of previous tasks, the Consultant will prepare a draft RLNA that addresses how much land and what zoning the City needs to accommodate its Housing Need, comparing the demand and supply provided in the deliverables produced in earlier tasks. The RLNA will be developed based on discussions with a project advisory committee at one or more committee meetings and may be developed concurrently with Task 7 (Land Use Efficiency Measures). The RLNA will include:

- Summary of the CHN Findings about the types and locations for housing needed over the 20-year period and the 8-year period
- Documentation of housing development since the last HCA, including analysis of development density by plan designation
- Allocation of housing need to plan designation for the 20-year period and 8-year period
- Summary of buildable vacant and partially vacant land where housing can be developed with clear and objective standards and estimate of capacity of buildable land by plan designation
- Summary of development ready land by plan designation and estimate of capacity of development ready land, may be included in this analysis or may be presented in separate memorandum.
- Comparison of land capacity and housing need for buildable land (for the 20-year housing allocation) and development ready land (for the 8-year housing production targets)

Task 6 Consultant Deliverables:

- 6.1 *Data Collection and Analysis*
- 6.2 *Draft RLNA*
- 6.3 *Final hearings-ready HCA, including the BLI and RLNA*

Task 6 City Deliverables:

- 6.1 *Review and comment on draft RLNA*

Timeline: February to October 2026

Task 7: Land Use Efficiency Measures to Accommodate Needed Housing

The Consultant will identify options for changes to the City's comprehensive plan and land use regulations to address housing and residential land needs determined in previous tasks.

This task may be completed concurrently with Task 6 (RLNA). If the analysis shows that the Housing Need cannot be accommodated by the City's existing comprehensive plan, the Consultant will identify options for accommodating Housing Needs through changes to the comprehensive plan and land use regulations as required by OAR chapter 660, divisions 8. Land use efficiency measures may be adopted with the HCA or later with the Housing Production Strategy.

Task 7 Consultant Deliverables:

- 7.1 *Options for changes to the City's comprehensive plan and land use regulations to address housing and residential land needs*

Task 7 City Deliverables:

- 7.1 *Review and comment on draft measures*

Timeline: February to October 2026

Task 8: Adoption

City will schedule and provide notice and an agenda for hearings to adopt the CHN and HCA, along with any associated updates to the City's comprehensive plan and development code. The Consultant will coordinate with City on hearing arrangements and present updates to the hearings body. Adoption of the hearings-ready work product is not required for this task. The deliverables below are sufficient to demonstrate substantial completion of this task.

Task 8 Consultant Deliverable:

- 8.1 *Presentation materials to explain final draft updates to the Planning Commission and City Council in connection with the HCA and CHN.*

Task 8 City Deliverables:

- 8.1 *Hearings notices, agendas, and minutes as necessary for the adoption of the HCA and CHN.*

Timeline: October 2026 to March 2027

Memorandum

To: Mac Corthell, Assistant City Manager
Dan Zinder, Planning
PAC Members

From: Violet Brown, Senior Planner

Date: January 2, 2026

Project Name: Molalla HPS Readoption

RE: Approach to Molalla HPS Remand Conditions Responses Draft 2

READOPTION CONDITION 1

Authority

As provided in **ORS 197.290(2)(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 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

Elements Listed for Condition 1

- The city shall analyze and present potential burdens resulting from existing actions and any new actions:
 - a. **Proposed Revision:** See attached Housing Strategy Burden Mitigation Matrix.
- Where burdens are identified, the city shall commit to mitigation steps through new actions or sub-actions:
 - a. **Proposed Revision:** See attached Housing Strategy Burden Mitigation Matrix..
- 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:
 - a. **Proposed Revision:** Updated HPS will specify either Low, Medium, or High impact without



ranges of Low to Medium as shown in the first version. In addition, the action one-pagers are being updated with additional details for each action.

- Additionally, the city shall reevaluate the adoption and implementation timelines of all actions, with emphasis on:
 1. Action 2 “Develop Standards for Cottage Clusters”,
 2. Action 7 “Remove Impediments for Conversions/Duplex parking”, and
 3. Action 12 “Modify SDC fee schedules based on size”to better address acute housing needs earlier:
 - b. **Proposed Revision:** Modify the strategy definition to include early steps and move implementation to 2026. For Actions 2 and 7 the first step is to evaluate using the model code when available, and for Action 12 that means add and adopt a methodology study/report to the SDC fee schedule update strategy. Updated implementation matrix on pg. 38.

- Additional Considerations: Additionally, the CHN noted that the city should collaborate with Clackamas County to protect naturally occurring affordable housing. However, this **collaboration is note 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.
 - a. **Proposed Revision:** Modify the strategy definition to include early steps of collaboration with the County, which can be discussed with the PAC mtg in January for additional implementation steps.

- Compliance with existing housing statutes should be given high priority and associated implementation timeline in the city’s action plan:
 - a. **Proposed Revision:** Modify the strategy definition to include early steps and move implementation to 2026. For Actions 2 and 7 the first step is to evaluate using the model code when available, and for Action 12 that means add and adopt a methodology study/report to the SDC fee schedule update strategy most likely when UGB concept planning occurs.

READOPTION CONDITION 2

Authority

OAR 660-008-0050(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: (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.

Elements Listed for Condition 2

- The city shall identify and commit to measures that meet its accessible housing need through new or existing actions.
 - a. **Proposed Revision:** Utilize zoning incentive/flexible compliance sample from Independence for both accessible and affordable housing. Added list of existing relevant



policies below:

Relevant Existing City Policies:

ADA and Affordable Housing Impacts: Sidewalk Improvement Grant: Provides city match funds for new/replacement sidewalk, new/replacement ADA ramps. All improvements must be ADA compliant.

1. Assists property owners in bringing adjacent pedestrian amenities into compliance with the ADA.
2. Assists low-income property owners with part of the cost for public improvements.
3. Serves as a force multiplier in the effort to provide ADA compliant pedestrian amenities City-wide.

ADA Impacts: Molalla Municipal Code

17-3.2.040(D)(4) Non-Residential Buildings: All primary building entrances shall open to the sidewalk and shall conform to Americans with Disabilities Act (ADA) requirements, as applicable. Primary entrances above or below grade may be allowed where ADA accessibility is provided.

17-3.3.030(D)(14): Where sidewalks or walkways occur adjacent to a roadway, driveway aprons constructed of concrete shall be installed between the driveway and roadway edge. The roadway authority may require the driveway apron be installed outside the required sidewalk or walkway surface, consistent with Americans with Disabilities Act (ADA) requirements, and to manage surface water runoff and protect the roadway surface.

17-3.3.030 (D)(15) Vehicular Access and Circulation: Where an accessible route is required pursuant to ADA, approaches and driveways shall meet accessibility requirements where they coincide with an accessible route.

17-3.3.040(B)(2)(c) The walkway network connects to all primary building entrances, consistent with the building design standards of Chapter 17-3.2 and, where required, Americans with Disabilities Act (ADA) requirements.

17-3.3.040(B)(6) Pedestrian Access and Circulation: Walkway Construction (Private). Walkway surfaces may be concrete, asphalt, brick or masonry pavers, or other City-approved durable surface meeting ADA requirements. Walkways shall be not less than six feet in width in commercial and mixed use developments and where access ways are required for subdivisions under Division IV.

17-3.5.030(B)(3): Carpool and vanpool parking spaces shall be located closer to the main employee, student or commuter entrance than all other parking spaces with the exception of ADA parking spaces.

17-3.5.030(H) Automobile Parking Americans with Disabilities Act (ADA): Parking shall be provided consistent with ADA requirements, including, but not limited to, the minimum number of spaces for automobiles, van-accessible spaces, location of spaces relative to building entrances, accessible routes between parking areas and building entrances, identification signs, lighting, and other design and construction requirements.

- These measures may include incentive or regulatory actions and should be responsive to the findings of the CHN.
 - a. **Proposed Revision:** Utilize zoning incentive/flexible compliance sample from Independence for both accessible and affordable housing. Now included as Strategy 8.

READOPTION CONDITION 3
Authority



OAR 660-008-0050(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: (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;

Elements Listed for 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.
 - a. **Proposed Revision:** See attached Housing Strategy Burden Mitigation and additional discussion of affordable rental/homeownership with the focus of the zombie housing action including working specifically with developers of affordable housing and the addition of a short term rental fee to fund affordable housing in Molalla.
- Additionally, the city shall ensure, either through new or the existing actions, that the multi-unit housing need identified in the CHN is addressed.
 - a. **Proposed Revision:** Add to the explanation of Efficiency Measures that the city has rezoned underutilized industrial land to R2 and R3 and thereby met the entirety of its R3 need stated in the HNA. R3 is also being redefined with higher allowed density per acre. See pg. 8 of updated draft HPS.

Additional Considerations

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.

	Land Need in Units	Original UGB Calculations	Adjusted Capacity BLI/Rezoning	Adjusted Residential Need
R-1 Low Density Residential	1,098	220	204	894
R-2 Medium Density Residential	499	50	242	257
R-3 Medium-High Density Residential	399	20	558	(445)
Total	1,996	289	1,003	
Pipeline Completed				287

READOPTION CONDITION 4

Authority

OAR 660-008-0050(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:



***(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.*

Elements of 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.
 - a. **Proposed Revision:** Modified strategy to focus on utilizing enforcement data to assist non-profit developers in identifying land for redevelopment and connecting to the County Health and Human Services as the city monitors displacement.



From: [Alex Worth](#)
To: [City Recorder](#); [Mac Corthell](#)
Cc: [Jim Gilbert](#); [Corwin DiMeo-Ediger](#)
Subject: City Council Testimony
Date: Wednesday, January 14, 2026 7:37:58 AM
Attachments: [MRW City Council Testimony January 14.pdf](#)

Hi Mayor Keyser, Mac and the Molalla City Council,

I'm submitting a written testimony here in regards to this evening's city council meeting. As the acting Watershed Council for the Molalla sub-basin, Molalla River Watch's interest in conserving surface flows is reflected in my attached comment. Please reach out if you have any follow up concerns, comments, or questions -- I have consistently valued your experience and track record with the city, and have trust and faith in the city's ability to manage our homewaters and watershed.

All the best,

Alex Worth (*he/him*)
Executive Director
Molalla River Watch
(971)241-4225
www.molallariverwatch.org





MOLALLA RIVER WATCH WATERSHED COUNCIL

P.O. Box 867, Molalla, OR 97038
director@molallariverwatch.org
(971)241-4225

January 13, 2026

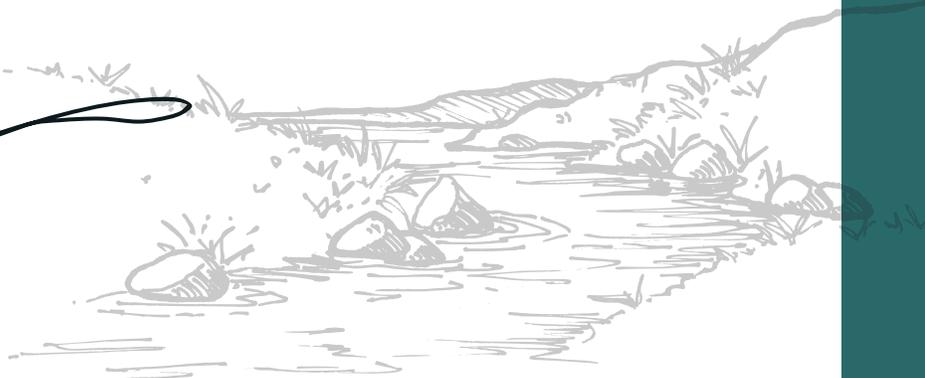
Dear Mayor Keyser and City Council members,

Molalla River Watch, as the Watershed Council representing the Molalla River basin, would like to express support for the use of Portland State's updated 2024 growth rate model for the city of Molalla. As you well know, the Molalla River supplies municipal drinking water to the city, as well as many other private water rights holders, and the city of Canby. Molalla River Watch cares deeply for both the continued responsible use of the river's surface water, and the maintenance of adequate water quality and quantity for vital ecosystem baselines for fish, wildlife, and plants.

For these reasons, we strongly advocate for the use of more current 2024 revised population growth estimates from Portland State University reflecting a 30% rather than 50% 20 year growth forecast. As we continue to responsibly steward the river, we must continue to grow while informed by the best available data, so as not to overburden the river that continues to provide for our community. Please contact us with any comments, concerns, or questions you might have, and thank you for your consideration.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Molalla River Watch
Executive Director and Board



From: [Zoe Conlee](#)
To: [City Recorder](#)
Subject: Testimony for Council Meeting on January 14
Date: Wednesday, January 14, 2026 11:04:18 AM

Hello,

Below is my testimony regarding the Urban Growth Boundary planning for the City Council Meeting on January 14th.

Thank you,

Zoe Conlee

Dear Mayor Keyser and Members of the City Council,

My name is Zoe Conlee. I have lived in Molalla for the past three and a half years, where I purchased a farm to continue my business and build for my future. I chose Molalla because it values agriculture, community, and a quality of life that is connected to the land.

I grew up in Ridgefield, Washington, a community that has grown explosively in the last decade. Despite city and county planning, growth outpaced the infrastructure and services. A brand new school opened already over capacity, and families quickly felt the strain. Rising land values and taxes reduced agricultural opportunities, and many people who wanted to remain connected to farming and rural life were forced to leave. Those experiences shaped my decision to move to Molalla, where the deep agricultural tradition and respect for the farming and business community felt like a true home.

My concern today is not growth itself, but the data guiding Molalla's growth decisions. The population forecasts currently in use were developed before corrected census data became available. Updated forecasts released in 2024 project significantly lower growth. Planning based on outdated assumptions risks unnecessary expansion of the Urban Growth Boundary, higher long-term costs for taxpayers, increased congestion, and avoidable impacts to farmland, forestland, and the Molalla River watershed. I do not want Molalla to fall victim to the kind of overgrowth Ridgefield experienced, where rapid expansion strained schools, infrastructure, and rural character. I believe we can avoid that with careful, data-driven planning.

Updating the population forecast does not stop growth. Molalla will continue to grow, but aligning plans with current data ensures that growth supports current residents, protects agriculture, and preserves the quality of life that draws people here. The Department of Land Conservation and Development has indicated their support for using the updated projections, both financially through grant funding and through administrative support.

I chose Molalla for its community, quality of life, and agricultural focus. I respectfully ask the City Council to use the most accurate population information available so Molalla can grow in a way that aligns with the community's values and protects the land for generations to come.

Thank you for your time and commitment to Molalla's future.

From: [Corwin DiMeo-Ediger](#)
To: [City Recorder](#)
Subject: Public Comment for the CC Meeting - UGB
Date: Wednesday, January 14, 2026 11:58:41 AM

Hi there,

Please see below for my public comment for the meeting this evening. The comment is related to the UGB planning update. I would like to read this comment during the meeting as well.

My name is Corwin DiMeo. I have spoken at a number of city council meetings regarding the proposed UGB expansion. I have discussed this before at-length but just as a quick review: the proposed UGB expansion relies on an outdated population forecast heavily skewed by COVID related statistical errors. Molalla is currently planning for a major UGB amendment based on a "need" which the PSU Population Research Center, Oregon DAS, DLCD, and the city itself ALL acknowledge does not exist. I'm here to discuss a few additional factors and again urge you to consider using the correct numbers in your planning process.

State Support: The DLCD has formally indicated their commitment to working alongside the city to identify creative financial solutions for any potential funding gaps in the planning process. Specifically, they have offered to facilitate this pivot by converting existing planning grants and utilizing other general funds to ensure our data is accurate and legally defensible. It currently remains to be seen if any additional funds will even be necessary to complete this final correction. However, even if a funding gap were to materialize, the minor cost of a course correction and associated staff time would be immaterial compared to the millions of dollars in future infrastructure debt, social displacement, and environmental damage an incorrect expansion would cause. A minor upfront cost is not a compelling reason to avoid doing the right thing.

The Authority of the PRC: For 70 years, the PSU Population Research Center (PRC) has been Oregon's "gold standard" for demographic data, historically maintaining a staggering 99% accuracy rate when compared to federal Census results. The PRC has been right for seven decades. The 2020 forecast was the only anomaly of this size in their history—a direct result of flawed pandemic-era Census data. That error has now been officially corrected. To ignore the 2024 update is to ignore the very legal and scientific foundation Oregon's planning system is built upon.

Bigger is Not Cheaper: In 50 years of Urban Growth Boundary research in Oregon, there has not been a single peer-reviewed study which found that a drastic over-expansion of a UGB leads to long term positive home price impacts in the city performing the expansion, in fact, the opposite is true. UGBs are not islands, they are part of an integrated statewide structure and, as such, price dynamics are systemic, not isolated. Deliberate over-expansion creates misaligned growth out of step with natural system-wide balancing. We don't lower prices for locals; we create a "spillover magnet" for higher-income commuters from the Portland metro area who have unmet demand in their own cities. These buyers outbid Molalla families. We aren't building for our neighbors; we are inviting regional and out of state demand to artificially inflate our land values and drive our prices even higher.

The Infrastructure Debt Trap: We must also be honest about "Site Development Costs" of future expansion. While developers may pay initial fees, these are a "one-time" payment for a "forever" liability. Developers also pass these fees off to new buyers by baking them into the cost of the houses they build which drives up the median home price. These fees will not cover the medium- or long-term maintenance

of the "pipes and pavement." Because Oregon's Measure 50 caps property tax increases at 3%—which consistently trails the pace of infrastructure inflation and market appreciation—over-expansions almost immediately create a fiscal deficit. When the developer leaves, the maintenance bill stays. This forces existing taxpayers to subsidize the sprawl or face constant bond measures and levies for water plants and road repairs.

To be clear, choosing the 2024 data is not "redoing the work." It is doing the right work, the right way. The way that it should have been done. The city has a rare, narrow window to fix its future trajectory. Following the corrected 2024 forecast is the only way to keep Molalla affordable for the people who actually live and work here. Failing to act will cause systemic harm, making living in this community more expensive and less enjoyable for everyone.

MOLALLA COMMUNITY PLANNING ORGANIZATION

Molallacpo@gmail.com

January 14, 2026

PLEASE HELP KEEP OUR COMMUNITY HEALTHY & LIVABLE

Dear Mayor Keyser and City Council members,

The Molalla Community Planning Organization (CPO), which represents the residents and businesses surrounding the City of Molalla, is concerned about the city's current planning process. The planning work and expansion plans are based on outdated population forecast numbers, the use of which will have many negative impacts on our community, including much increased traffic on our already congested roads, more depletion of our water supply from the overtaxed Molalla River, high sewer, road and other infrastructure costs borne by city taxpayers and paving over many acres of our fertile and productive farmland.

The outdated population forecast was done by PSU in 2020 and predicted a 50% increase in population, to about 15,000 residents in the next 20 years. Because of Covid-19, the population figures used for the forecast were inaccurate; it was revised in 2024, forecasting a much smaller growth in population over that time period, to about 13,000 residents.

Using the updated population forecast will significantly reduce the negative impacts of the current expansion plans, including much reduced planning costs to the city by eliminating or greatly reducing the need to expand the Urban Growth Boundary.

The DLCD will help! The Department of Land Conservation and Development supports Molalla's use of the revised population forecast figures and is offering financial grants to assist the city in revising its expansion plans.

The Molalla CPO requests that you authorize the Planning Division to use the updated population forecast. This will save city taxpayers many thousands of dollars, reduce future road congestion, lessen the impact on the Molalla River and save the fertile farmland surrounding the city for growing food and other crops for generations to come.

Thank you,

Jim Gilbert
President Molalla CPO

Josh Kraemer
Vice-President, Molalla CPO

Corwin DiMeo-Ediger
Secretary, Molalla CPO

From: [dirk.schlagenhauser](#)
To: [City Recorder](#)
Subject: Tonight's meeting UGB item
Date: Wednesday, January 14, 2026 3:16:14 PM

Good afternoon please make these comments part of the record for the UGB expansion discussion, thank you!

Good evening my name is Dirk Schlagenhauser and I live in Colton Oregon. I served for 7 years as a Planning Commissioner for the City of Oregon City. I have seen a lot of land use applications and have seen a lot of developments. I have also seen a lot more land not develop. Moving land into the UGB does not equal development, it equals options, opportunities, and available land for future needs. I've seen developments for the thimble creek concept plan, south end concept plan and park place concept plan sit idle for a decade or longer. It's hard for people to understand just how slow development occurs. Lack of infrastructure, sewer moratoriums, not deciding who will build the roads, years and years and years. There's nothing less scary to me than a UGB expansion. A great example is city of Damascus where an entire city was put into the UGB and nothing happened. Oregon city and Damascus actually had land pulled back out of the UGB so Hillsboro could put some development ready land in. You all know these things I simply wanted to get this on the record with hopes some citizens may read it.

Ok, the main thing I want to convey: if you use larger growth numbers more acres come into the UGB which means more citizens will have land adjacent to city of Molalla than would if you used the smaller growth projections. Here's why that matters. I am fully in support of cities having budgets and taxes paying the bills. I however get concerned when city matters affect more people than minimally necessary. If a property owner has land in the UGB adjacent to city services and their Septic system fails I believe the state mandates connection to city sewer. That's not a choice of the property owner and to top it off the city decides what that costs. Since the city is creating this burden for some property owners due to using growth numbers larger than legally necessary I relate it to forcing someone to marry you and making them pay for the wedding. I think if the city creates this situation it's only fair to pay the connection to the sewer. In Oregon city we mandated street trees which ended up breaking driveways and sidewalks and we reimburse homeowners for the sidewalk repair. It's the fair thing to do when we created the hardship. Another suggestion is allow extraterritorial sewer connections in lieu of annexing to the city. Make annexation and the resulting property tax increases happen during development of property if or when that happens.

Thank you for reading my concerns
Dirk Schlagenhauser
Slug Trail Farm
Colton, Oregon

Sent from my iPhone