



AGENDA

**MOLALLA CITY COUNCIL & PLANNING COMMISSION
JOINT SESSION
November 19, 2025 | 6:30 PM
Molalla Civic Center
315 Kennel Ave, Molalla, OR 97038**

Mayor Scott Keyser

**Council President Eric Vermillion
Councilor Terry Shankle
Councilor Martin Bartholomew**

**Councilor Leota Childress
Councilor Doug Gilmer
Councilor K.C. Bisenius**

Planning Chair Doug Eaglebear

**Commissioner Connie Sharp
Commissioner Martin Ornelas
Commissioner Brady Rickey**

**Commissioner Clint Ancell
Commissioner David Potts
Vacancy**

Live-streaming of the Molalla City Council Meetings are available on Facebook at "Molalla City Council Meetings – LIVE" and "Molalla City Council Meetings" on YouTube. Citizens can submit Public Comment in the following ways: attend the meeting, email the City Recorder @ recorder@cityofmolalla.com by 4:00pm on the day of the meeting, or drop it off at City Hall, 117 N. Molalla Avenue.

1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. PUBLIC COMMENT

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

4. DISCUSSION ITEMS

- A. Mobile Food Unit – Code Amendment Discussion
- B. Urban Growth Boundary Update

5. ADJOURN

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



CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, November 19, 2025

Submitted by: Mac Corthell, Assistant City Manager

Approved by: Dan Huff, City Manager

SUBJECT: Mobile Food Units - Code Amendment Discussion

ATTACHMENTS:

[Mobile Food Units.pdf](#)



CITY OF MOLALLA

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

Staff Report

Agenda Category: General Business

BACKGROUND:

The purpose of this discussion is to review the attached Process Overview document in order to ensure staff is on a path that meets with the Council's policy objectives.

The Planning team is working on amendments to the Mobile Food Unit (MFU) code to improve regulation clarity. The current code conflates permitting the unit and permitting the land, creating confusion for community members and staff. The amendments will decouple land use approvals from MFU certification, eliminate redundant health and safety standards, and reduce regulatory confusion surrounding MFUs.

Conflating the Land and Unit

Currently, the Molalla City Code conflates permitting the property with permitting the unit. This system is challenging for community members to understand and for City staff to administer. It also complicates the process of swapping one food cart for another. Staff propose separating the land use and unit approvals. To manage the unit, an MFU Business License will be created. During the Business License process, the City will check for Clackamas County Health Authority and Fire District approvals. The property will still go through land use approval to prepare the land for an MFU.

Land Use Approvals: Accessory vs. Primary Use

The amendments would create two primary classifications for MFUs that would go through different types of reviews. Accessory MFUs are defined as one or two MFUs located on a property that has already been developed. Accessory MFUs benefit from less strict requirements, as the property has already completed necessary development processes such as paying system development charges (SDCs) and installing essential infrastructure like sidewalks. Accessory MFUs would go through an Other Type I review.

In contrast, Primary MFUs refer to either a single MFU on an undeveloped property or more than two MFUs on a developed property. They must complete the standard development processes applicable to any new development, including the payment of SDCs, the dedication of public right-of-way, and the development of adequate access and infrastructure. Primary MFUs would go through a Site Design review.

Duplicative Standards

The existing MFU code contains redundant regulations which are governed by the Clackamas County Health Authority (e.g., specific unit, sanitation, and hygiene standards) and the Molalla Fire District. The proposed changes will defer to the County Health Authority and the Fire District where appropriate to avoid redundancy. During Business License approval, the City will confirm that an MFU has approvals from the Clackamas County Health Authority and the Molalla Fire District.

Conclusion

The existing regulatory structure is often confusing and difficult for prospective MFU and property owners to navigate. The amendments will create an easier process to navigate while continuing to protect public health and safety.



Permitting Mobile Food Units (MFU)

ACCESSORY USE (1-2)

1-2 MFU on a developed lot. Ex. an MFU in a parking lot.

PRIMARY USE OR POD

An MFU on an undeveloped lot or more than 2 MFU on a developed lot. Ex. a food cart pod.

PLANNING REVIEW



- Other Type I

PLANNING REVIEW



- Site Design

PUBLIC IMPROVEMENTS



- None to Minimal

PUBLIC IMPROVEMENTS



- Right-of-way Dedication
- System Development Charges



ZONING

- Commercial
- Industrial
- Public/Semi-Public



ZONING

- Commercial
- Industrial parcels < 0.5 Acres



REQUIREMENTS

- Minimal changes to the site



REQUIREMENTS

- Seating Area
- Amenities

MFU BUSINESS LICENSE



- Clackamas Public Health Approval
- Fire District Approval
- Confirm Land Use Approval

Welcome New MFU!



CITY OF MOLALLA

Staff Report

Agenda Category: GENERAL BUSINESS

Agenda Date: Wednesday, November 19, 2025

Submitted by: Dan Zinder, Senior Planner

Approved by: Dan Huff, City Manager

SUBJECT: Urban Growth Boundary Update

ATTACHMENTS:

[Staff Report - UGB Update.pdf](#)

[Exhibit A - OHNA Public Comment.pdf](#)



CITY OF MOLALLA

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

Staff Report

Agenda Category: General Business

BACKGROUND:

UGB Workplan Update:

- *Task 1 COMPLETE – UGB Workplan Approval*
Adopted By Molalla City Council And Clackamas County Commission March 2023
DLCD Approval May 2023
- *Task 2 COMPLETE – Housing Needs Analysis and Residential Buildable Lands Inventory –*
Adopted By Molalla City Council July 2023
DLCD Approval December 2023
- *Task 3 - Task Housing Production Strategy (HPS)**
The City was first advised of a remand by DLCD in July of 2023 and received a second remand in August of 2025. The City has received DLCD funding to complete this item by late February 2025. The forthcoming document will be responsive to comments by DLCD as follows:
 - Better articulate benefits and burdens of each strategy chosen
 - Identify and commit to measures that are response to accessibility need from the contextualized housing memo
 - 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
 - Develop an implementation plan for Action 9 “Address unmaintained ‘zombie’ housing” that includes measures which ensure that the action promotes neighborhood stability.

Additional strategies are not necessarily required though we do anticipate incorporating the statutory requirements for addressing middle housing land divisions into our discussion.

*As a technicality, this item was removed from our workplan in the spring of 2025. Completion remains a City requirement via OR HB2003.

- *Task 4 COMPLETE – Economic Opportunities Analysis and Employment Lands Buildable Lands Inventory*
Adopted By Molalla City Council March, 2025
DLCD Approval August 2025
- *Task 5 COMPLETE - Efficiency measures:*
Adopted By Molalla City Council June, 2025
DLCD Approval October 2025

As part of this approval, City was conditioned to raise density standards in the R-3 zone to be consistent with density assumptions from using the Safe Harbor method in the Housing Needs Analysis. This ordinance will be concurrent with the City's Urban Growth Boundary Amendment adoption. Anticipated requirement will change density standards in the R-3 zone from 8-24 units/acre to 12-40 units/acre.

- *Task 6 In Amendment - Goal 14 Analysis:*
City Council adopted its Goal 14 analysis evaluating suitability of lands within a study area surrounding the City for UGB expansion in June of 2025. Due to concerns from the Council and local citizens about the practicality of expanding lands to the south. The City applied for and received funding from DLCD in October 2025 to expand on its Goal 14 analysis to include a financial analysis of the practicality of southern expansion vs. expansion to the north and northwest. Completion of this task along with adoption of the UGB amendment is anticipated in June of 2026.

Next Steps:

- Finish HPS – 3J Consulting to revise draft, hold additional meeting with the advisory committee, and hold a draft meeting and hearing with City Council
- Finalize contract for the Goal 14 analysis update. Work with Dyer Partnerships to establish Substantial public outreach work including public meetings and hearings with Planning Commission and City Council. Additional consultations (3) with the Advisory Committee will be planned as well.

OHNA Comment:

The Oregon Department of Land Conservation and Development (DLCD) recently published new rules for the Oregon Housing Needs Analysis (OHNA) process. City Staff submitted comments for the comment period ending on November 7th. As the City is currently in process with a UGB amendment with the above workplan these new rules will not be impacting our current

workplan but would affect future processes that the City would be involved with. Additionally, Staff raised ongoing concerns about:

- Ambiguity and the lack of DLCD administrative oversight within DLCD created rules that appears to be continued in the forthcoming rulemaking.
- Concerns that the model code for middle housing land divisions is not consistent with statute.
- Support proposed rule change that would allow cities to consider financial constraints for urban reserves and advise that these interpretations of practicality should be more broadly expanded to Goal 14 analysis for UGB expansion.

Exhibit A: Molalla OHNA Public Comment



Community Development Department

315 Kennel Ave/PO Box 248

Molalla, OR 97038

Phone 503.759.0205

www.cityofmolalla.com | current.cityofmolalla.com

November 7, 2025

Land Conservation and Development Commission
Oregon Department of Land Conservation and Development
635 Capitol Street NE, Ste. 150
Salem, OR 97301

Dear Land Conservation and Development Commission Members,

The City of Molalla thanks the Oregon Department of Land Conservation and Development (DLCD) for the opportunity to comment on recent Oregon Housing Needs Analysis rulemaking. The City is encouraged by efforts made by DLCD in this process to clarify some of the challenging points in the housing study. Providing a model code to incorporate recent middle housing regulations and clarifications on what constitutes and efficiency measure vs. housing policy for our Housing Production Strategies (HPS) documents are two steps taken that provide clarity, previously missing, for how to proceed. Additionally, City Staff appreciate that new rulings take consideration of financial constraints as a significant factor when prioritizing lands within urban reserves. These are steps in the right direction for providing clarity to housing policy and implementing it in a way that that is more conducive to successful development of cities and towns within the Oregon Land Use framework.

With that, the City has concerns about the new rules and concerns that persist through the housing policy process generally.

Ambiguity

Ambiguous rules lead to inconsistent application, unfairness, and uncertainty. Recent OHNA rules unfortunately have created ambiguity in several instances where cities are tasked with adopting prescribed standards or providing an alternate model.

- In OAR 660-008-0075 (6) cities are required to set prescribed minimum targets for middle housing and multi-family housing or present an alternate model but no criteria for that presentation are provided.
- Cities are required to either adopt the model code for middle housing land divisions or develop a comparative set of standards that allows for middle housing land divisions. Again, there are not clear targets for cities to show that these alternative standards meet objectives.

Without clear guidelines on how to proceed, cities run the risk of bringing forth their own existing or proposed standards and may receive a discretionary ruling by LCDC that could delay adoption and implementation of these standards. In small city environments where staff is often short, this time lost is a substantial drain on the city's resources.

Ambiguity in statute has been written into the housing standards too often and these discretionary rulings do happen. For rules governing DLCD review of cities' Housing Production Strategies, OAR 660-008-0055(6)(h) states that DLCD shall review the accuracy and sufficiency of the Housing Production Strategy Report based upon other attributes the commission considers relevant. Notably, DLCD has not provided any guidance document on what those "other attributes" might be. This standard has produced exactly those undesirable outcomes mentioned above. It places jurisdictions in a position that requires them to reach into the collective mind of LCDC in order to complete a compliant Housing Production Strategy that can be defended against DLCD staff overreach. What's more, it allows DLCD staff to exercise unfettered, unappealable discretion in the approval or denial of otherwise compliant reports based solely on what they determine, and which cannot be verified, are the "other attributes" LCDC deems relevant.

Finally, it produces a significant appearance of unfairness, and/or disdain for particular jurisdictions. There are multiple examples of DLCD staff finding that a criterion is not met based on a standard that cannot be found in the OAR. There are also several examples of DLCD staff second guessing a criterion they themselves have found met by including a slew of comments suggesting specific other measures that DLCD staff thinks should be taken, and/or the timing in which they should be addressed. This is illustrative of a lack of respect for the people, elected officials, and staff in a given community, and a lack of understanding of the big picture in which these strategies must fit.

Further, these concerns are compounded since in both cases these decisions are not subject to appeal, leaving the full weight of these critical decisions at a staff level of discretion. Placing the power to write law on the fly in the hands of DLCD staff members is totally inappropriate, produces unfair outcomes, inconsistent application, and anoints unqualified individuals to make decisions which they are not qualified nor informed enough to make. Cities deal with significant balancing of the interests with each and every decision made. To suggest that a DLCD staffer is better situated than the community, elected officials, and staff of a city to make those decisions defies the fundamental premise of a Democratic Republic. Administrative rules should be written to provide full notice of expectations and remove staff discretion.

Consistency Between Model Code And Statute

The City appreciates the effort from DCLD to provide model code for the middle housing land division process. Smaller cities face a lot of challenges keeping up with the rapid pace of recent statutes and provision of model code following the development of robust statutes is helpful to keep pace. With that, City Staff has identified some areas in the draft model code that are apparently incompatible with Senate Bill 458. Ensuring that the incongruities are appropriately addressed promptly will save heartache both for cities and towns down the line if projects are appealed and ultimately for DLCD to ensure this rulemaking process need not be repeated. Areas we identified are as follows:

Incorrect Automatic Review Process:

The Model Code incorrectly allocates the review process to the standard version unless the applicant requests otherwise. Senate Bill 458 states that it shall follow the expedited process unless the applicant requests otherwise.

Model Code	<i>Tentative Plan Procedure. 1. Standard Procedure. Unless the applicant requests to use the procedure for an expedited land division as provided in subsection (2), the city shall review an MHL D under the same procedure that applies to a standard land division. An application of one or more than one MHL D submitted at the same time as an application for a standard subdivision or partition will be consolidated into a single application subject to the procedural requirements for the standard subdivision or partition.</i>
Senate Bill 458 (Enrolled)	<i>197.365. Unless the applicant requests to use the procedure set forth in a comprehensive plan and land use regulations, a local government shall use the following procedure for an expedited land division, as described in ORS 197.360, or a middle housing land division under section 2 of this 2021 Act...</i>

Incorrect Appeal Limitations

The Model Code incorrectly states that only the applicant may appeal an MHL D. Senate Bill 458 states that the applicant or any commentor may issue an appeal.

Model Code	<i>Only the applicant may appeal a decision for an MHL D processed as an expedited land division made under this section.</i>
Senate Bill 458 (Enrolled)	<i>A decision may be appealed by: (A) The applicant; or (B) Any person or organization who files written comments in the time period established under ORS 197.365.</i>

Incorrect Comment Acceptance

The Model Code incorrectly asserts that the City does not accept public comment for an MHLD. Senate Bill 458 states that anyone who is provided notice may issue public comment.

Model Code	<i>The MHLD review process does not include a hearing and the city does not accept public comment from third parties.</i>
Senate Bill 458 (Enrolled)	<i>The local government shall provide written notice of the receipt of the completed application for [an expedited] a land division to any state agency, local government or special district responsible for providing public facilities or services to the development and to owners of property within 100 feet of the entire contiguous site for which the application is made. The notification list shall be compiled from the most recent property tax assessment roll. For purposes of appeal to the referee under ORS 197.375, this requirement shall be deemed met when the local government can provide an affidavit or other certification that such notice was given. Notice shall also be provided to any neighborhood or community planning organization recognized by the governing body and whose boundaries include the site. (3) The notice required under subsection (2) of this section shall: (a) State: (A) The deadline for submitting written comments...</i>

These model code provisions ought to be more heavily vetted against the governing statutes before being deployed to cities for adoption.

Impracticability

Molalla was encouraged to see that the new rules provide some relief under OAR 660-021 to exclude lands from urban reserves that are not cost effective to serve due to existing or planned infrastructure investments. While this is not the scenario that Molalla faces, we encourage the Commission to examine its reasoning behind this change and extend that consideration more broadly to land prioritization under OAR 660-024. We pose the question, if lands are not suitable to bring into an urban reserve, why are they suitable to bring into an urban growth boundary where a city does not have an existing urban reserve? The current interpretation of impracticability to exclude first priority non-resource lands under OAR 660-024 is tantamount to an impossibility for development. In a time where housing costs are already the leading edge of a statewide crisis it may be time to revisit whether cost considerations that would prohibit all but the most luxurious of housing development ought to be considered more heavily when excluding lands from OAR 660-024 study areas. The Commission has recently, graciously funded work for our city to explore cost considerations in our own urban growth boundary study. This work to determine the burden of bringing in exception lands that are in large part highly fragmented and very

difficult to serve against lower priority lands that are substantially more easily served may provide outcomes of housing types and affordability targets more in line with Molalla's needs if we are able to proceed. We ask that this effort may serve as a benchmark to move forward with revisions that allow cities to make decision that make pragmatic sense for their urban development and affordability for residents.

Thank you once again for your time and consideration of Molalla's comments.

Sincerely,

A handwritten signature in black ink, appearing to be 'DZ' with a stylized flourish.

Dan Zinder
Planning Manager, City of Molalla