



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

Civic Center | 315 Kennel Avenue  
Wednesday, August 27, 2025 | 7:00 PM

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

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

**1. CALL TO ORDER AND FLAG SALUTE**

**2. ROLL CALL**

**3. CONSENT AGENDA**

- A. [City Council Meeting Minutes - August 13, 2025](#)

**4. PRESENTATIONS, PROCLAMATIONS, CEREMONIES**

- A. [Police Facility Update \(Dodson\)](#)
- B. Oregon Mayor Association Leadership Award (Medium Cities)

**5. PUBLIC COMMENT**

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

- A. [Public Comment - 1000 Friends of Oregon](#)

**6. PUBLIC HEARINGS**

- A. [Ordinance No. 2025--08: Modifying the Development Code by Allowing Fueling Stations in the Central Commercial \(C-1\) Zoning District, Subject to Special Use Standards \(Zinder\)](#)
- B. [Workplan for Housing Production Strategies Document - HB2003 \(Corthell\)](#)

**7. ORDINANCES AND RESOLUTIONS**

- A. [Ordinance No. 2025-08: Modifying the Development Code by Allowing Fueling Stations in the Central Commercial \(C-1\) Zoning District, Subject to Special Use Standards \(Zinder\)](#)

**8. GENERAL BUSINESS**

- A. [Workplan for Housing Production Strategies Document- HB2003 \(Corthell\)](#)
- B. [Discussion - Parks CPC \(Keyser/Huff\)](#)
- C. [Appointment to City Council - Candidate Deliberation/Selection \(Council\)](#)

**9. STAFF COMMUNICATION**

**10. COUNCIL COMMUNICATION**

**11. ADJOURN**

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



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: CONSENT AGENDA

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**Agenda Date:** Wednesday, August 27, 2025

**Submitted by:** Christie Teets, City Recorder

**Approved by:** Dan Huff, City Manager

**SUBJECT:** City Council Meeting Minutes - August 13, 2025

**ATTACHMENTS:**

[08.13.2025 CC Meeting Minutes.final.pdf](#)



City of Molalla  
City Council - Regular Meeting  
Minutes – August 13, 2025  
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

**CALL TO ORDER**

The Molalla City Council Meeting of August 13, 2025 was called to order by Council President Eric Vermillion at 7:00pm.

**COUNCIL ATTENDANCE**

Present: Council President Eric Vermillion, Councilor Leota Childress, Councilor Terry Shankle, Councilor Doug Gilmer, and Councilor Martin Bartholomew.

Absent: Mayor Scott Keyser

**STAFF IN ATTENDANCE**

Mac Corthell, Assistant City Manager; and Christie Teets, City Recorder.

**APPROVAL OF AGENDA**

Approved as presented.

**CONSENT AGENDA**

- A. Work Session Meeting Minutes - July 23, 2025
- B. City Council Meeting Minutes - July 23, 2025
- C. Personnel Policy Update - Food & Beverage as Compensation
- D. Letter of Support for DLCD Housing Planning Assistance Grant

**ACTION:**

Councilor Childress moved to approve the Consent Agenda; Councilor Gilmer seconded. Motion passed 5-0

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

NAYS: None.

ABSTENTIONS: None.

**PRESENTATIONS, PROCLAMATIONS, CEREMONIES**

None.

**PUBLIC HEARINGS**

None.

**PUBLIC COMMENT**

- A. Letter to City Council – James Bobst
- B. Letter to City Council – Paige Lantz

Assistant City Manager Corthell stated he has been in regular communication with Mr. Bobst through both phone calls and emails regarding concerns raised in Mr. Bobst's letter. While Mr. Bobst does have concerns, he expressed gratitude that the Council and staff were being considerate in deliberations.

**ORDINANCES AND RESOLUTIONS**

- A. **Resolution No. 2025-21: Awarding a Contract for Project 24-12, N. Molalla Avenue ADA Crosswalk Construction**

Assistant City Manager Corthell's report explained the N. Molalla Ave. ADA crosswalk project aims to improve safety. The existing crosswalk had been unsafe, with poor visibility and was a site of collisions. As N. Molalla Avenue was overlaid, and the City decided to move forward with an upgraded design that met ADA requirements and enhanced safety measures. The project will include traffic features that include a flashing signal to improve visibility and driver awareness.

**ACTION:**

Councilor Childress moved the City of Molalla to adopt Resolution No. 2025-21: Awarding a Contract for Project 24-12, N. Molalla Avenue ADA Crosswalk Construction; Councilor Gilmer seconded. Motion passed 5-0.

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

NAYS: None.

ABSTENTIONS: None.

## **GENERAL BUSINESS:**

### **A. Park Naming Discussion - "Cemetery" Park**

Assistant City Manager Corthell reported that the City recently contracted with AntFarm Youth Services to clear overgrown brush from a 2.6-acre creek-side area, temporarily referred to as "Cemetery Park" for identification purposes only. Once cleared, the site will be ready for conceptual design. Mr. Corthell noted that the adjacent historic cemetery is not part of the park and underlined the need to consider a park name; he presented several naming options and suggested approaches such as an online survey, a community naming contest, or Council could provide options and then present to the community, sharing the naming process could reflect community culture, input, and/or other limitless options.

Council President Vermillion agreed with engaging the community in the process. Councilor Shankle asked for historical information; Mr. Corthell noted he would reach out to organizations that may be able to assist. Furthermore, he shared the cemetery is a historic pioneer cemetery that predates the City, the surrounding property was dedicated as part of the Stone Place Apartment development. Councilor Childress asked whether the Council should establish a policy, formal criteria in place first, for naming a park prior to a name. Council reached consensus to table the discussion until a Park Naming Policy could be discussed prior to conferring park name options.

### **B. Farmstands & Cottage Kitchens - Ordinance Update**

Mr. Corthell reported the DLCD (Department of Land Conservation and Development) is currently developing standards for farm stands, and they remain unclear as it is unknown what standards will apply to cities, counties, or specific requirements. Mr. Corthell noted much of the previous discussion had centered on referencing existing standards but expressed uncertainty whether the approach would be appropriate once DLCD's new standards are revealed. Mr. Corthell recommended holding off on local action until the State's position becomes clear and official.

## **STAFF COMMUNICATION**

### **A. Molalla Public Library Report**

City Recorder Teets presented Council with Library Director Diana Hadley's Report.

### **B. Recorder Teets Vacant Council Seat Report**

Recorder Teets reported there are six candidates for the City Council position, with a possible seventh. All candidates consented to background checks, and all met the criteria except one that was still in process. Working with City Manager Huff and Mayor Keyser, a new streamlined appointment process is in development and will be used for appointment. The process will feature a panel-style interview format, each council member will ask one question with a two-minute response limit. Questions will be provided to candidates in advance and cover topics including City Charter, Code knowledge, Master Plans, Molalla Area Vision and Action Plan, budgeting, and time commitment willingness. An appointment will be made during the City Council meeting, which will be noticed to begin at 7:15 PM on the 27<sup>th</sup> of August, and the swearing-in on the 10<sup>th</sup> of September.

Councilor Childress voiced concern the proposed interview questions were too demanding and might discourage applicants, noting requirements weren't crafted using the City Charter. Recorder Teets clarified the questions were designed to gauge candidates' awareness of how City government operates rather than test expertise. Councilors discussed this item at great length addressing various questions, concerns, and timing, leading Ms. Teets to suggest Councilors privately submit top questions to ensure the most important topics are covered should time fall short. *(For full discussion please refer to YouTube video minutes 22:50 – 40:10)*

### **C. Assistant City Manager Corthell,**

Assistant City Manager Corthell provided a detailed update on several projects and operations. Summary of highlights reported that the Highway 211/Onaway project has been delayed due to ODOT that required design modifications but is scheduled for completion in November. Paving is anticipated in late September or early October 2025, weather permitting. He also announced positive developments with the City's NPDES permit, noting that DEQ accepted revisions that correct prior standards and reduce costly monitoring requirements. Mr. Corthell highlighted progress on Chief Yelkus Park. The playground is in and is nearing completion. Construction at the Wastewater Treatment Plant may allow lagoon biosolid removal five years ahead of schedule. He introduced a new utility hire and shared strong candidate pools for Water Operator I and Associate Planner positions, and emphasized that Molalla continues to attract high-quality applicants.

## **COUNCIL COMMUNICATION**

- Councilor Bartholomew noted he continues to share Library events.

- Councilor Gilmer shared concern and advisement for \$100.00 counterfeit bills circulating throughout the community.
- Councilor Shackle had no report.
- Councilor Childress announced that Celebrate Molalla will be held from 11AM to 6PM the 23<sup>rd</sup> of August, sharing excitement for the upcoming vendors/music/food, and expressed thanks for volunteers.
- Council President Vermillion, shared the Mayor and City Manager Huff were attending the Oregon Mayor's Association conference, where the Mayor served as Chair of the Planning Committee. City Manager Huff is scheduled to teach a session on Mayor–City Manager Relations. Council President Vermillion also recognized the success of National Night Out and the Parks CPC Garage Sale. The sale raised \$2,710.96 plus additional proceeds for a total of \$2,784. He also announced the next CPC meeting is scheduled at City Hall and the upcoming Molalla Chamber networking meeting at the fire hall.

For the complete video account of the City Council Meeting, please go to YouTube  
[City of Molalla | Oregon – August 13, 2025](#)

### **ADJOURN**

Council President adjourned the meeting at 7:48 PM.

\_\_\_\_\_  
 Scott Keyser, Mayor

PREPARED BY:

ATTEST:

\_\_\_\_\_  
 Crystal Robles, Deputy City Recorder

\_\_\_\_\_  
 Christie Teets, CMC - City Recorder



## CITY OF MOLALLA

### Staff Report

**Agenda Category:** PRESENTATIONS, PROCLAMATIONS, CEREMONIES

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**Agenda Date:** Wednesday, August 27, 2025

**Submitted by:** Dan Huff, City Manager

**Approved by:** Dan Huff, City Manager

**SUBJECT:** Police Facility Update (Dodson)

**ATTACHMENTS:**

[MPD-Council Report 8.27.2025.pdf](#)



## City of Molalla- New Police Facility

### CITY COUNCIL REPORT

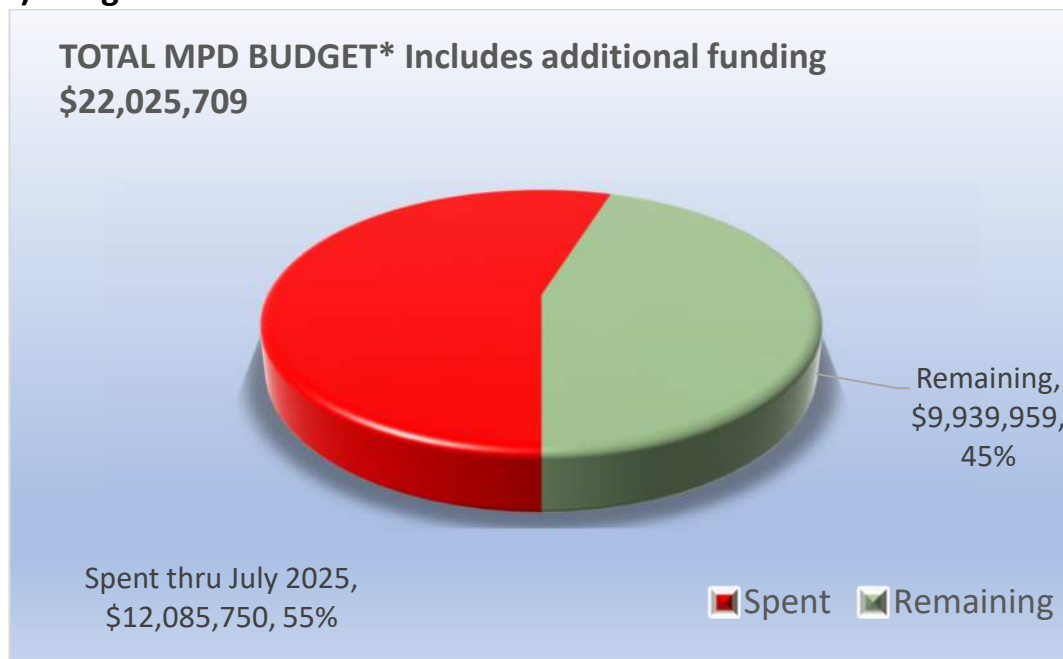
**DATE:** August 27, 2025

**REPORT:** City Council Update on New Police Facility

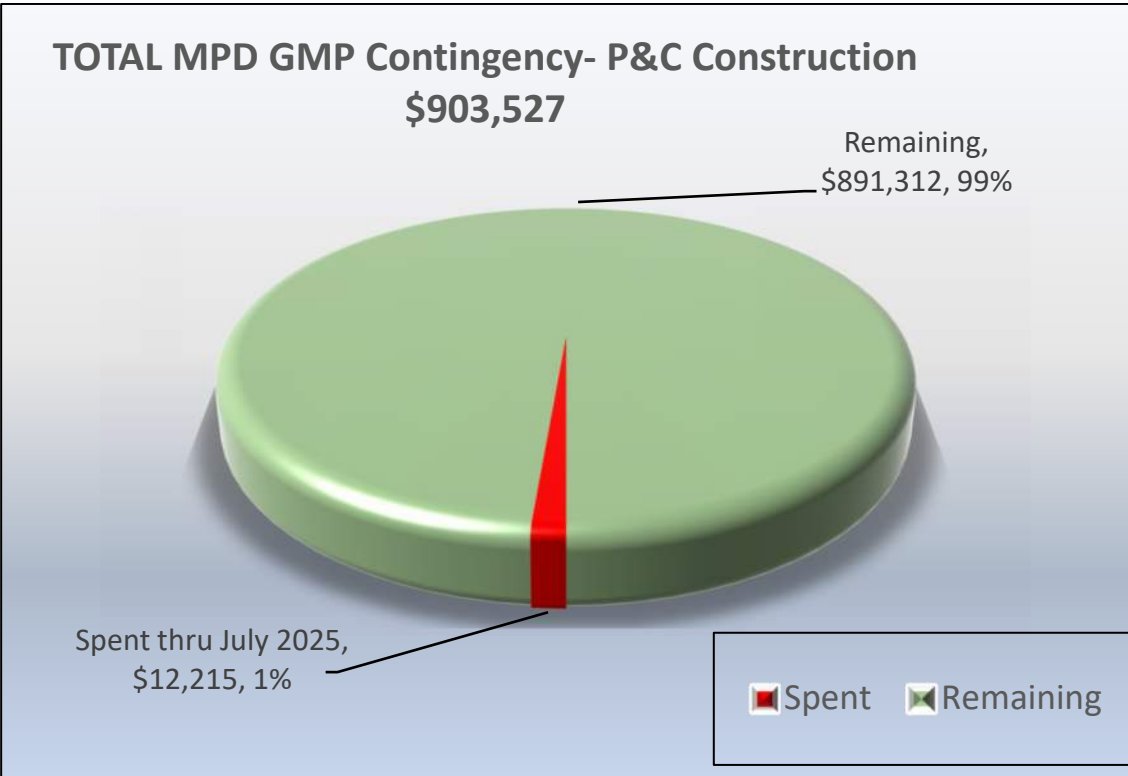
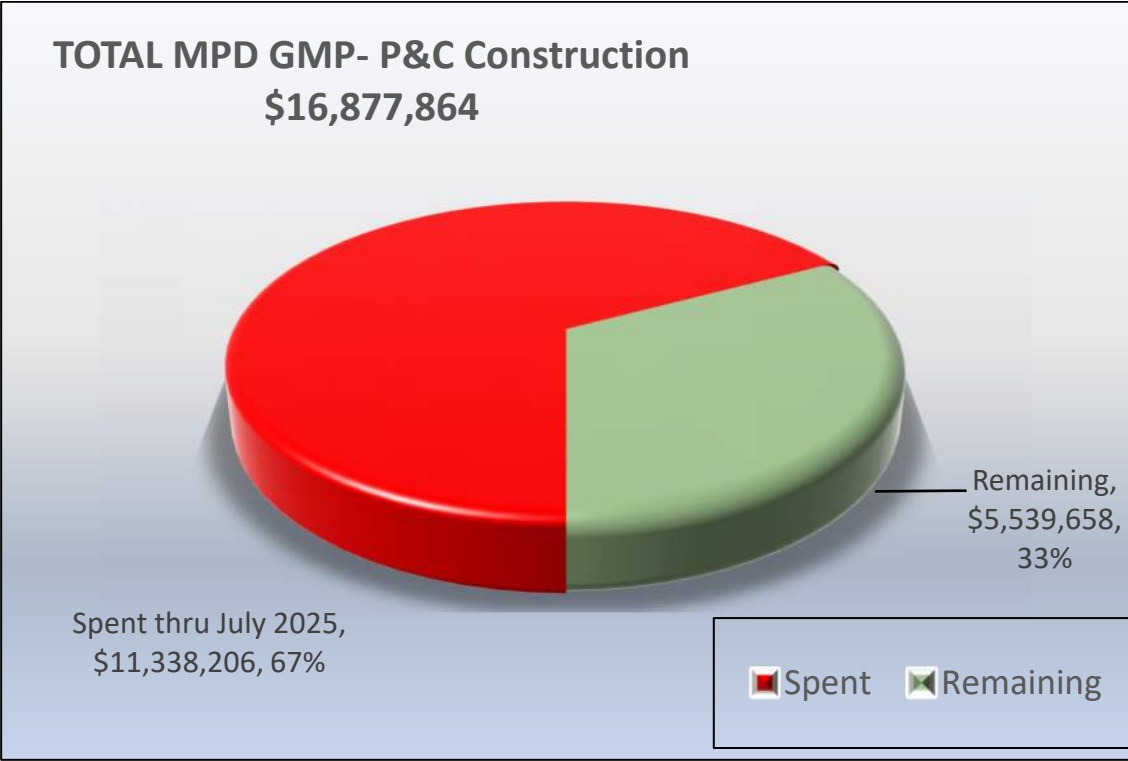
**PREPARED BY:** Joshua Dodson, Owner's Rep./Project Manager

- ☐ **1) Project Vitals:** 1.6-acre site, 17,832 SF single story new police facility located at old bowling alley property off 150 Grange Ave., project funded by \$16M bond plus other funding, Construction GMP contract is \$16,877,864, Project Budget is projected at \$22,025,709, construction complete by December 2025.
- ☐ **2) Project Team:** City of Molalla and Police Department, Joshua Dodson Owner's Rep., Mackenzie Architects, P&C Construction, NV5 for geotechnical and hazmat services, Elevate Cx for building commissioning services, Intertek/PSI for Special Inspections

☐ **3) Budget Status:**







#### ❑ 4) Scope/Design Updates:

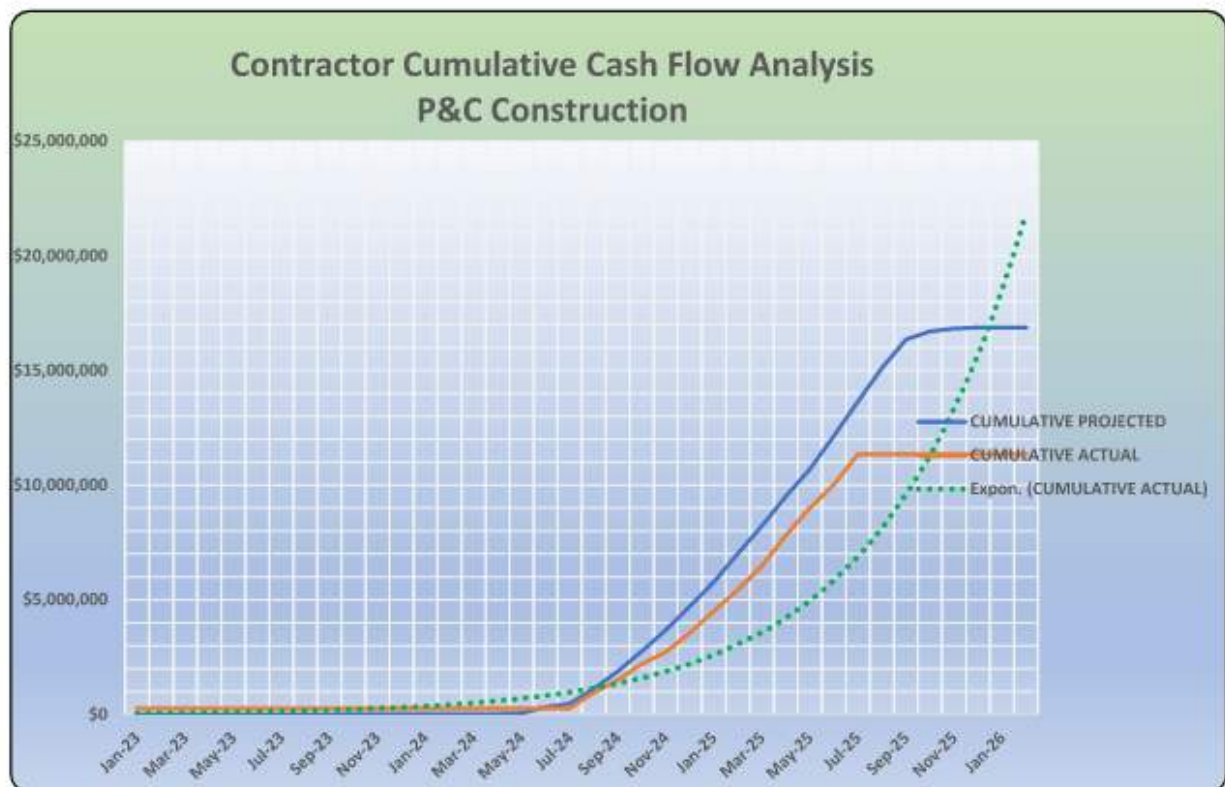
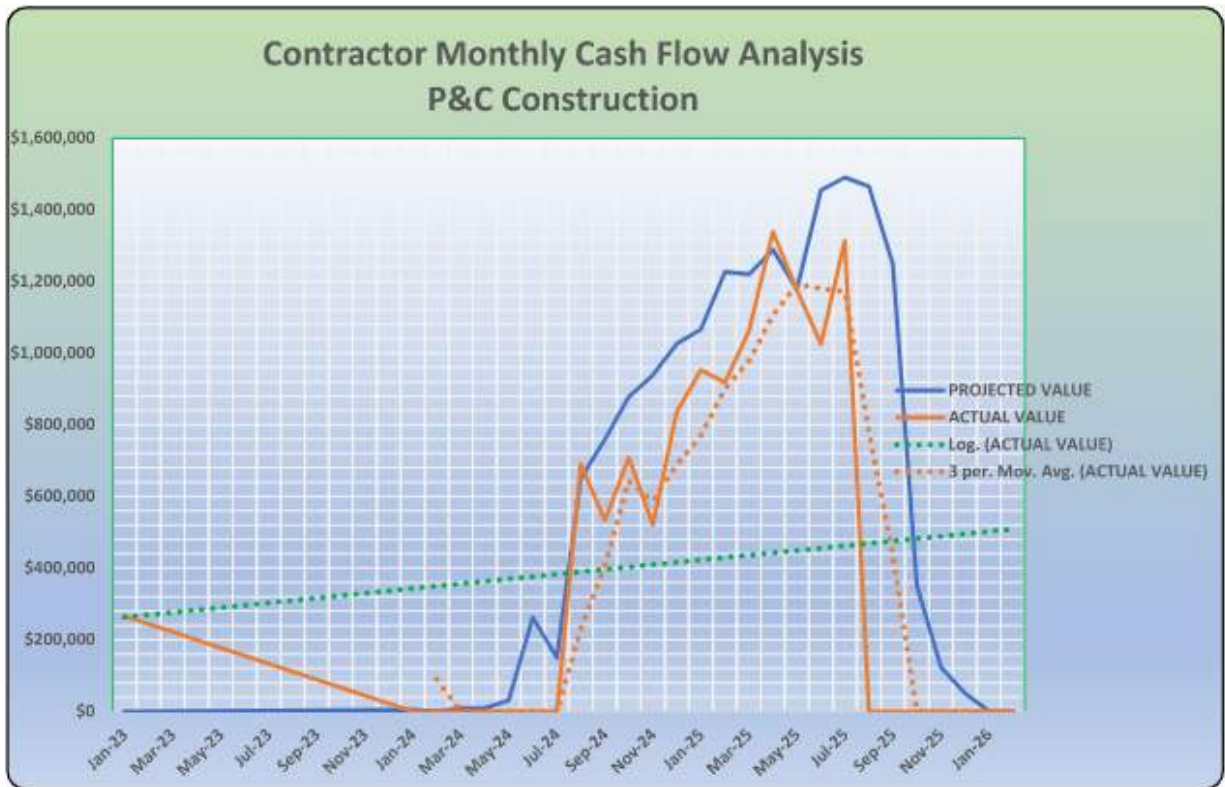
Design Update from Mackenzie- “Mackenzie has been collaborating on various coordination items to support and provide directions that are needed for P&C to construct the Molalla Police Department. The items we are working on include: RFI (Request for Information), submittals review on interior building system and exterior site design, email coordination and occasionally additional permit submissions. The RFIs and Submittals we received range in many levels, some are clarification, some are product solutions per as-built condition. Mackenzie has been going on site visit and attending OAC mtg in person on bi-weekly bases to observe the progress on Molalla Police Department since May 2025. Mackenzie also been coordinated questions that arise from P&C and Owner/Owner Rep with in-house consultant (Civil, Landscape, Structural, Interior Designers) and out of house consultant (Mechanical, Electrical, Plumbing, Technology and Fire Protection Engineers) on building items that span from technical detailing to overall system.” Iris Wu

#### ❑ 5) Construction Updates:

Construction Updates from P&C Construction- “Construction at the new Molalla Police Station is progressing steadily, with several key interior and exterior scopes currently underway. Inside the building, crews are completing painting, installing the ceiling grid, mounting light fixtures, and trimming out HVAC components such as grills. Concrete floors are being polished to a high finish, while tile work is advancing on both flooring and walls. On the exterior, all glass and glazing installations are nearing completion, including bullet-resistant glass for enhanced security. Landscaping efforts are actively shaping the site, incorporating natural elements like boulders and basalt columns. Sidewalk construction is ongoing within the public right-of-way, alongside curb installations. Additionally, more than half of the asphalt paving has been successfully completed, marking significant progress toward final site development.” Jason Bragg

EWA -Early Work Amendment- Abatement/Demolition Old Bowling Alley Building/Site Prep	Spring/Summer 2023	2023
Bond Election- PASSED!	November 2023	
Design/Permitting	Q1'-Q2'2024	2024
Site Mob.- Construction Begins	July 2024	
Site demo & grading, excavate footings, foundations	August 2024	
Concrete/Masonry stemwalls, MEP underground utilities	September 2024	
Site utilities rock fill site and pad	October 2024	2025
Pour slab on grade, storm detention system	November 2024	
Exterior masonry, MEP rough in	December 2024	
Interior masonry, structural steel and joists	January 2025	
Low roof frame MEPS, and metal decking CLT, MEPS	February 2025	
High roof, interior metal stud framing	March 2025	
Low roofing and site walls	April 2025	
Carport	May 2025	
Interior	June 2025	
Interior	July 2025	
Interior	August 2025	
Site improvements	September 2025	
Closeout/Punch List	October 29, 2025	
Substantial Completion	Novemeber 2025	
Final Completion	December 2025	

DATE: 8.18.2025					
CONTRACTOR CASH FLOW ANALYSIS					
MONTH/YEAR	PROJECTED VALUE	CUMULATIVE PROJECTED	ACTUAL VALUE	CUMULATIVE ACTUAL	COMMENTS
Jan-23	\$0	\$0	\$266,663	\$266,663	Pay App#1,2 and #2 retainage for early site demo package
Jan-24	\$4,500	\$4,500	\$0	\$266,663	
Feb-24	\$0	\$4,500	\$0	\$266,663	
Mar-24	\$8,960	\$13,460	\$0	\$266,663	
Apr-24	\$8,960	\$22,420	\$0	\$266,663	
May-24	\$30,980	\$53,400	\$0	\$266,663	Pay App#3 is named Pay App#2 RETENTION
Jun-24	\$262,230	\$315,630	\$0	\$266,663	
Jul-24	\$149,370	\$465,000	\$0	\$266,663	
Aug-24	\$650,000	\$1,115,000	\$689,819	\$956,482	Pay App#4 through 8/30/2024
Sep-24	\$758,898	\$1,873,898	\$533,124	\$1,489,606	Pay App#5 through 9/30/2024
Oct-24	\$877,258	\$2,751,156	\$707,697	\$2,197,303	Pay App#6 through 10/31/2024
Nov-24	\$938,459	\$3,689,615	\$521,172	\$2,718,475	Pay App#7 through 11/30/2024
Dec-24	\$1,026,143	\$4,715,758	\$834,783	\$3,553,258	Pay App#8 through 12/31/2024
Jan-25	\$1,066,125	\$5,781,883	\$952,936	\$4,506,194	Pay App#9 through 1/31/2025
Feb-25	\$1,226,489	\$7,008,372	\$918,130	\$5,424,324	Pay App#10 through 2/28/2025
Mar-25	\$1,219,889	\$8,228,261	\$1,060,818	\$6,485,142	Pay App#11 through 3/31/2025
Apr-25	\$1,288,962	\$9,517,223	\$1,337,877	\$7,823,019	Pay App#12 through 4/30/2025
May-25	\$1,178,532	\$10,695,755	\$1,176,777	\$8,999,796	Pay App#13 through May 2025
Jun-25	\$1,455,000	\$12,150,755	\$1,025,244	\$10,025,040	Pay App#14 through June 30, 2025
Jul-25	\$1,489,552	\$13,640,307	\$1,313,166	\$11,338,206	Pay App#15 through July 31, 2025
Aug-25	\$1,465,225	\$15,105,532	\$0	\$11,338,206	
Sep-25	\$1,248,975	\$16,354,507	\$0	\$11,338,206	
Oct-25	\$349,875	\$16,704,382	\$0	\$11,338,206	
Nov-25	\$122,682	\$16,827,064	\$0	\$11,338,206	
Dec-25	\$50,800	\$16,877,864	\$0	\$11,338,206	
Jan-26	\$0	\$16,877,864	\$0	\$11,338,206	
Feb-26	\$0	\$16,877,864	\$0	\$11,338,206	
<b>GMP</b>	<b>\$16,877,864</b>		<b>\$11,338,206</b>		





❑ **6) Interesting Things/Challenges:**

- a) Supply deliveries of electrical gear, lighting controls, PGE power scheduling
- b) FFE Procurement
- c) Landscaping boulders donated, basalt columns
- d) Continued use of very little GMP contingency
- e) Potential project savings forecast this summer- \$600K

❑ **7) Pictures:**



*Figure 1- 8.7.2025- Basalt columns at sidewalk laid out*



*Figure 2- 8.7.2025- PGE transformer pad and bollards*





*Figure 3- 8.7.2025 South lot curb, asphalt prep*



*Figure 4- 8.7.2025- Canopy progress*





*Figure 5- 8.7.2025 Interior*



*Figure 6- 8.7.2025 Chief and Lieutenant offices*



*Figure 7- 8.7.2025 Tour with past Chief*



*Figure 8- 8.7.2025- Electrical gear room*





Figure 9- 6.26.2025- Unknown MCC conduit under light pole bases at entry ROW

**END OF REPORT**





## CITY OF MOLALLA

### Staff Report

**Agenda Category: PUBLIC COMMENT**

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**Agenda Date: Wednesday, August 27, 2025**

**Submitted by: Christie Teets, City Recorder**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Public Comment - 1000 Friends of Oregon

**ATTACHMENTS:**

[Public comment letter\\_8-19-25.pdf](#)



August 19, 2025

Periodic Review Specialist  
Department of Land Conservation and Development  
635 Capitol Street NE, Suite 150  
Salem, Oregon 97301

**RE: Objections to the City of Molalla's Proposed Actions to Meet Land Use Efficiency Standards**

As part of its recently adopted sequential urban growth boundary (UGB) work program, the city of Molalla has adopted and submitted to the Department of Land Conservation and Development (DLCD) for review a Housing Needs Analysis (HNA), an Economic Opportunities Analysis (EOA), and a Housing Production Strategy (HPS) that project land needs through 2042 and 2044. Molalla subsequently adopted its Efficiency Measures Ordinance, ORD 2025-07 with its Findings of Fact, on July 23, 2025.

1000 Friends of Oregon (1000 Friends) submits these objections to ORD 2025-07. According to OAR 660-025-0140(2), for an objection to be valid, it must:

- (a) Be in writing and filed with the department's Salem office no later than 21 days from the date the local government sent the notice;
- (b) Clearly identify an alleged deficiency in the work task or adopted comprehensive plan amendment sufficiently to identify the relevant section of the final decision and the statute, goal, or administrative rule the submittal is alleged to have violated;
- (c) Suggest specific revisions that would resolve the objection; and
- (d) Demonstrate that the objecting party participated orally or in writing in the local process leading to the final decision.

Regarding (a), the notice provided to 1000 Friends by the city indicates that the notice of decision was submitted to DLCD on July 30, 2025, making the deadline for submission of this letter August 20, 2025.

Regarding (b), this letter identifies the alleged deficiencies and rule violations in the adopted amendments.

Regarding (c), we suggest that the appropriate action is for the DLCD director to remand ORD 2025-07 to the city for modification, as provided in OAR 660-025-0150(1)(b) for the reasons stated in this letter.

Regarding (d), 1000 Friends of Oregon participated in writing at city proceedings. We submitted written testimony to the Molalla City Council during its meetings on June 25, 2025, and July 23, 2025.

We appreciate the work done to date by the city, and believe that to best serve both the housing needs of the city's current and future residents and to meet legal requirements, there are additional actions the city should undertake. Please consider these objections in your review of the submission.

## **BACKGROUND**

Prior to expanding its Urban Growth Boundary (UGB), the city is required by Goal 14 and related statutes, including ORS 197A.210(2), to meet the urban efficiency standards described in ORS 197A.100(3) and OAR 660-024-0050. These standards require the city to demonstrate that it has enacted land use efficiency measures (LUEMs) reasonably likely to accommodate its residential housing needs over the next 20 years on land already inside its UGB.<sup>1</sup>

As required by law, Molalla inventoried the land inside its UGB to determine whether adequate development capacity exists to accommodate its current and projected needs, including on vacant and redevelopable land. During this process the city conducted its HNA, EOA, HPS, and adopted LUEMs that attempt to address land efficiency related to needed housing under Ordinance 2025-07. Ordinance 2025-07 has two land use efficiency components:

- Changing Alternative Dwelling Unit (ADU) decisions to a ministerial Type I Review Process.
- Rezoning 26.17 acres from industrial to commercial, 44.73 acres from industrial to residential, and 0.68 acres from commercial to residential.

While 1000 Friends supports these actions as good first steps, for the reasons stated below, we find they are not sufficient to meet the legal requirements under Goal 14 and related statutes and administrative rules.

**Objection 1. It is unclear whether making ADU decisions a ministerial process qualifies as a LUEM. Further, the city did not analyze how this action will contribute to land efficiency and housing needs over the next 20 years.**

The city's action changes ADU decisions to a ministerial Type I Review Process. 1000 Friends supports this change; it will make the city's ADU permitting process more efficient and less expensive for homeowners.

However, under ORS 197A.425, the city is already required to allow at least one ADU for each detached single-family dwelling, subject to reasonable local regulations relating to siting and design. Given that state law already requires the city to allow ADUs on land zoned for single detached dwellings, it is unclear how a process change will result in using its land more efficiently. Therefore, we do not believe the city has met the urban efficiency standards outlined under ORS 197A.210(2), 197A.100(3), and OAR 660-024-0050.<sup>2</sup>

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<sup>1</sup> OAR 660-024-0050(4).

<sup>2</sup> ORS 197A.270(5)(b).

To qualify as a LUEM, the city must demonstrate how this action is reasonably likely to increase land efficiency and accommodate some part of the city’s housing needs on land already inside its UGB. For example, the city should provide an analysis of the current amount of ADUs, the remaining amount of properties eligible to build ADUs, a reasonable estimate of the total amount of ADUs likely to be constructed over the next 20 years resulting from this change compared to not changing the ADU process, and the impact this would have on the city's housing needs (both in terms of the amount of households and income categories served).

Neither the city’s HNA<sup>3</sup> nor its HPS<sup>4</sup> provides this or a similar analysis. In the proposed ordinance the city noted that ADUs “could account for some of the gap in available housing for 80% of the AMI,”<sup>5</sup> but provided no further information. Without this analysis, it isn’t possible for the city to determine how the proposed action to make ADUs a Type I review process will increase residential land efficiency and contribute to meeting the city’s housing needs within its UGB.

Additionally, if the city plans to rely on increased construction of ADUs to meet some part of its housing need and demonstrate it has reasonably accommodated its housing needs on land within its existing UGB,<sup>6</sup> it should adopt actions beyond this procedural change in the application process. Sample additional actions the city could take to increase the likelihood that additional ADUs will be constructed and therefore contribute to meeting some of the city’s housing needs and possibly contribute to land efficiency include, but are not limited to, the following:

- Accelerate the city’s plan to reduce system development charges (SDCs) for ADUs. The HPS determined that reducing SDCs could have a moderate impact on ADU production.<sup>7</sup> However, the city’s implementation timeline shows it will evaluate SDCs for five years prior to implementation in 2031.<sup>8</sup> Accelerating this would allow the city to experience this moderate impact much sooner.
- Create and distribute to homeowners a guide that includes pre-approved plan sets for ADUs. Molalla could easily adapt its guide from ones already publicly distributed, such as Oregon City’s guide<sup>9</sup> or the AARP’s model ordinance standards for ADUs.<sup>10</sup> Other detailed sources for information about ADUs include the following websites: Innovative Ways to Develop ADUs that Intentionally Help Your Community<sup>11</sup> and ADUs in Oregon: How to Increase Your Property's Value and Functionality.<sup>12</sup>

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<sup>3</sup> City of Molalla 2022-2042 Housing Needs Analysis, Buildable Lands Inventory. Adopted by Ordinance 2023-07 on July 26, 2023.

<sup>4</sup> Molalla Housing Production Strategy. Adopted by Resolution 2025-05 on March 19, 2025.

<sup>5</sup> Exhibit A: Findings of Fact for ORD 2025-07. March 26, 2025. p.4.

<sup>6</sup> OAR 660-024-0050(4).

<sup>7</sup> Molalla Housing Production Strategy. Adopted by Resolution 2025-05 on March 19, 2025. p.15.

<sup>8</sup> Ibid., p.31.

<sup>9</sup> [Alternative Dwelling Units in Oregon City](#). Published by the Oregon City Community Development & Planning Departments.

<sup>10</sup> [The ABCs of ADUs](#). Published by AARP. 2021.

<sup>11</sup> [Innovative Ways to Develop ADUs that Intentionally Help Your Community](#). Creator: Kol Peterson. 2023.

<sup>12</sup> [ADUs in Oregon: How to Increase Your Property's Value and Functionality](#). Creator: John Romito. 2024.



**Objection 2: The city’s ordinance to rezone vacant and underdeveloped industrial properties for residential and commercial uses is a good first step. To comply with LUEM requirements however, the city: a) must analyze how the rezonings will impact its housing needs over the next 20 years, and b) should rezone more lands for higher residential density zoning classifications.**

Under OAR 660-024-0050(1), the city must inventory land inside its UGB to determine whether there is adequate development capacity to accommodate its different needs over the 20-year planning period. The city did this and determined that almost 45.41 acres of vacant or underutilized industrial land could be rezoned to the following classifications:<sup>13</sup>

- Residential-1 (R-1) Low Density Residential Acres: 7.15 acres gained
- Residential-2 (R-2) Medium Density Residential Acres: 27.07 acres gained
- Residential-3 (R-3) Medium-High Density Residential Acres: 7.15 acres
- Commercial-2 (C-2) General Commercial Acres: 19.15 acres gained
- Commercial-1 (C-1) Central Commercial Acres: 2.95 acres gained

Rezoning underutilized land from one classification to more appropriate classifications to meet the city’s needs is an important LUEM. However, it is unclear how some of the city’s proposed rezonings will result in more efficiently using land within the existing UGB prior to expanding it.

First, the city proposes to rezone over 22 acres of industrial land to commercial use. However, the city’s EOA shows it has a deficit of only 15 acres of commercial land.<sup>14</sup> The city should explain why the seven additional acres are being rezoned to commercial rather than to residential use or a mixed commercial/residential zone.

Second, the city has not estimated to what degree the rezonings are reasonably likely to result in more efficient land use by increasing residential development to meet some or all of the city’s housing needs over the next 20 years.

Third, the city’s HNA concludes that over the 2022-2042 planning period, “future demand anticipates a greater share of medium and high density housing compared to the current inventory.”<sup>15</sup> Given this conclusion, the city’s proposal to rezone some surplus industrial land for low density residential use does not represent an efficiency measure that will meet its housing needs.

Other evidence also demonstrates the city’s need for high-density housing. The HNA projected a need for 1,098 low density units, 499 medium density units, and 399 high density units over the 20-year planning period.<sup>16</sup> The city notes that 287 multifamily units in the R-3 zone have already been completed since 2022.<sup>17</sup> Rather than seeing this as an indicator of the demand for R-3 multifamily housing and designating more land accordingly, the city stated that since the multi-unit target was nearly complete, its future

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<sup>13</sup> Exhibit A: Findings of Fact for ORD 2025-07. March 26, 2025. p.4.

<sup>14</sup> Exhibit A: Findings of Fact for ORD 2025-07. March 26, 2025. p.3.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid., p.4.

<sup>17</sup> Ibid.

emphasis will be on zoning land R-1 and R-2 for lower density housing, including through a UGB expansion.<sup>18</sup> We suggest this is not a correct reading of the increase in demand for multi-unit housing.

The increasing need and desire for multifamily and duplex housing in the city has a longer trend, too. According to the HNA, between 2011-2017, “70% of the residential development permits proposed multifamily or duplex housing.”<sup>19</sup> These trends indicate that planning for only 45% of total housing to be duplexes and multifamily housing<sup>20</sup> is significantly lower than the actual need.

Similar to section 1, the city has not met the requirements of OAR 660-024-0050 when evaluating the rezoning of its vacant and underutilized industrial land. To remedy this situation, the city should provide a reasonable estimate of the total amount of housing likely to be constructed on these lands over the next 20 years and analyze the impact on its housing needs (both in the number of households and income categories that might be served). Without this, it isn’t possible for the city to determine how this action will result in more efficiently using land and meeting its residential needs .

Additionally, we recommend that the city:

- change seven acres of industrial land being rezoned for commercial use to residential uses (e.g., R-5 zoning), unless there is an explanation of why using that excess for residential use does not make sense, and
- upzone more land designated for residential uses to its medium high density zones of R-3, and R-5 for mixed use development. This will better meet the city’s current housing demand, which is trending towards higher density units, as well as help meet its obligations to use its land efficiently.

**Objection 3. The city is not in compliance with the residential zoning density requirements of the Housing Density and Housing Mix Safe Harbor. Additionally, the city should upzone its residential zoning classifications.**

The city is using the Housing Density and Housing Mix Safe Harbor permitted under OAR 660-024-0040(8)(f) to determine its future percentage of housing allocated to each residential zoning classification. The safe harbor requires that 55% of housing be allocated for low density, 25% for medium density, and 20% high density.<sup>21</sup> The city has two residential high density zoning classifications, which it labels as medium high density zones: R-3, and R-5 for mixed use development. The safe harbor requires high density housing to have a density range of 12-40 units per net buildable acre (NBA).<sup>22</sup> However, the city’s current R-3 and R-5 density requirements are only 8-24 units per NBA and 6-12 units per NBA, respectively.<sup>23</sup> This does not comply with the safe harbor standard.

<sup>18</sup> Ibid.

<sup>19</sup> City of Molalla 2022-2042 Housing Needs Analysis, p.19.

<sup>20</sup> Ibid., p.21.

<sup>21</sup> OAR 660-024-0040(8)(f) and associated Table 1.

<sup>22</sup> Ibid.

<sup>23</sup> City of Molalla, Title 17 Development Code, Table 17-2.2.040.D Lot and Development Standards for Residential Zones.

The safe harbor states, “[t]he specified mix percentage is a minimum; a local government may allow a higher percentage.”<sup>24</sup> Comparable cities that are also geographically proximate to Molalla have set minimum standards for their high-density and multi-family dwelling zoning classifications that exceed those required by the safe harbor:

- Stayton=13 units<sup>25</sup>
- Canby=14 units<sup>26</sup>
- Estacada=15 units<sup>27</sup>
- Woodburn=19 units<sup>28</sup>
- Silverton=20 units<sup>29</sup>

Because Molalla is using the Housing Density and Housing Mix Safe Harbor, under the administrative rules it must ensure its residential zones comply with the safe harbor’s standards as a baseline. From this baseline the city should adopt a LUEM upzoning its residential zones to meet its current housing demand for higher density units and to match comparable cities. This will help the city demonstrate it has taken actions to reasonably increase land use efficiency inside the existing UGB.<sup>30</sup>

**Objection 4. The city should accelerate adoption of moderate to high impact LUEMs it has proposed, and should evaluate additional LUEMs to increase the amount of higher density housing that can be constructed.**

Based on the housing needs documented in the city’s HNA and evidence of strong demand for higher density housing, we recommend that the city accelerate adopting LUEMs to ensure efficient land use and create greater housing opportunities for its residents. The following actions should be accelerated to be adopted sooner than the city currently proposes::

- Adopt cottage cluster standards sooner than 2030.<sup>31</sup>
- Adopt a sliding SDC fee schedule based on dwelling size sooner than 2031.<sup>32</sup>
- Increase homeownership affordability by comprehensively reviewing and removing impediments (particularly concerning condominium development) sooner than 2029.<sup>33</sup>

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<sup>24</sup> OAR 660-024-0040(8)(f) and associated Table 1.

<sup>25</sup> City of Stayton Chapter 17.16 Zoning. p.16-8.

<sup>26</sup> City of Canby, Zoning/Development Code, Section 16.20.030(A).

<sup>27</sup> City of Estacada Municipal Code, Chapters 16.24 and 16.60.70.

<sup>28</sup> City of Woodburn Development Ordinance, Section 2.02, Nodal Medium Density Residential p.61.

<sup>29</sup> City of Silverton Municipal Code, Title 18, Chapter 2.2.100.

<sup>30</sup> OAR 660-024-0050(4).

<sup>31</sup> Molalla Housing Production Strategy. Adopted by Resolution 2025-05 on March 19, 2025. p.31.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

- Update the development code to define a small dwelling unit as less than 2000 square feet and allow their construction on smaller lots than currently permitted sooner than 2027.<sup>34</sup>
- Amend zoning requirements that mandate ground-floor retail in commercial zones to allow for more flexible mixed use development in these zones based on market demands sooner than 2028.<sup>35</sup>

The following LUEMs should also be evaluated for adoption:

- Defer collecting residential SDCs until the certificate of occupancy is issued.
- Implement a Construction Excise Tax to fund developer incentives and other programs that support the development of high-density housing within the city's Urban Renewal Area.

Adopting medium and high impact LUEMs expeditiously will better meet the city's current housing demand and demonstrate it is taking necessary actions to efficiently use land within its existing UGB.<sup>36</sup>

**Objection 5. Molalla should base its housing, land, and UGB needs on the most accurate and recent population and housing projections.**

Because the city began its HNA in 2022, it used the population forecast available at that time from the Portland State University Population Research Center (PSU). This 2020 forecast projected a population increase of 5,432 people by 2042.<sup>37</sup> However, PSU's most recent forecast in 2024 significantly revised that projection significantly downward. This more recent forecast projects population growth of approximately 3000 persons by 2042, a decrease of almost 50%.<sup>38</sup>

The Oregon Housing Needs Analysis (OHNA) housing allocations came out in December 2024 and are based on PSU's 2024 population forecast.<sup>39</sup> The city concluded in its HNA it had a 20-year housing deficit of 1,996 units, based on the 2020 population forecast.<sup>40</sup> However, based on the OHNA report, the state's official projection of total housing need for the city over the next 20 years is 1,152 units,<sup>41</sup> a decrease of over 42%.

We believe the city can and should use the most recent PSU population forecast and OHNA housing need allocation, for the following reasons:

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<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> OAR 660-024-0050(4).

<sup>37</sup> City of Molalla 2022-2042 Housing Needs Analysis, p.20.

<sup>38</sup> See, e.g., PSU's population projections for [UGBs in Clackamas County](#). PSU's reduced projection is understandable, given the challenges to conduct the census during Covid and the changes to population patterns post-Covid.

<sup>39</sup> Oregon Department of Administrative Services, [Oregon Housing Needs Analysis Methodology](#), December 2024.

<sup>40</sup> City of Molalla 2022-2042 Housing Needs Analysis, p.20.

<sup>41</sup> Oregon Department of Administrative Services, [Oregon Housing Needs Analysis Methodology](#), December 2024, p.55.

- Correlating the city's most updated and accurate population growth projection with its projected housing needs is the most important LUEM the city could take, given it would result in the most efficient use of the city's existing land supply.
- Relying on more accurate population and housing projections does not mean the city needs to undo its completed work, such as its Buildable Lands Inventory. The city used the Housing Density and Housing Mix Safe Harbor to determine its future housing needs, which makes it a relatively simple mathematical calculation to adjust the amount of needed housing units for each density classification. Additionally, many of the LUEMs the city proposed in its HPS are still worthwhile to meet the diverse housing needs of its current and future residents.
- The city is surrounded by some of the most productive farm land in the state, and consuming it needlessly would adversely impact the area's agricultural industry.
- It is an inefficient use of land, infrastructure, and scarce public funds for construction and maintenance of road, sewer, water, emergency, and other urban systems to expand the UGB to include land the city will not need to accommodate growth.

**Objection 6: The city's parking requirement for duplex housing violates state law and discourages its construction.**

OAR 660-046-0120(5)(a) prohibits the city from requiring more than a total of two off-street parking spaces for a duplex. However, it appears Molalla currently requires three off-street parking spaces for a duplex. Requiring excess offstreet parking, especially for a duplex, can result in a lot being unable to accommodate the duplex at all. The city must conform its parking code to state law, and make an assessment of the degree to which this will result in a more efficient use of land and help meet the city's housing needs.

**CONCLUSION**

Thank you for the opportunity to participate in this proceeding. Please let us know if you have any questions about our testimony. Please provide the director's decision electronically to [mkm@friends.org](mailto:mkm@friends.org) and [robb@friends.org](mailto:robb@friends.org).

Sincerely,

Mary Kyle McCurdy  
Deputy Director  
1000 Friends of Oregon

Robb Wolfson  
Provisional Licensed Attorney  
1000 Friends of Oregon

cc: Dan Zinder, City of Molalla  
DLCD



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: PUBLIC HEARINGS

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**Agenda Date: Wednesday, August 27, 2025**

**Submitted by: Dan Zinder, Senior Planner**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Ordinance No. 2025--08: Modifying the Development Code by Allowing Fueling Stations in the Central Commercial (C-1) Zoning District, Subject to Special Use Standards (Zinder)

**RECOMMENDATION/RECOMMENDED MOTION:**

Conduct Public Hearing for Ordinance No. 2025-08.

**BACKGROUND:**

During the public comment period for the City's recently adopted Economic Opportunities Analysis, the City received a request advising that Council revisit the prohibition on fueling stations in the C-1 zone. Compelled by the testimony, Council advised that the City include the guidance to revisit fueling station allowance in the Development Code concepts guidance memo prepared in conjunction with the Economic Opportunities Analysis.

In a Council Work Session on 4/9/2025, Council considered the advantages and drawbacks of allowing fueling stations in the C-1 Zone and gave Staff guidance to prepare an ordinance that would allow fueling stations in the C-1 Zone subject to special use standards considering setbacks, screening, access, and proximity to residential uses.

In accordance with this guidance, Ordinance 2025-08 is a development code that modifies the Development Code by:

1. Separating "Automotive Fueling Stations" from "Automotive Service and Repair..." uses in the *Molalla Municipal Code (MMC) Table 17-2.2.030 Uses Allowed By Zoning District*. Permitted uses for the "Automotive Service and Repair..." use classification remain permitted only in the M-1 Light Industrial and C-2 General Commercial zones. The "Automotive Fueling Stations" use classification remains permitted in the M-1 and C-2 zones and would also be permitted subject to special use standards in the C-1 Central Commercial zone.
2. Creating a new special use standards section under the Molalla Municipal Code subsection heading 17-2.3.230.

**ATTACHMENTS:**

[20250807 - ORD2025-08 - Draft Staff Report and Findings Edits.v2.pdf](#)

[Public Comment - Kellington Law Group](#)

## ORD2025-08 EXHIBIT 1 – PROPOSED DEVELOPMENT CODE AMENDMENT

Existing Language – Black

Proposed Language – *Purple Italics*

Proposed Removals – ~~Strikethrough~~

### ***Molalla Municipal Code Table 17-2.2.030 Uses Allowed by Zoning District\****

*\*Uses are abridged to include only applicable provisions*

Uses	Residential Zones				Commercial Zones and Industrial Zones				Public Use	Special Use Standards
	R-1	R-2	R-3	R-5	C-1	C-2	M-1	M-2	PSP	
<del>Automotive Repair and Service, includes fueling station, car wash, tire sales and repair or replacement, painting, and other repair for automobiles, motorcycles, aircraft, boats, RVs, trucks, etc. (No junking, salvage operations)</del>	<del>N</del>	<del>N</del>	<del>N</del>	<del>N</del>	<del>N</del>	<del>P</del>	<del>P</del>	<del>N</del>	<del>N</del>	
<i>Automotive Repair and Service, includes car wash, tire sales and repair or replacement, painting, and other repair for automobiles, motorcycles, aircraft, boats, RVs, trucks, etc. (No junking, salvage operations)</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>P</i>	<i>P</i>	<i>N</i>	<i>N</i>	
<i>Automotive Fueling Stations (excluding electric charging stations, which are addressed in MMC 17-3.5.030, Section I.)</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>S</i>	<i>P</i>	<i>P</i>	<i>N</i>	<i>N</i>	<i>Ch. <u>17-2.3</u></i>

### ***17-2.3.230 – Automobile Fueling Stations***

*New automotive fueling stations may be approved in the C-1 Central Commercial zone subject to design review standards of MMC and the following special use standards:*

- A. Definition.** *An automobile fueling station is a retail commercial business that primarily provides fueling services for motor vehicles.*

## **B. Standards.**

### **1. Screening Requirements.**

- a. A landscaping buffer extending five (5) feet from the adjacent right-of-way.
- b. Screening between 3-4 feet in height that screens at least 75% of the abutting right-of-way frontage. Screening may be comprised of vegetative and/or non-living elements complying with the standards of MMC 17-3.4.040 fences and walls.
- c. A fence 6 to 8 feet in height must be provided between the service station and an abutting property where a fueling station abuts a residential zone or an existing residential use.

### **2. Siting Proximity To Residential Uses.** Fueling stations shall not be sited on parcels where 50% or more of the subject property lines border residential uses. This calculation shall include properties across rights-of-way

### **3. Use Prohibited in Special Transportation Area.** The Molalla Transportation System Master Plan identifies the corridor along OR-211/Main Street between Hart Avenue and Grange Avenue as a Special Transportation Area (STA). The STA is intended to restrict uses that rely solely on auto trips. New fueling stations shall not be approved on properties that have frontage along OR-211/W Main Street extending from the western boundary of Hart Avenue to the eastern boundary of Grange Ave.

### **4. Access and Circulation –** Fueling station applications shall include a diagram showing ingress and egress maneuvers for the maximum length vehicle that service the fueling tanks. Circulation must allow for all tank servicing activities to occur onsite and no portion of fueling tank vehicles may extend into the right-of-way while tanks are being serviced.

### **5. Electric Vehicle Charging Stations.** This section does not apply to electric vehicle charging stations, which are regulated by MMC 17-3.5.030, Section I.



## ORD2025-08 EXHIBIT 2 – FINDINGS OF FACT

### *MMC 17-4.6.020 Procedure. Except for corrections, amendments to Development Code Text are Legislative (Type IV).*

**Staff Response:** The proposed ordinance is an amendment to Development Code Text and as such follows a Legislative Type IV planning process.

### *MMC 17-4.1.050(C) Type IV (Legislative Decisions) Procedure.*

**Staff Response:** The proposed ordinance was properly and timely noticed in accordance with all applicable laws and regulations as follows:

- 1. The planning official shall notify in writing the Oregon Department of Land Conservation and Development (DLCD) of legislative amendments at least 35-days before the first public hearing.*

**Staff Response:** DLCD notice was provided on June 18, 2025, exceeding the 35-day requirement

- 2. At least 20 days, but not more than 40 days, before the date of the first hearing on an ordinance that proposes to amend the Comprehensive Plan or any element thereof, or to adopt an ordinance for any zone change, a notice shall be prepared in conformance with ORS 227.175 and mailed to:*
  - a. Each owner whose property would be directly affected by the proposal (e.g., rezoning or a change from one Comprehensive Plan land use designation to another), see ORS 227.186 for instructions;*
  - b. Any affected governmental agency;*
  - c. Any person who requests notice in writing; and*
  - d. For a zone change affecting a manufactured dwelling park, all mailing addresses within the park, in accordance with ORS 227.175.*

**Staff Response:** As the proposed ordinance adds uses in the C-1 zone rather than limit uses, ORS 227.186 (Measure 56) notice to landowners is not required. The proposal does not apply to manufactured dwelling parks. Staff acknowledges and will meet the 20-40 day noticing requirement for interested parties to land use hearings and will provide notice to potentially affected governmental agencies including but not limited to Clackamas County Development Services, the Oregon Department of Land Conservation and Development, and the Oregon Department of Transportation.

- 3. At least 10 days before the scheduled City Council public hearing date, public notice shall be published in a newspaper of general circulation in the City and the City's website.*

**Staff Response:** Staff acknowledges and will meet noticing requirements by noticing in the Molalla Pioneer and on the City's at least 10-days prior to the August 27<sup>th</sup> Public Hearing.

**MMC 17-4.6.030 Amendments to Code; Criteria**

***Planning Commission reviews and provides recommendation, and City Council provides approval of an ordinance. Amending the Zoning Map, Development Code, or Comprehensive Plan shall be based on all the following criteria:***

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

**Finding:** The proposal does not involve an amendment to the Comprehensive Plan.  
This criterion is not applicable.

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

**Finding:** Fueling stations are not explicitly addressed in the Molalla Comprehensive Plan. However, policies from Goal 9 lean towards more inclusivity for determining which businesses to include or exclude. To this point, the Comprehensive Plan provides this guidance in its Downtown Development and Policies:

- 7. The City shall encourage and identify new businesses to occupy the CBD in order to create an active and vibrant district.*
- 8. The central business district shall provide a variety of services; cultural, recreational, social, professional and governmental activities.*

The allowance of fueling stations corresponds with the Comprehensive Plan's emphasis on developing Molalla as a recreation community. Visitors coming to and from the Molalla River Corridor and other recreational destinations may find reason to stop and explore other businesses within downtown upon refueling. This provides an opportunity to introduce new visitors to Molalla's downtown community, that siting all fueling stations outside of the downtown does not.

Further, Molalla's downtown core is developed to where siting of fueling stations is unlikely to overwhelm the downtown core and crowd out other uses. Established buildings at core locations such as the Molalla Ave/OR-213 intersection and other core intersections along OR-213 ensure that businesses other than fueling stations have the opportunity to grow and flourish.

The proposed special use standards including buffering and screening and are designed to mitigate potential conflicts from other sections of the Comprehensive Plan. These sections include:

Goal 9 Commercial Development, Policy 18: *Commercial Development shall be attractive and pedestrian oriented, as required in the development code.*

Goal 5 Air, Water and Land Resources, Policy 7: *Land use activities, which result in conflicting impacts on the air, land, or water, shall be separated and/or buffered to minimize the negative effects of the conflicting activities.*

Buffering and screening requirements in the proposed regulation ensure that vehicle maneuvering areas do not directly abut the public walkway and also provide some distance from odors and fumes that could arise from spillage while fueling. Additionally, the special use standards ensure that fueling stations are not established in areas within the C-1 zone that are primarily residential in use.

**This criterion is met.**

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

**Finding:** This proposal responds to changes in the community. With a built out downtown, including gas stations as a use in the C-1 Zone does not put the downtown area at risk of being overwhelmed by fueling stations at prime intersection locations. Considering available land that would be viable for a fueling station within the C-1 Zone, allowing fueling stations is more likely to add variety to the downtown uses and thus add to the vitality of the district, as guided by the Comprehensive Plan.

**This criterion is met.**

- D. *The amendment must conform to Section 17-4.6.050 Transportation Planning Rule Compliance***

**Finding:** This proposal does not significantly affect the Transportation Planning Rule in OAR 660-012-0060 based on Paragraph 9 of the Rule:

(9) Notwithstanding section (1) of this rule, a local government may find that an amendment to a zoning map does not significantly affect an existing or planned transportation facility if all of the following requirements are met.

- (a) The proposed zoning is consistent with the existing Comprehensive Plan map designation, and the amendment does not change the Comprehensive Plan map;
- (b) The local government has an acknowledged TSP and the proposed zoning is consistent with the TSP; and
- (c) The area subject to the zoning map amendment was not exempted from this rule at the time of an Urban Growth Boundary amendment as permitted in OAR 660-024-0020(1)(d), or the area was exempted from this rule, but the local government has a subsequently acknowledged TSP amendment that accounted for urbanization of the area.

No zone change is proposed by the proposed ordinance and fueling stations are an appropriate commercial use that is accounted for by the Molalla TSP. Notably, the Special Transportation Area between Hart Ave and Grange Ave, which is intended to promote a walkable environment and restrict uses that are solely auto-reliant, is excluded from this ordinance and fueling stations will still be restricted therein.

**This criterion is met.**

August 19, 2025

Via Electronic Mail

Honorable Mayor Keyser and Members of the City Council  
c/o Sr. Planner Dan Zinder  
Molalla City Hall  
117 N. Molalla Ave  
Molalla, Or 97038

RE: Code Amendments Fueling Positions in the C-1 Zone

Dear Honorable Mayor Keyser and Members of the City Council:

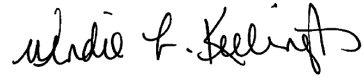
As you know, this firm represents Soni Singh, owner of the popular Center Market concerning the City's Economic Opportunities Analysis (EOA) and related development code revisions. As you know, to respond to the EOA, the City's Planning Commission recommended the City Council adjust its land use code to allow fueling positions as a special use in the C-1 zone. After considering the Planning Commission's recommendation, you agreed and directed staff to bring back proposed code amendments allowing fueling positions in the C-1 zone, subject to special standards. City staff responded by crafting the proposed amendments for your consideration during your August 27, 2025, meeting. Our client supports the proposed amendments.

The proposed amendments to the C-1 zone are limited to allowing fueling positions in the part of the C-1 zone that is not in "the segment of OR 211 from Hart Avenue to Grange Avenue (mile point 12.64 to 12.94)." That segment along Hwy 211 from Hart Avenue to Grange Avenue where fueling positions would not be allowed, is described by ODOT as a "Special Transportation Area" or "STA." We know where the STA boundary is from a review of the February 12, 2018, Kittleson "Final Technical Memo 4: Existing Transportation System" Memo for the "Molalla Transportation System Plan Update" which confirms at p 19, that "the segment of OR 211 from Hart Avenue to Grange Avenue (mile point 12.64 to 12.94), is designated as a Special Transportation Area (STA)." Authorizing fueling positions outside of the STA achieves the objectives of the EOA, the planning commission and council to enable the City's commercial core to better respond to the economic and lifestyle needs of citizens and tourists while also maintaining a modest STA, which is a planning tool allowing the City to reduce the assumed trip generation for certain pedestrian-oriented types of uses approved in the STA.

We look forward to working with you and your staff to finish up the proposed code amendments to add fueling positions as a special use in the C-1 zone outside of the STA. Center Market intends to apply under those amendments if they are adopted and, if Center Market's application is approved, to add fueling positions which will make the market an even better asset

to the City. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wendie L. Kellington". The signature is fluid and cursive, with the first name "Wendie" being more prominent.

Wendie L. Kellington

WLK:wlk

CC: Client





## CITY OF MOLALLA

### Staff Report

#### Agenda Category: PUBLIC HEARINGS

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**Agenda Date: Wednesday, August 27, 2025**

**Submitted by: Mac Corthell, Assistant City Manager**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Workplan for Housing Production Strategies Document - HB2003 (Corthell)

**RECOMMENDATION/RECOMMENDED MOTION:**

Conduct Public Hearing for the Workplan.

**BACKGROUND:**

Molalla's Housing Production Strategy, as required by HB2003, was adopted by City Council on March 26, 2025. The document was reviewed by DLCD and remanded with four conditions on August 13, 2025, the remand letter is attached as Exhibit B.

DLCD has offered to fund remediation of the referenced conditions, and the first step in the funding process is to adopt a Work Plan. This public hearing is an opportunity for the Council and Staff to field public comments on the proposed Work Plan attached as Exhibit A.

DLCD = Department of Land Conservation and Development

**ATTACHMENTS:**

[Exhibit A\\_DLCD\\_Molalla-HPS-Readoption-Workplan-V2.pdf](#)

[Exhibit B\\_DLCD\\_RemandLetter\\_08132025.pdf](#)

## City of Molalla Housing Production Strategy Readoption Workplan

Month	Tasks	Notes
Aug – Sept 2025	<ul style="list-style-type: none"> <li>City reviews this draft workplan, makes refinements, and submits a draft workplan to DLCD</li> <li>City includes refined workplan in City staff packet at the scheduled City Council work session on <b>August 27, 2025</b></li> <li>City notifies DLCD of any final edits to the workplan by <b>August 29, 2025. If needed,</b> City and DLCD can meet to discuss refinements on draft workplan.</li> <li>DLCD generates and forwards to the City a Department Approval Letter for the final workplan <b>following</b> receipt of the city’s final workplan. City submits final workplan and signed Approval Letter to DLCD by September 12, 2025 or earlier.</li> <li>City prepares for future kickoff meeting for the HPS readoption project</li> </ul>	<p>Workplan to be signed by <b>Mac Corthell</b> and DLCD Director or Designee</p> <p>Kick off meeting to include city staff, consultant staff, and DLCD staff</p>
Oct	<ul style="list-style-type: none"> <li>DLCD coordinates with the Consultant team to prepare a project scope and budget for purposes of the housing technical assistance grant agreement by <b>October 1, 2025</b></li> <li>City and DLCD sign an Intergovernmental Agreement for the technical assistance consultant work with DLCD</li> <li>Project kick-off meeting to be held to confirm project scope, deliverables, and schedule</li> <li>City and Consultant team begin the HPS readoption project scope of work and the discussions necessary to address <a href="#">DLCD’s HPS Remand Decision letter dated August 13, 2025</a></li> </ul>	<p>City will invite DLCD staff to project kickoff meeting and all project management (PM) team meetings</p>

Nov	<ul style="list-style-type: none"> <li>City and Consultant team complete the preliminary draft HPS revisions</li> <li>City submits preliminary draft HPS to DLCD for written feedback <b>November 5, 2025</b></li> <li>DLCD provides written feedback on preliminary draft HPS within <b>two</b> week(s) of receipt</li> <li>City, DLCD, and Consultant team meet to discuss preliminary draft HPS by <b>November 26, 2025</b></li> </ul>	City will invite DLCD staff to all PM team meetings
Dec	<ul style="list-style-type: none"> <li>City presents preliminary draft HPS at City Council work session on <b>December 10, 2025</b></li> <li>City and Consultant team refine HPS based on City Council feedback and prepare a refined draft HPS for key stakeholder input</li> <li>City circulates the refined draft HPS (that outlines proposed changes clearly) on <b>December 17, 2025</b> and due by <b>December 17, 2025</b> to key interested parties that participated in the city's original 2024/25 HPS development process including City leadership, members of the TAC and/or PAC, interview participants with developers and housing advocates that support priority populations, individuals who testified at public hearings or provided comment to DLCD during the department's formal HPS public comment period.</li> <li>City and Consultant team forwards DLCD a summary of refined draft HPS comments received, and City proposed responses to this input, by <b>December 31, 2025</b> for review</li> </ul>	City will invite DLCD staff to all PM team meetings
Jan 2026	<ul style="list-style-type: none"> <li>DLCD provides written feedback on the consultant summary by <b>January 14, 2025</b></li> </ul>	City will invite DLCD staff to all PM team meetings

	<ul style="list-style-type: none"> <li>City, DLCD, and the Consultant team meet <b>by January 21, 2025</b> to finalize outstanding items based on input received on the refined draft HPS</li> <li>City and the Consultant team finalize adoption-ready HPS <b>by January 30, 2025</b></li> </ul>	
Feb 2026	<ul style="list-style-type: none"> <li>City Council resolution for adoption-ready HPS <b>February 11, 2025</b></li> <li>City submits adopted HPS to DLCD through Housing Portal <b>by February 27, 2025</b></li> <li>DLCD reviews submitted HPS and issues final decision</li> </ul>	<p>City will invite DLCD staff to all PM team meetings</p> <p>DLCD is targeting an expedited 75-day review period</p>

DLCD Minimum Expectations (This information may also be included in DLCD's Approval Letter for the final workplan).

DLCD expects the following from the City in the coming months:

- Active and ongoing coordination with DLCD throughout the HPS readoption process.
- Participation in scheduled check-ins and feedback loops with DLCD staff.
- Preparation of a formal workplan submitted by the City and incorporated into the staff packet for City Council consideration
- Signed Approval Letter of the workplan submitted to the department
- Completion of HPS revisions and all adoption steps no later than February 2026
- Submittal to the department of the revised, adopted HPS by February 2026



# Oregon

Tina Kotek, Governor

## Department of Land Conservation and Development

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Salem, Oregon 97301-2540

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[www.oregon.gov/LCD](http://www.oregon.gov/LCD)

August 13, 2025

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



### RE: Review of City of Molalla Housing Production Strategy

Dear Planning Manager Zinder,

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

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

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

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

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

### Next Steps – Work Plan Submission

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

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

### **Review Conducted**

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

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

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

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

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

### **Department Findings based on OAR 660-008-0050**



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

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

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

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

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

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

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

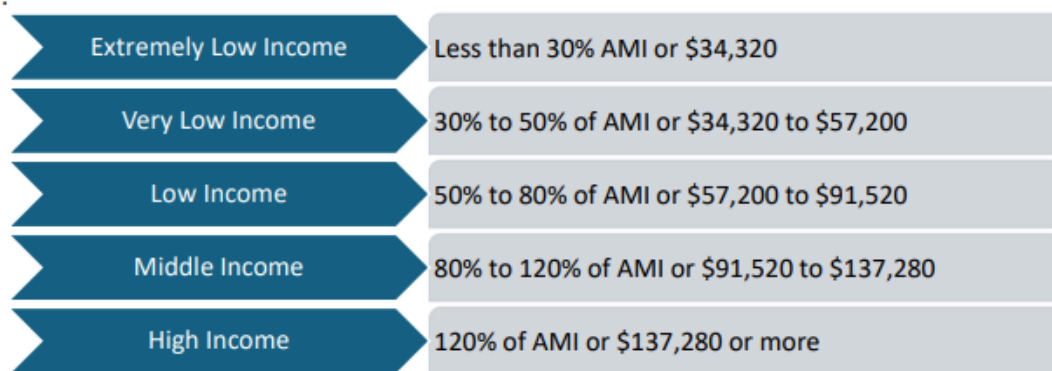
The HPS section "*Community Engagement*" states barriers to developing needed housing, including infrastructure challenges and regulatory and process issues. This information minimally satisfies the requirements of OAR 660-008-0050(1)(a)(D).

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

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

### Affordability Targets

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

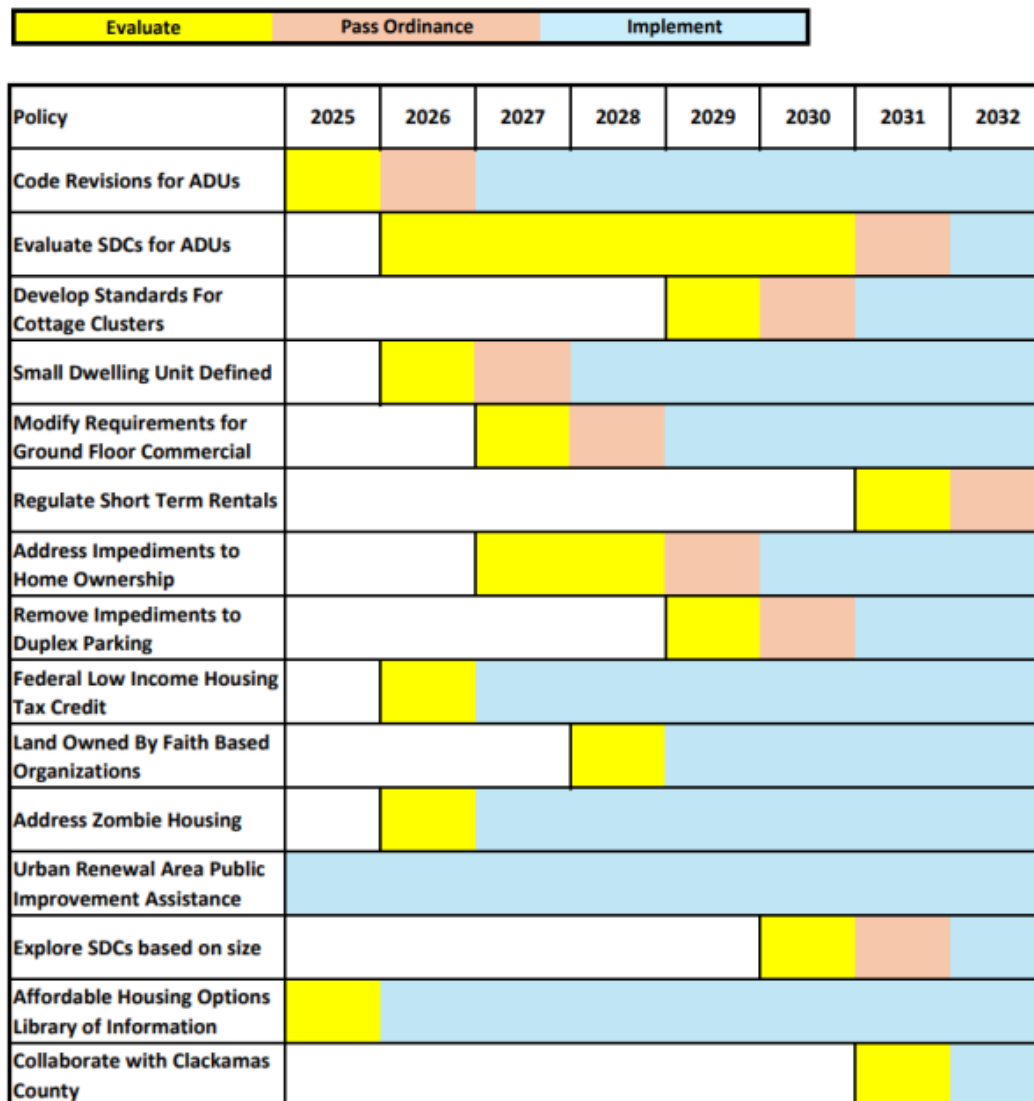
**(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

The HPS lists two actions which address this rule:

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

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

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

The HPS identifies three actions to enhance housing choice:

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

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

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

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

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

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

The HPS identifies two actions which address this rule section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

Not applicable.

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

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

## Closing

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

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

Please reach out to the DLCD Housing Division at [housing.dlcd@dlcd.oregon.gov](mailto:housing.dlcd@dlcd.oregon.gov) to discuss this decision further.

Sincerely,

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

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

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



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: ORDINANCES AND RESOLUTIONS

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**Agenda Date:** Wednesday, August 27, 2025

**Submitted by:** Dan Zinder, Senior Planner

**Approved by:** Dan Huff, City Manager

**SUBJECT:** Ordinance No. 2025-08: Modifying the Development Code by Allowing Fueling Stations in the Central Commercial (C-1) Zoning District, Subject to Special Use Standards (Zinder)

**RECOMMENDATION/RECOMMENDED MOTION:**

I move to hold the First Reading of Ordinance No. 2025-08, Modifying the Development Code by Allowing Fueling Stations in the Central Commercial (C-1) Zoning District, Subject to Special Use Standards, by title only.

If a unanimous vote by Council occurs, Council may proceed with the Second Reading and adoption.

I move to hold the Second Reading and adoption of Ordinance No. 2025-08, Modifying the Development Code by Allowing Fueling Stations in the Central Commercial (C-1) Zoning District, Subject to Special Use Standards.

**ATTACHMENTS:**

[Ordinance No. 2025-08.for packet.pdf](#)

[20250807 - ORD2025-08 - Draft Staff Report and Findings Edits.v2.pdf](#)



ORDINANCE NO. 2025-08

**AN ORDINANCE OF THE CITY OF MOLALLA, OREGON  
ALLOWING FUELING STATIONS IN THE (C-1) CENTRAL  
COMMERCIAL ZONE, SUBJECT TO SPECIAL USE STANDARDS**

**WHEREAS**, Molalla Municipal Code currently prohibits “Automotive Repair and Service” uses to be developed in the C-1 Central Commercial Zone; and

**WHEREAS**, the City of Molalla Comprehensive Plan defines the City of Molalla as a “recreation community” and promotes the establishment of many and diverse commercial uses; and

**WHEREAS**, the Development Code concepts guidance memo created in conjunction with the City’s Economic Opportunities Analysis advises that Automotive Fueling Stations be reconsidered in the C-1 zone; and

**WHEREAS**, Molalla City Council advised that Staff develop an ordinance to allow Automotive Fueling Stations in the C-1 zone subject to special use standards.

**Now, Therefore, the City of Molalla ordains:**

- Section 1.** Molalla Municipal Code Table 17-2.2.030 and Special Use Standards 17-2.3.230 are hereby amended consistent with Exhibit 1, which is incorporated herein and adopted by reference.
- Section 2:** The findings related to this amendment, attached as Exhibit 2, are incorporated herein and adopted by reference.
- Section 3.** Effective Date. This Ordinance shall take effect 30 days after enactment.

The First Reading was held on August 27, 2025 and moved to a Second Reading by \_\_\_\_\_ vote of the City Council. The Second Reading was held on August 27, 2025 and adopted by the City Council on August 27, 2025.

Signed this day on the 27th of August 2025.

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Scott Keyser, Mayor

ATTEST:

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Christie Teets, CMC  
City Recorder

## ORD2025-08 EXHIBIT 1 – PROPOSED DEVELOPMENT CODE AMENDMENT

Existing Language – Black

Proposed Language – *Purple Italics*

Proposed Removals – ~~Strikethrough~~

### ***Molalla Municipal Code Table 17-2.2.030 Uses Allowed by Zoning District\****

*\*Uses are abridged to include only applicable provisions*

Uses	Residential Zones				Commercial Zones and Industrial Zones				Public Use	Special Use Standards
	R-1	R-2	R-3	R-5	C-1	C-2	M-1	M-2	PSP	
<del>Automotive Repair and Service, includes fueling station, car wash, tire sales and repair or replacement, painting, and other repair for automobiles, motorcycles, aircraft, boats, RVs, trucks, etc. (No junking, salvage operations)</del>	<del>N</del>	<del>N</del>	<del>N</del>	<del>N</del>	<del>N</del>	<del>P</del>	<del>P</del>	<del>N</del>	<del>N</del>	
<i>Automotive Repair and Service, includes car wash, tire sales and repair or replacement, painting, and other repair for automobiles, motorcycles, aircraft, boats, RVs, trucks, etc. (No junking, salvage operations)</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>P</i>	<i>P</i>	<i>N</i>	<i>N</i>	
<i>Automotive Fueling Stations (excluding electric charging stations, which are addressed in MMC 17-3.5.030, Section I.)</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>S</i>	<i>P</i>	<i>P</i>	<i>N</i>	<i>N</i>	<i>Ch. <u>17-2.3</u></i>

### ***17-2.3.230 – Automobile Fueling Stations***

*New automotive fueling stations may be approved in the C-1 Central Commercial zone subject to design review standards of MMC and the following special use standards:*

- A. Definition.** *An automobile fueling station is a retail commercial business that primarily provides fueling services for motor vehicles.*

## **B. Standards.**

### **1. Screening Requirements.**

- a. A landscaping buffer extending five (5) feet from the adjacent right-of-way.
- b. Screening between 3-4 feet in height that screens at least 75% of the abutting right-of-way frontage. Screening may be comprised of vegetative and/or non-living elements complying with the standards of MMC 17-3.4.040 fences and walls.
- c. A fence 6 to 8 feet in height must be provided between the service station and an abutting property where a fueling station abuts a residential zone or an existing residential use.

### **2. Siting Proximity To Residential Uses.** Fueling stations shall not be sited on parcels where 50% or more of the subject property lines border residential uses. This calculation shall include properties across rights-of-way

### **3. Use Prohibited in Special Transportation Area.** The Molalla Transportation System Master Plan identifies the corridor along OR-211/Main Street between Hart Avenue and Grange Avenue as a Special Transportation Area (STA). The STA is intended to restrict uses that rely solely on auto trips. New fueling stations shall not be approved on properties that have frontage along OR-211/W Main Street extending from the western boundary of Hart Avenue to the eastern boundary of Grange Ave.

### **4. Access and Circulation –** Fueling station applications shall include a diagram showing ingress and egress maneuvers for the maximum length vehicle that service the fueling tanks. Circulation must allow for all tank servicing activities to occur onsite and no portion of fueling tank vehicles may extend into the right-of-way while tanks are being serviced.

### **5. Electric Vehicle Charging Stations.** This section does not apply to electric vehicle charging stations, which are regulated by MMC 17-3.5.030, Section I.

## ORD2025-08 EXHIBIT 2 – FINDINGS OF FACT

### *MMC 17-4.6.020 Procedure. Except for corrections, amendments to Development Code Text are Legislative (Type IV).*

**Staff Response:** The proposed ordinance is an amendment to Development Code Text and as such follows a Legislative Type IV planning process.

### *MMC 17-4.1.050(C) Type IV (Legislative Decisions) Procedure.*

**Staff Response:** The proposed ordinance was properly and timely noticed in accordance with all applicable laws and regulations as follows:

- 1. The planning official shall notify in writing the Oregon Department of Land Conservation and Development (DLCD) of legislative amendments at least 35-days before the first public hearing.*

**Staff Response:** DLCD notice was provided on June 18, 2025, exceeding the 35-day requirement

- 2. At least 20 days, but not more than 40 days, before the date of the first hearing on an ordinance that proposes to amend the Comprehensive Plan or any element thereof, or to adopt an ordinance for any zone change, a notice shall be prepared in conformance with ORS 227.175 and mailed to:*
  - a. Each owner whose property would be directly affected by the proposal (e.g., rezoning or a change from one Comprehensive Plan land use designation to another), see ORS 227.186 for instructions;*
  - b. Any affected governmental agency;*
  - c. Any person who requests notice in writing; and*
  - d. For a zone change affecting a manufactured dwelling park, all mailing addresses within the park, in accordance with ORS 227.175.*

**Staff Response:** As the proposed ordinance adds uses in the C-1 zone rather than limit uses, ORS 227.186 (Measure 56) notice to landowners is not required. The proposal does not apply to manufactured dwelling parks. Staff acknowledges and will meet the 20-40 day noticing requirement for interested parties to land use hearings and will provide notice to potentially affected governmental agencies including but not limited to Clackamas County Development Services, the Oregon Department of Land Conservation and Development, and the Oregon Department of Transportation.

- 3. At least 10 days before the scheduled City Council public hearing date, public notice shall be published in a newspaper of general circulation in the City and the City's website.*



**Staff Response:** Staff acknowledges and will meet noticing requirements by noticing in the Molalla Pioneer and on the City's at least 10-days prior to the August 27<sup>th</sup> Public Hearing.

**MMC 17-4.6.030 Amendments to Code; Criteria**

***Planning Commission reviews and provides recommendation, and City Council provides approval of an ordinance. Amending the Zoning Map, Development Code, or Comprehensive Plan shall be based on all the following criteria:***

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

**Finding:** The proposal does not involve an amendment to the Comprehensive Plan.  
This criterion is not applicable.

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

**Finding:** Fueling stations are not explicitly addressed in the Molalla Comprehensive Plan. However, policies from Goal 9 lean towards more inclusivity for determining which businesses to include or exclude. To this point, the Comprehensive Plan provides this guidance in its Downtown Development and Policies:

- 7. The City shall encourage and identify new businesses to occupy the CBD in order to create an active and vibrant district.*
- 8. The central business district shall provide a variety of services; cultural, recreational, social, professional and governmental activities.*

The allowance of fueling stations corresponds with the Comprehensive Plan's emphasis on developing Molalla as a recreation community. Visitors coming to and from the Molalla River Corridor and other recreational destinations may find reason to stop and explore other businesses within downtown upon refueling. This provides an opportunity to introduce new visitors to Molalla's downtown community, that siting all fueling stations outside of the downtown does not.

Further, Molalla's downtown core is developed to where siting of fueling stations is unlikely to overwhelm the downtown core and crowd out other uses. Established buildings at core locations such as the Molalla Ave/OR-213 intersection and other core intersections along OR-213 ensure that businesses other than fueling stations have the opportunity to grow and flourish.

The proposed special use standards including buffering and screening and are designed to mitigate potential conflicts from other sections of the Comprehensive Plan. These sections include:

Goal 9 Commercial Development, Policy 18: *Commercial Development shall be attractive and pedestrian oriented, as required in the development code.*

Goal 5 Air, Water and Land Resources, Policy 7: *Land use activities, which result in conflicting impacts on the air, land, or water, shall be separated and/or buffered to minimize the negative effects of the conflicting activities.*

Buffering and screening requirements in the proposed regulation ensure that vehicle maneuvering areas do not directly abut the public walkway and also provide some distance from odors and fumes that could arise from spillage while fueling. Additionally, the special use standards ensure that fueling stations are not established in areas within the C-1 zone that are primarily residential in use.

**This criterion is met.**

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

**Finding:** This proposal responds to changes in the community. With a built out downtown, including gas stations as a use in the C-1 Zone does not put the downtown area at risk of being overwhelmed by fueling stations at prime intersection locations. Considering available land that would be viable for a fueling station within the C-1 Zone, allowing fueling stations is more likely to add variety to the downtown uses and thus add to the vitality of the district, as guided by the Comprehensive Plan.

**This criterion is met.**

- D. *The amendment must conform to Section 17-4.6.050 Transportation Planning Rule Compliance***

**Finding:** This proposal does not significantly affect the Transportation Planning Rule in OAR 660-012-0060 based on Paragraph 9 of the Rule:

(9) Notwithstanding section (1) of this rule, a local government may find that an amendment to a zoning map does not significantly affect an existing or planned transportation facility if all of the following requirements are met.

- (a) The proposed zoning is consistent with the existing Comprehensive Plan map designation, and the amendment does not change the Comprehensive Plan map;
- (b) The local government has an acknowledged TSP and the proposed zoning is consistent with the TSP; and
- (c) The area subject to the zoning map amendment was not exempted from this rule at the time of an Urban Growth Boundary amendment as permitted in OAR 660-024-0020(1)(d), or the area was exempted from this rule, but the local government has a subsequently acknowledged TSP amendment that accounted for urbanization of the area.

No zone change is proposed by the proposed ordinance and fueling stations are an appropriate commercial use that is accounted for by the Molalla TSP. Notably, the Special Transportation Area between Hart Ave and Grange Ave, which is intended to promote a walkable environment and restrict uses that are solely auto-reliant, is excluded from this ordinance and fueling stations will still be restricted therein.

**This criterion is met.**



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: GENERAL BUSINESS

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**Agenda Date: Wednesday, August 27, 2025**

**Submitted by: Mac Corthell, Assistant City Manager**

**Approved by: Dan Huff, City Manager**

#### **SUBJECT:**

Workplan for Housing Production Strategies Document- HB2003 (Corthell)

#### **FISCAL IMPACT:**

Cost Savings of \$30k-\$60k

#### **RECOMMENDATION/RECOMMENDED MOTION:**

I move that the City of Molalla approve the Housing Production Strategy Workplan attached as Exhibit A and dated August 20, 2025.

#### **BACKGROUND:**

Molalla's Housing Production Strategy, as required by HB2003, was adopted by the Council on March 26, 2025. The document was reviewed by DLCD and remanded with four conditions on August 13, 2025, the remand letter is attached as Exhibit B.

DLCD has offered to fund remediation of the referenced conditions, and the first step in the funding process is to adopt a Work Plan.

Having heard all public comments on the Work Plan, staff requests the City Council to approve it as is, or with appropriate amendments.



## CITY OF MOLALLA

### Staff Report

#### Agenda Category: GENERAL BUSINESS

**Agenda Date: Wednesday, August 27, 2025**

**Submitted by: Dan Huff, City Manager**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Discussion - Parks CPC (Keyser/Huff)

#### **BACKGROUND:**

Community Program Committee's (CPC's) were created in 2019 in result of the Molalla Vision and Action Plan 2020-2030. Over the past several years, CPC's have consisted of a Police Facility CPC, Economic Development CPC, Art & Culture CPC, and Parks CPC.

Community Program Committees are governed by Molalla Municipal Code, Chapter. 2.17 that includes Committee Established, a Mission, Definition, and City Support guidelines. CPC's also follow Boards, Council, and Commission Guidelines as provided by City staff.

Over the past several years, the Parks CPC have actively fundraised throughout the community and have become a highly productive community engagement group with a presence at Music in the Park events, National Night Out, and Celebrate Molalla.

The City has benefited from their fundraising as efforts have provided Gap Funding towards the following Parks:

Location	Total Cost of Project	Parks CPC Contribution
Fox Park Playground	\$180,133	\$0
Fox Park Tot Playground	\$14,794	\$3,300
Strawberry Park	\$429,241	\$0
Chief Yelkus Park	\$1,181,430	\$8,028
Clark Park Pavilion	\$48,715	\$4,517

NOTE: A large portion of the money contributed to the Clark Park Pavilion was through the Bowling Alley surplus sale.

Although the City does accept funds raised by the Committee, City staff has explained to Parks CPC members that we cannot provide a separate bank account for the use of debit/credit cards through a Square, Venmo, or other cash apps.

Staff has recommended that the Parks CPC pursue a 501 (c) 3 status to pursue future fundraising opportunities, as the City cannot be the clearinghouse for banking needs.

Additionally, staff time devoted to Parks CPC has increased from approximately 5-6 hours per month to 18-24 hours per month.

The 2025-2026 Budget does not contain active park improvement projects and Staff recommends that City Council consider pausing the Parks CPC indefinitely until future projects become active and it is necessary for their involvement or nonprofit status can be obtained.

**ATTACHMENTS:**

[MMC COMMUNITY PROGRAM COMMITTEE.pdf](#)

*City of Molalla, OR  
Tuesday, August 19, 2025*

## Title 2. Administration and Personnel

### Chapter 2.17. COMMUNITY PROGRAM COMMITTEE

#### § 2.17.010. Committee established.

- A. All Community Program Committees shall function under the direction of policy established by the City Council and may have one City Councilor as a voting member. A Councilor may also be assigned as a liaison. Each Community Program Committee shall consist of five members appointed by the City Council. Term limits for Community Program Committee members shall be two -years.
- B. At least three persons shall be City residents or own a business within the City limits. The remaining appointed members do not require City residency.
- C. Members of the Committee shall elect from among their members a chair and vice-chair.
- D. Each Committee shall meet as deemed necessary and shall establish rules or procedures necessary to conduct business consistent with state or city requirements.
- E. Committee meetings shall be publicly noticed and be in conformance with Oregon's open meetings requirements.
- F. Summary minutes of Committee proceedings shall be recorded and retained in conformance with Oregon's public records requirements. Minutes of proceedings shall be submitted to the City Council for informational purposes as minutes are adopted.
- G. In January of each year the Committee shall submit a report on its activities to the City Council.
- H. All appointments to the Committee may be terminated at the pleasure of the Mayor with the consent of the City Council for the remaining portion of the term.  
(Ord. 2019-14 §2; Ord. 2025-01, 1/22/2025)

#### § 2.17.020. Mission.

The mission of each Community Program Committee is to:

- A. Carry out established City Council Policy.
- B. Encourage greater participation and opportunities for the Molalla area.
- C. Facilitate cooperation, coordination and communication among groups and individuals engaged in the community based on City Council policy direction.
- D. Sponsor, facilitate or coordinate events and activities to showcase the Molalla area.
- E. Encourage and promote Molalla based on Council policy direction.
- F. Pursue funding sources, projects and programs to enhance the Molalla Area.



G. May provide liaison and representation to the City Council.  
(Ord. 2019-14 §2)

## § 2.17.030. Definition of Community Program.

Each Community Program includes, but not limited to: art and culture, economic development, visual design, community livability and such other endeavors promoting and enhancing the Molalla Community as may be designated by the Council.

(Ord. 2019-14 §2)

## § 2.17.040. City support.

The City will provide web page access if deemed necessary. Other related support may occur through consultation with the City Manager; however, funding for events and projects is expected to be generated by the Committee. The City shall receive and disburse funds for the Committee in accordance with the City's accounting and purchasing practices and provide guidance to the Committee on fundraising and finance matters.

(Ord. 2019-14 §2)



## CITY OF MOLALLA

### Staff Report

**Agenda Category: GENERAL BUSINESS**

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**Agenda Date: Wednesday, August 27, 2025**

**Submitted by: Christie Teets, City Recorder**

**Approved by: Dan Huff, City Manager**

**SUBJECT:** Appointment to City Council - Candidate Deliberation/Selection (Council)

**RECOMMENDATION/RECOMMENDED MOTION:**

I move to appoint candidate \_\_\_\_\_ to City Council, fulfilling the remaining term of former Councilor Botsford.