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## AGENDA

*Technical Advisory Committee (TAC) Meeting  
Molalla HB 2003 Planning Assistance Grant  
3:30 PM, October 21, 2022*

The City of Molalla will be hosting a meeting for the technical advisory committee (TAC) to discuss the production of a housing needs analysis for the City.

### **Meeting Location:**

This meeting will be held remotely via zoom. You can use this link to view the meeting and/or participate here:

<https://us05web.zoom.us/j/84579253832?pwd=K0pjRUZmM21RZFU3c0dHbldJaWg3dz09>

### **A live viewing will be held at:**

Molalla Civic Center  
315 Kennel Avenue.  
Molalla, OR 97038

- I. INTRODUCTION**
- II. STAFF UPDATES**
  - HNA/BLI Draft Discussion with Planning Commission
- III. HNA UPDATE AND NEXT STEPS**
  - Draft Report discussion – Draft feedback
  - Housing Production Strategy – Survey feedback update
  - Next Steps
- IV. OPEN DISCUSSION**
- V. ADJOURNMENT**

# CITY OF MOLALLA

2022 – 2042 Housing Needs Analysis

Buildable Lands Inventory



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## **Acknowledgements**

Emerio Design, LLC prepared this report for the City of Molalla. Emerio Design, LLC and the City of Molalla would like to thank the many people who helped develop this Housing Needs Analysis.

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Mac Corthell – City of Molalla

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## I. Introduction

This report has been prepared to serve as the City of Molalla’s Housing Needs Analysis for the 2022 to 2042 planning period. The purpose of this document is to provide the City of Molalla with a factual basis to inform and guide future planning efforts related to residential development and redevelopment. It will be a valuable asset when updating the Housing Element of Molalla’s Comprehensive Plan and Development Code. This report is an amalgamation of the City of Molalla’s existing demographic profile (population, household size, age, income, etc.) – all data points relevant to a city’s residential development – existing housing stock, and projected housing demand consistent with the 20-year need assessment requirements of Oregon Revised Statutes<sup>1</sup> and Oregon Administrative Rule 660 Division 8 (Statewide Planning Goal 10, Housing). This information and population forecast from Portland State University’s (PSU) Population Research Center (PRC) were used to project Molalla’s housing needs to accommodate growth over the next 20 years. Emerio Design, LLC’s primary data sources include:

- Portland State University Population Research Center;
- U.S. Census;
- City of Molalla;
- Clackamas County; and
- Other sources are identified as appropriate.

Data from both the Decennial Census and the American Community Survey (ACS) was used to create this report. While data from the ACS has a larger statistical margin of error than the ten-year census, the five-year ACS estimates are used whenever possible because the five-year estimates have lower margins of error compared to the three-year and one-year estimates. However, all Census data has some margin of error despite being the best source of data used to describe a city’s demographic profile.

### A. Oregon Housing Regulatory Requirements

Passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). This Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing specific local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the applicable requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 – 197.314, ORS 197.475 – 197.490, and OAR 600-008). Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Additionally, Goal 10 requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households. The Molalla Comprehensive Plan has been written in compliance with Goal 10 and mirroring all Statewide Planning Goals.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within

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<sup>1</sup> ORS 197.628; OAR 660-025

the county with a variety of incomes, including but not limited to household with low incomes, very low incomes and extremely low incomes.” ORS 197.303 defines needed housing types:

- (a) “Housing that includes, but is not limited to, attached, and detached single-family housing and multiple family housing for both owner and renter occupancy;
- (b) Government assisted housing;<sup>2</sup>
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 – 197.490;
- (d) Manufactured homes on individual lots planned and zoned for single-family residential that are in addition to lots within designated manufactured dwelling subdivisions; and
- (e) Housing for farmworkers.”

## B. Housing Needs Analysis Methodology

The housing needs analysis work for the City of Molalla includes the following tasks:

1. Housing needs forecast for the City of Molalla Urban Growth Boundary (UGB);
2. Buildable lands inventory (BLI) for residential and mixed-use designations in the UGB;
3. Residential land needs analysis for accommodating a 20-year forecast; and
4. Identification of local policy measures and housing strategies for accommodating needed housing

The recommended approach to conducting a housing needs analysis is described in Planning for Residential Growth: A workbook for Oregon’s Urban Areas, the Department of Land Conservation and Development’s guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next 20-years;
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix;
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing;
4. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types; and
5. Estimate the number of additional needed units by structure type.

## II. City of Molalla Demographic Profile

The City of Molalla has a population of approximately 10,228 people and is located entirely within Clackamas County, Oregon. This report’s geographic scope is all land within the City of Molalla’s Urban Growth Boundary (UGB). Exhibit 1, below, illustrates Molalla’s city limits (red dashed) and UGB (green dashed). This report analyzes the status and development/redevelopment potential of residential land within city limits and the potential of land outside city limits, but inside the UGB, to address housing related deficiencies.

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<sup>2</sup> Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

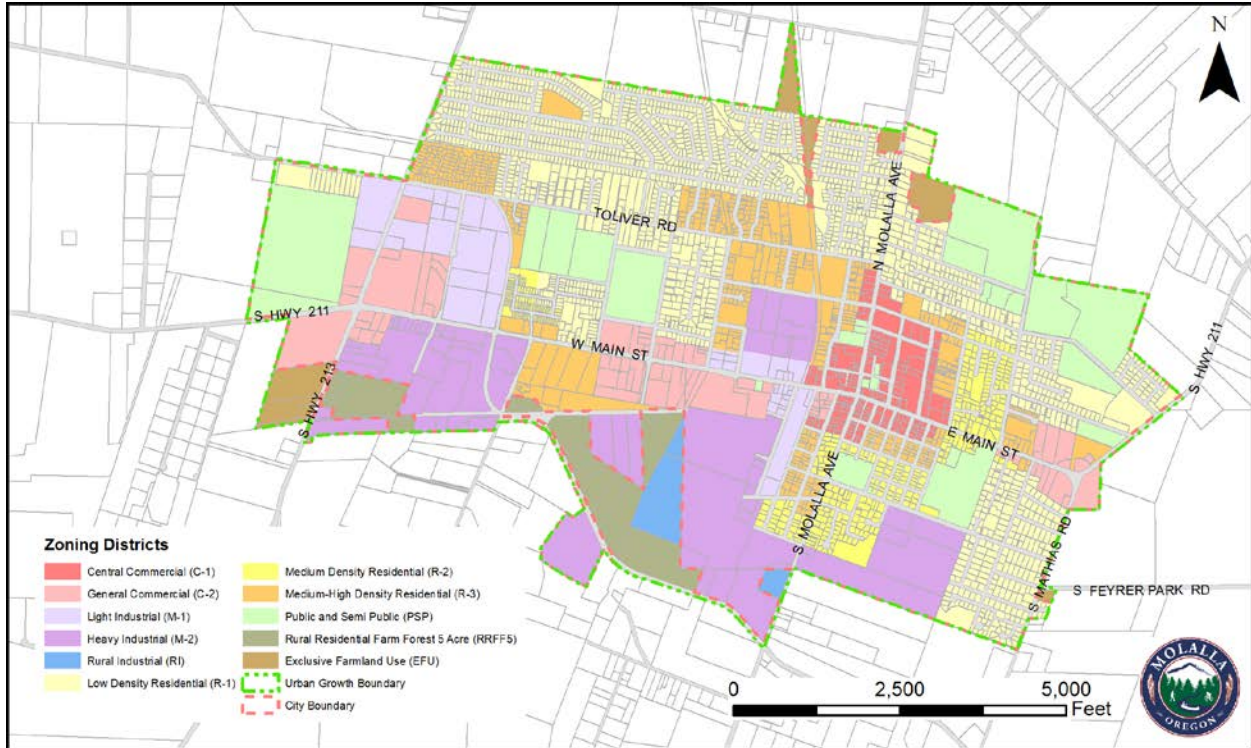


Exhibit 1: City of Molalla Zoning District Map

### A. Population Growth

The City of Molalla has sustained constant growth for more than twenty years. In the year 2000, only 5,872 people resided in the city. This had increased to 8,108 people by 2010. Within the last ten years, the population has increased by 2,120 people, which represents a 26 percent increase in total population. At this pace, Molalla boasts an Average Annual Growth Rate (AAGR) of 1.8 percent between the 2010 and 2020 Decennial Census.

Table 1: Population & Housing Type			
	Year 2010	Year 2020	Difference
<b>Total Population</b>	8,108	10,228	2,120
<b>In Household</b>	8,055	10,109	2,054
<b>In Group Quarters</b>	53	119	66

Source: U.S. Census, PSU Population Research Center, Emerio Design, LLC  
 DEC Redistricting Data (PL 94-171)

For reference, Molalla growth percentage is greater than Oregon’s 10.77 percent and Clackamas County’s 11.06 during the same timeframe.

The vast majority, 98.8 percent, of Molalla’s population resides in a household – A household is defined by the U.S. Census Bureau as “all the persons who occupy a housing unit as their usual place of residence. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters.” Only 1.2 percent of the population lives in group quarters, defined as “a place where

people live or stay in a group living arrangement that is owned or managed by an entity or organization providing housing and/or services for the residents. For example, college residence halls, treatment centers, skilled-nursing facilities, and group homes, are classified as group quarters. Residents in group quarters are not included in the calculations to determine the other types of housing needed to serve the City of Molalla. This analysis assumed that the proportion of people living in group quarters will remain steady over the 20-year assessment period.

## B. Housing Units

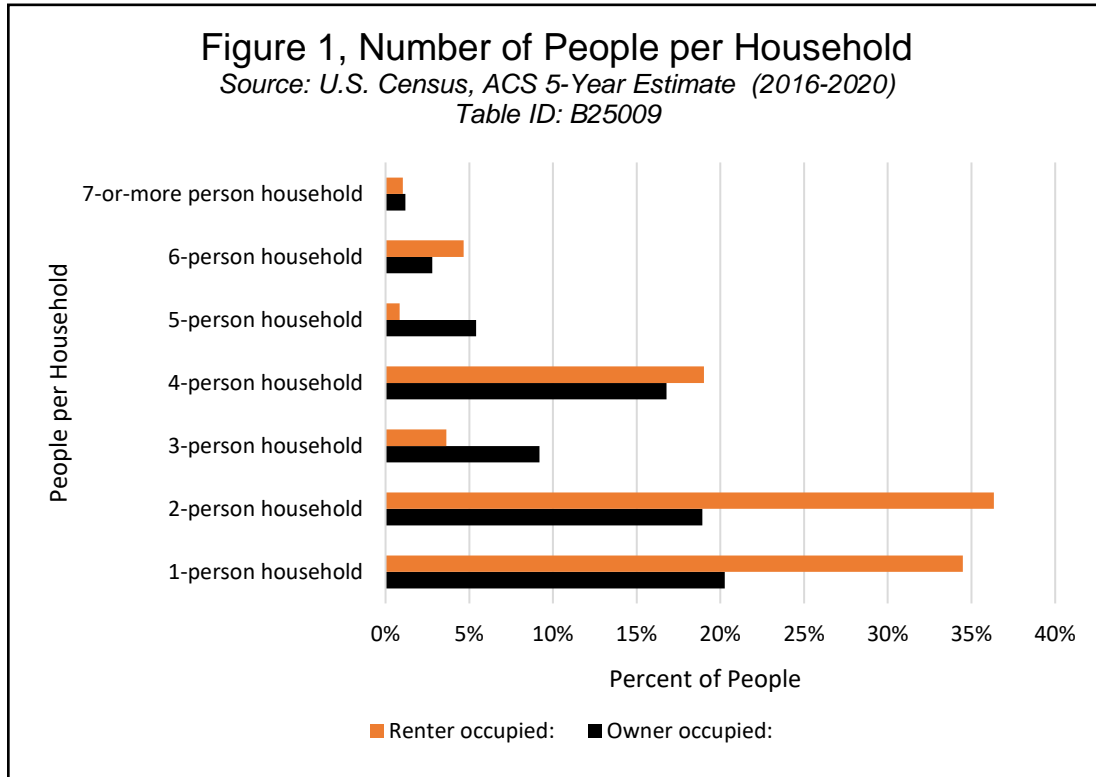
The total number of house units in the City of Molalla has increased by 707 units, resulting in a total count of 3,724 units in 2020. Despite the total number of units has increased, the number of vacant or seasonally occupied units has decreased, although not significantly, from 160 to 146 units. As a result, the City of Molalla has an incredibly low vacancy rate of 0.4 percent.

<b>Table 2, Total Housing Units</b>			
	<b>2010 (Census)</b>	<b>2020 (Census)</b>	<b>Difference</b>
<b>Total</b>	3,017	3,724	707
<b>Occupied</b>	2,857	3,578	721
<b>Vacant or Seasonal Occupied</b>	160	146	-14

Source: U.S. Census, PSU Population Research Center, Emerio Design, LLC  
DEC Redistricting Data (PL 94-171)

## C. Household Growth & Size

While the City of Molalla’s population has been growing at a significant rate, the average household size has remained consistent. In 2010, it was 2.82 people per household. By 2020 it had only increased to 2.83 people per household.

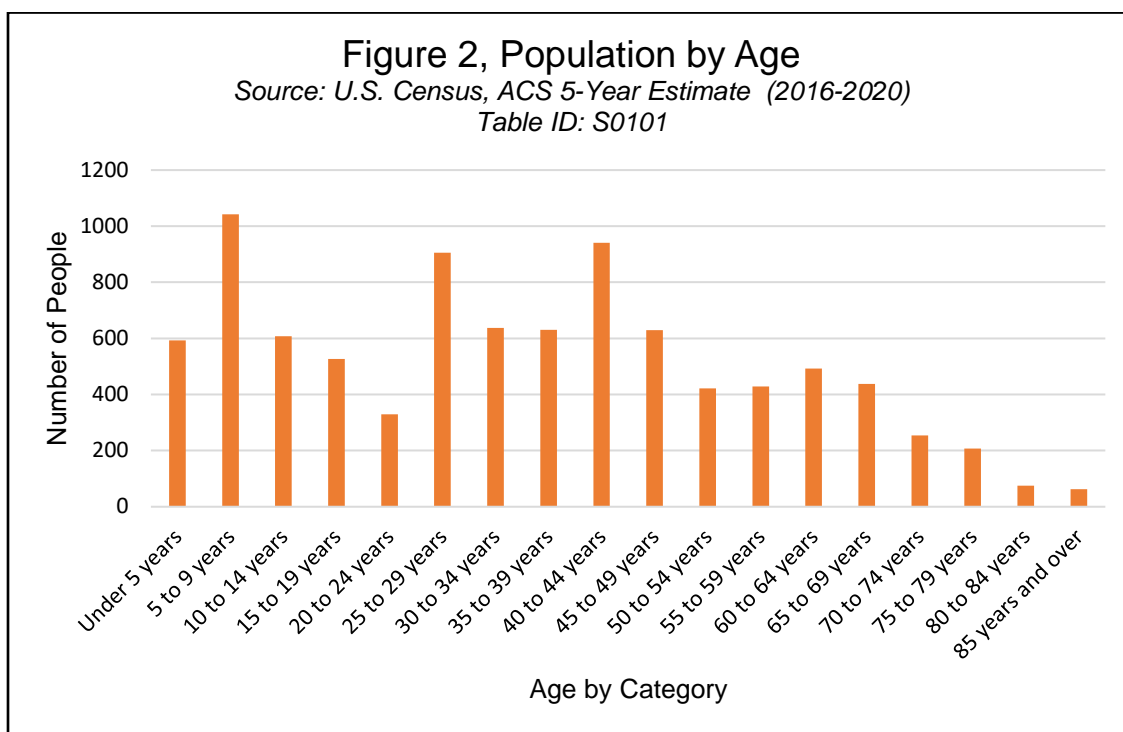




As Figure 1 demonstrates, the majority of renter occupied households are most likely to contain one or two individuals. Except for a relatively large portion of renter-occupied units containing four people, the number of people per renter-occupied households decreases as the number of persons per household increases. Meanwhile, the owner-occupied households are much more evenly distributed. There are still larger percentages to be found in the one-, two-, and four-person household categories, but it is not as extreme as the renter occupied units. Age trends, as discussed in the next section, could explain the concentration of people in these specific households.

#### D. Age Trends

The City of Molalla is comparatively younger than its surroundings. The median age is 34.8 years. Oregon’s median age is a few years older at 36.5 years, and Clackamas County is even older than Oregon at 41.7 years. The largest age brackets in the City of Molalla are 5 to 9 years, 25 to 29 years, and 40 to 44 years as illustrated by Figure 2, below.



#### E. Income Trends

The median household income in the City of Molalla increased from \$49,524 in 2010 to \$68,590 in 2020, representing a 39 percent growth rate. Over this same period, the U.S. inflation rate was approximately 19%. Thus, median household income in the City of Molalla significantly outpaced the national inflation rate. Locally, over the same period, the median household income in Clackamas County increased from \$62,007 in 2010 to \$82,911 in 2020, a growth rate of approximately 34 percent. Thus, the City of Molalla has experienced a slightly higher growth rate in median household income than Clackamas County. However, its median household income of \$68,590 remains well below that of Clackamas County at \$82,911.

Table 3, Median Household Income			
	2010 (ACS)	2020 (ACS)	Growth
Median Household	\$ 49,524.00	\$ 68,590.00	39%

Source: U.S. Census, ACS 5-Year Estimates, Emerio Design, LLC  
Table ID: S1901

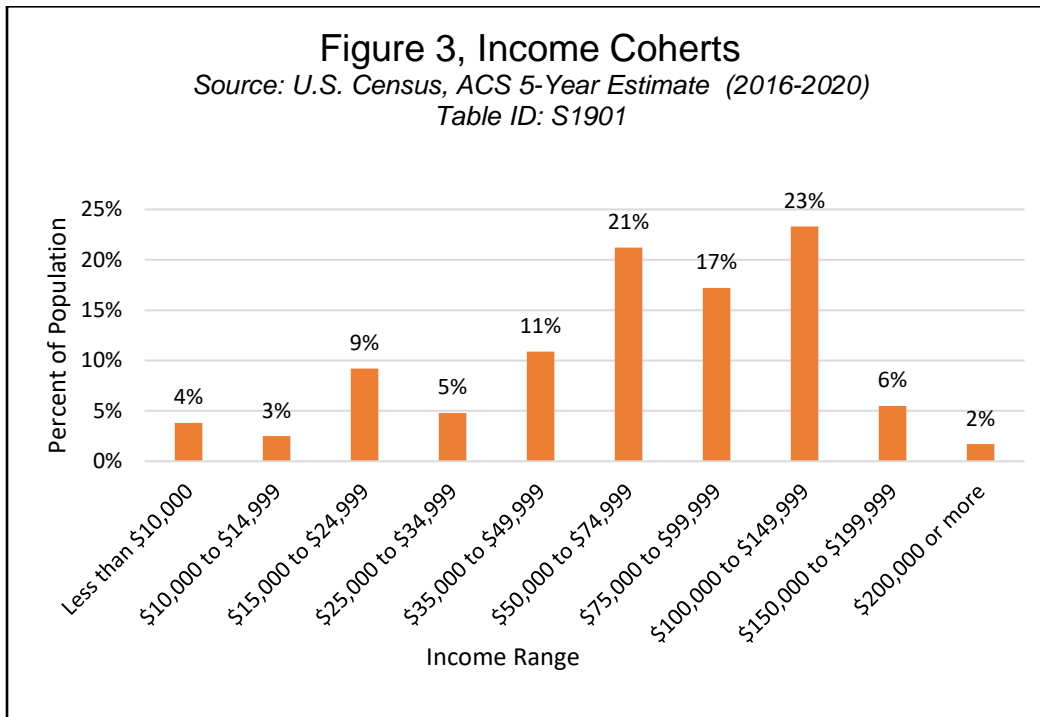


Figure 3 shows the estimated distribution of households by income level for the year 2020. Sixty-one percent of households earn between \$50,000 and \$149,999. Thirty-two percent of households earn less than \$50,000 per year.

## F. Poverty

The Federal Poverty Level (FPL) is a set of income thresholds that vary by family size as defined by the US Census. The average household size for Molalla is 2.8 and for the purposes of measuring poverty this number was rounded up to 3 persons per household. Based on the FPL, a three-person household has a weighted average threshold of \$21,559 according to a U.S. Census Report (Creamer, Shrider, & Burns, 2021)<sup>3</sup>. According to this report, 10.9 percent of Molalla's population live in poverty. This equates to approximately 1,115 individuals. Comparatively, the poverty rate for Clackamas County is only 6.7 percent (using the same methodology), while the statewide average is 12.2 percent.

## G. Employment Location Trends

Figure 4 shows workforce commuter patterns to and from Molalla based on the Census Longitudinal Employer Household Dynamics for 2019, the latest year available. The data shows that 1,673 people commute into Molalla for employment, 418 people both work and live in Molalla,

<sup>3</sup> U.S. Census Bureau, 2022. Poverty in the United States: 2021. Census.gov. Available at: <https://www.census.gov/library/publications/2022/demo/p60-277.html>

and 3,518 live in Molalla and commute elsewhere for work. Factors contributing to the disproportionate amount of people who live in Molalla and commute elsewhere likely include:

- An ever-tightening housing market in the Metro area that has pushed housing development into Molalla. As housing becomes more scarce people are willing to commute longer distances to work in order to attain housing.
- As a burgeoning community, Molalla has yet to develop a deep employment base that is prevalent in the surrounding Metro area.

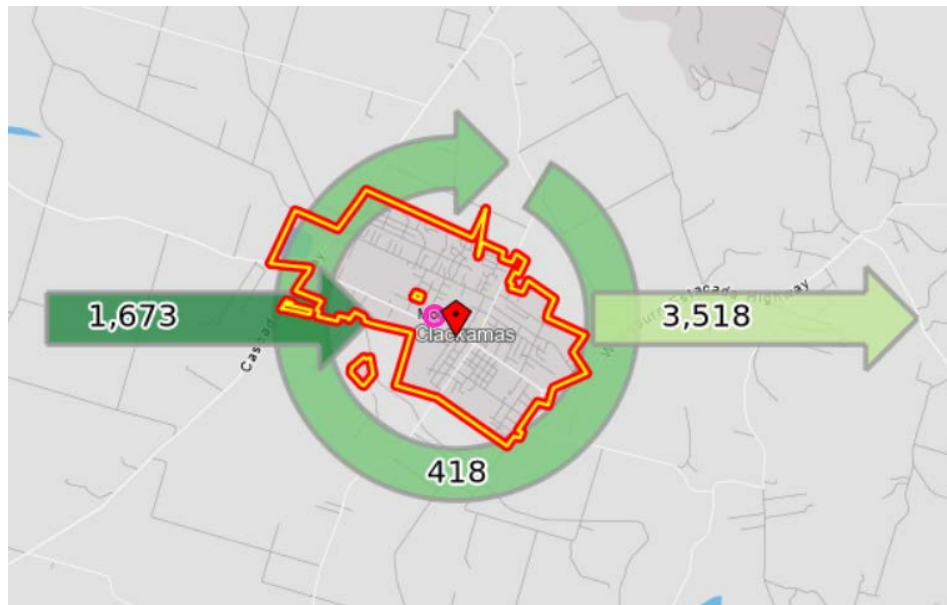


Figure 4: Workforce Commuter patterns

Table 4 summarizes the employment status for residents of Molalla age 16 and older. As shown below, the unemployment rate has decreased from 12.7% in 2010 to 5.8% in 2020 while those not in the labor force increased by 13%.

Table 4: Employment Status					
Employment Status	2010	Percent	2020	Percent	Difference
<b>Population 16 years and over</b>	5,438	100.0%	6,864	100%	26.2%
<b>In labor force</b>	3,782	69.5%	4,993	72.7%	32.0%
<b>Civilian labor force</b>	3,782	69.5%	4,982	72.6%	31.7%
<b>Employed</b>	3,300	60.7%	4,691	68.3%	42.2%
<b>Unemployed</b>	482	8.9%	291	4.2%	-39.6%
<b>Armed Forces</b>	0	0.0%	11	0.2%	N/A
<b>Not in labor force</b>	1,656	30.5%	1,871	27.3%	13.0 %
<b>Unemployment Rate</b>	N/A	12.7%	N/A	5.8%	N/A

Source: U.S. Census, ACS 5-Year Estimates, Emerio Design, LLC  
Table ID: DP03

### III. Buildable Lands Inventory Summary

#### A. Methodology

In accordance with OAR 660-008-0005 (2), an estimate of buildable land inventory within the Molalla Urban Growth Boundary has been created to determine that amount of land available to meet housing needs. The BLI analysis used current GIS data provided by City Staff.

- BLI analysis included the following calculations:
  - Calculate gross vacant acres by plan designation, including classifications for fully vacant and partially vacant (infill potential) parcels.
  - Calculate gross buildable vacant acres by plan designation by subtracting land that is constrained from future development, such as existing public right-of-way, parks and open space, steep lots, and floodplains.
  - Calculate net buildable vacant acres by plan designation by subtracting future public facilities such as roads, schools, parks, and gross buildable vacant acres.
  - Determine total net buildable acres by plan designation by adding redevelopable acres to net buildable vacant acres.

#### B. Analysis

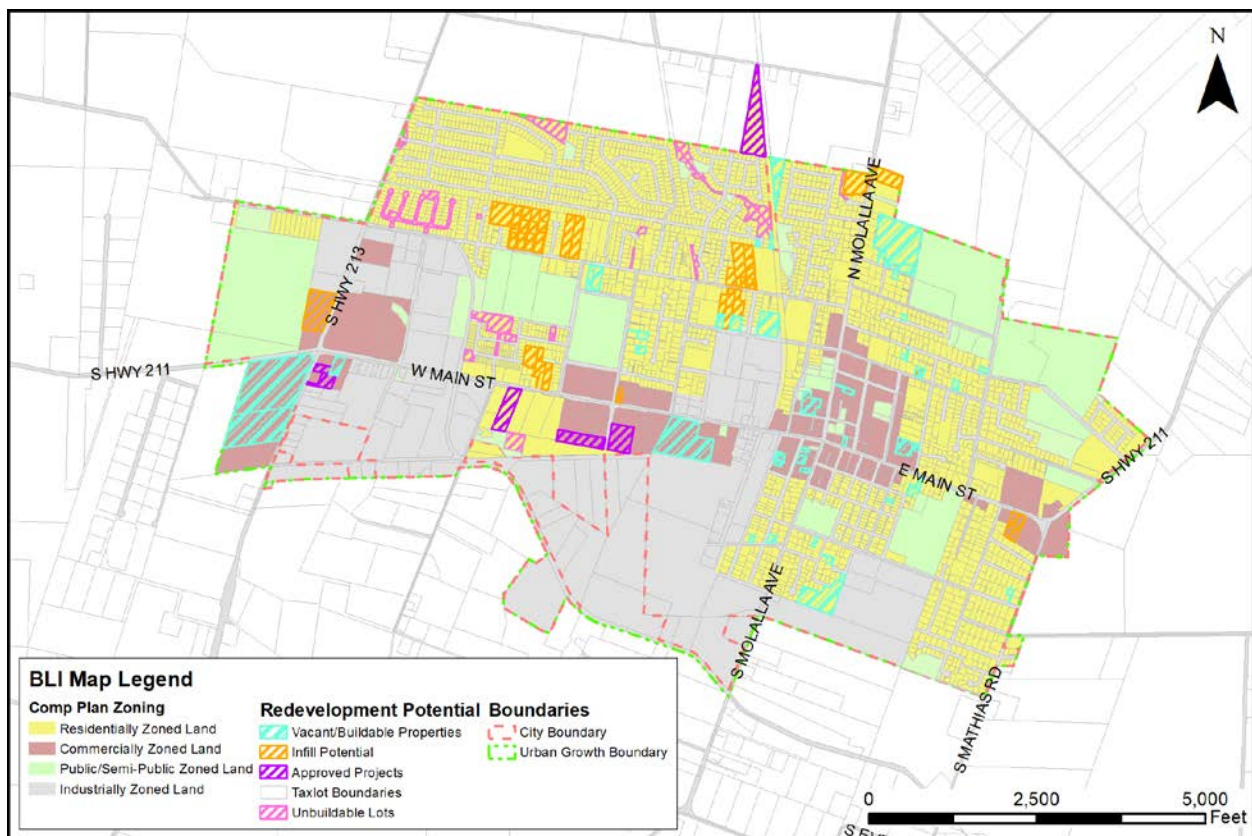


Exhibit 2: Buildable Lands Inventory Map; Provided to Emerio Design, LLC by City Staff

Exhibit 2 is a map of the City of Molalla including the city limits, urban growth boundary, and Comprehensive Plan designations. Further analysis is shown by indicating which parcels are constrained or unbuildable, considered infill properties, approved projects, and vacant parcels.

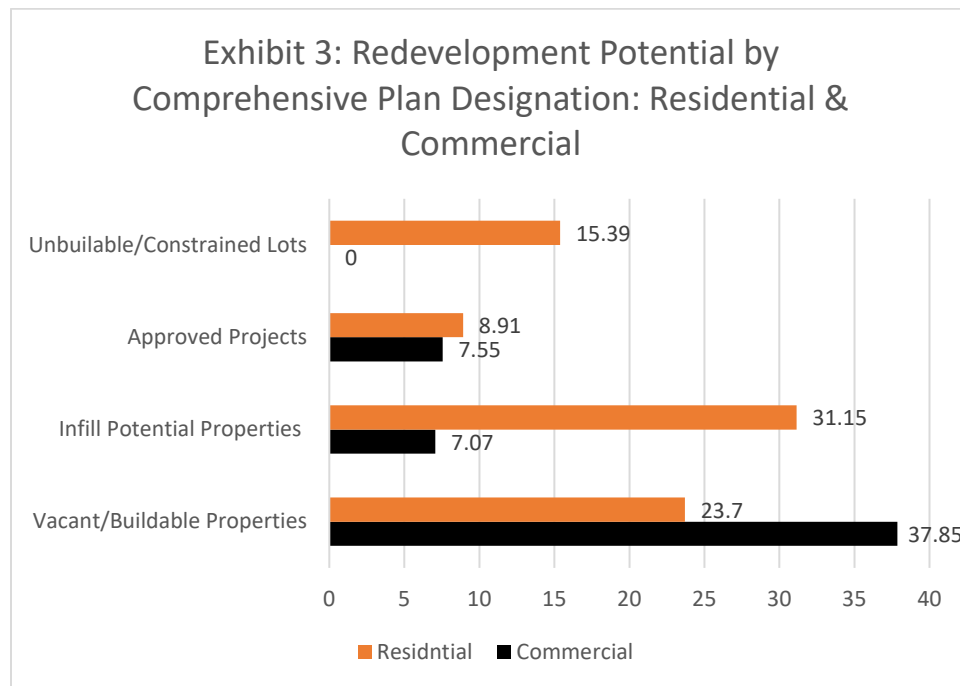
For the purposes of this analysis, constrained land is any land identified with natural hazards as determined by Statewide Planning Goal 7, land subject to natural resource protection under Statewide Planning Goals 5, has a slope of 25% or greater, is within the mapped 100-year floodplain, or land designated as open or public spaces.

**Table 5: Residential Land Base Areas**

Existing Residential Units (By Current Comp. Plan Designation)	Land Area <sup>1</sup> (Acres)	Land Area Constrained (Acres)	Number of Units (2022 current)
Low Density Residential (R-1)	358.68	12.59	1,833
Medium Density Residential (R-2)	64.03	0.65	407
Medium-High Density Residential (R-3)	125.50	5.84	1,263

<sup>1</sup> Land area information from Clackamas County Assessor's Office

Table 5 describes the residential land areas by comprehensive plan designation as shown in Exhibit 2. A breakdown of the commercial and residential designated properties is shown in Exhibit 3. Total areas are calculated using the County Assessor records for parcel size and reflected in acres. No commercial land was identified by City Staff to be constrained or unbuildable.



After removing constrained lands there are 23.7 net buildable acres within the residential vacant/buildable property designation. Since commercial plan designated properties permit multi-family development above an approved commercial use, the vacant/buildable property designation was also reviewed for dwelling unit potential. As shown in Exhibit 3, there are 37.85

net buildable acres within the commercial plan designation that have potential to provide up to 341 dwelling units without compromising the commercial potential of the property.

*Note: Draft Buildable Lands Inventory findings and results are reviewed by City Staff and subjected to public review, then refined accordingly based on the input received – currently ongoing.*

## IV. Current Housing Conditions

### A. Housing Tenure

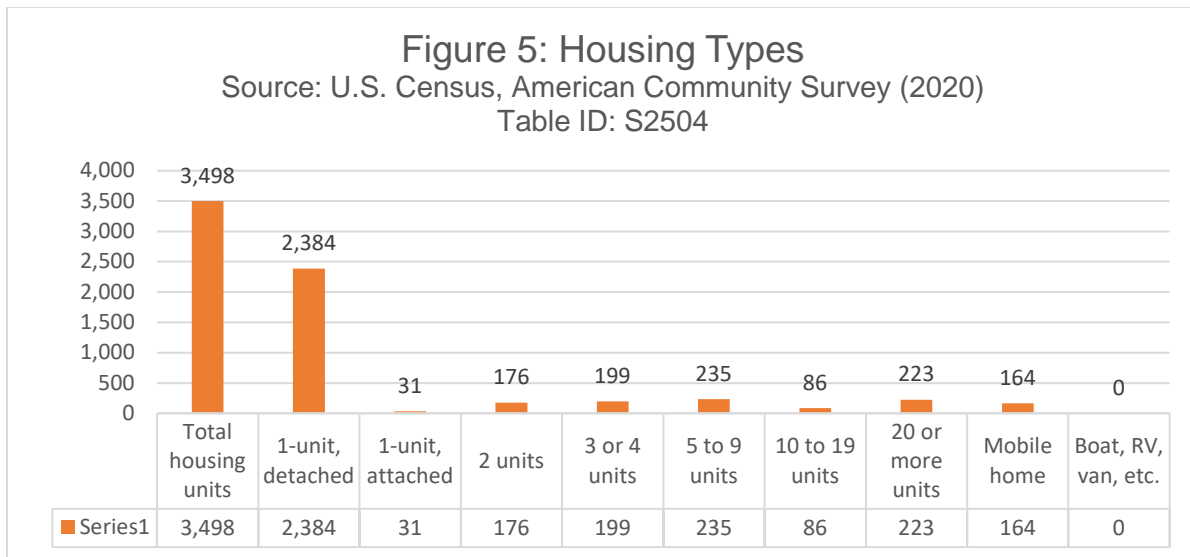
According to the 2020 American Community Survey and summarized in Table 6 below, the City of Molalla had a total of 3,362 occupied housing units. Of those, 68.1 percent are owner-occupied, and 31.9 percent are renter-occupied. The percentage of owner-occupied units is higher than the statewide average of 61.3% (per U.S. Census Table ID DP04) but lower than the County average of 70.7% (per U.S. Census Table ID DP04). Correspondingly, the percentage of renter-occupied units is lower than the statewide average at 38.7% and higher than the County average at 29.3%.

	<b>Occupied Housing Units</b>	<b>Owner Occupied</b>	<b>Renter Occupied</b>	<b>Percent of Total Owned</b>	<b>Percent of Total Rented</b>
<b>City of Molalla</b>	3,362	2,289	1,073	68.1%	31.9%
<b>Clackamas County</b>	143,357	101,324	42,033	70.7%	29.3%
<b>State of Oregon</b>	1,533,430	939,637	593,793	61.3%	38.7%

*Source: U.S. Census, ACS 5-Year Estimates, Emerio Design, LLC  
Table ID: DP04*

### B. Housing Stock

Figure 5 shows the distribution of housing unit types in the City of Molalla. Detached, single-family homes make up the vast majority (68.2%) of Molalla’s housing stock. Apartments with 5 or more units make up roughly 15 percent (15.6%) of the housing stock. Triplexes and quadplexes account for nearly 6 percent of all units, while duplexes account for 5 percent. Mobile homes make up 4.7 percent. Attached, single-family units (e.g., townhouses) account for only 0.9 percent of the total housing stock.



### C. Number of Bedrooms

Table 7 and Figure 5 show the distribution of housing units in the City of Molalla by number of bedrooms. Of the 3,362 occupied housing units in the City of Molalla, roughly 70 percent of them have 2 or 3 bedrooms, while an additional 23 percent have four or more bedrooms. One-bedroom units make up only 4.4 percent of all occupied housing units, with “no bedroom” units—commonly referred to as studios—making up the remaining 3.5%.

Table 7 also provides a breakdown of owner and renter-occupied units by number of bedrooms. Housing units with 2 or 3 bedrooms make up 68 percent of owner-occupied units and 71 percent of renter-occupied units. Housing units with 4 or more bedrooms make up approximately 23 percent of owner-occupied units and 8.4 percent of renter-occupied units. Studio and one-bedroom units are predominately renter-occupied. Combined, they account for 20.5 percent of all renter-occupied units, while only accounting for 2 percent of owner-occupied units.

**Table 7: Number of Bedrooms - Renter and Owner Occupied**

	Occupied housing units	Percent of occupied housing units	Owner-occupied housing units	Percent of owner-occupied housing units	Renter-occupied housing units	Percent of renter-occupied housing units
<b>No bedroom</b>	116	3.5%	27	1.2%	89	8.3%
<b>1 bedroom</b>	149	4.4%	18	0.8%	131	12.2%
<b>2 or 3 bedrooms</b>	2,323	69.1%	1,560	68.2%	763	71.1%
<b>4 or more bedrooms</b>	774	23.0%	684	29.9%	90	8.4%
<b>Totals</b>	3,362	100%	2,289	100%	1,073	100%

### D. Unit Types by Tenure

Table 8 shows the distribution of housing unit types that are owner-occupied. Single-family detached homes account for 92 percent of all owner-occupied housing units, followed by “mobile homes and other housing types” at 6.5 percent. Townhouses and duplexes make up the remainder. There are no owner-occupied units that consists of buildings with three or more units—frequently referred to as condominiums—within Molalla city limits.

**Table 8: Owner-Occupied Housing**

	Single-Family Detached	Single-Family Attached	Duplex	Triplex and Quadplex	5+ Units	Mobile Homes & Other Types
<b>Housing Units</b>	2,100	23	18	0	0	148
<b>Percentage</b>	91.7%	1.0%	0.8%	0.00%	0%	6.5%

Table 9 shows the distribution of housing unit types that are renter-occupied. Single-family detached homes account for approximately 28 percent of all renter-occupied housing units, followed by Triplexes and Quadplexes (25.2%) and 5+ units (27.1%). Duplexes make up roughly 12 percent of all renter-occupied units.

**Table 9: Renter-Occupied Housing**

	Single-Family Detached	Single-Family Attached	Duplex	Triplex and Quadplex	5+ Units	Mobile Homes & Other Types
<b>Housing Units</b>	223	8	130	199	214	16
<b>Percentage</b>	28.2%	1.0%	16.5%	25.2%	27.1%	2.0%

### E. Age of Housing Stock

As shown in Table 10, nearly 60 percent of Molalla’s housing stock was built before the year 2000, with the largest pre-2000 cohort being 1980 to 1999 (33.8%). The majority of the remaining 40 percent was built during the housing boom that occurred in the early 2000s (34.4%). Comparatively, 75 percent of Clackamas County’s existing housing stock was built before 2000. Molalla’s relatively newer housing stock is reflective of the growth and increased development pressures the community has experienced over the past twenty years.

The largest share of owner-occupied housing units were built from 2000 to 2009 (39.10%), while the largest share of renter-occupied housing units were built from 1980 to 1999 (43.10%). Approximately 56 percent of owner-occupied units were built before 2000, while roughly 70 percent of renter-occupied housing units were built before 2000. Due to investor and homeowner preferences, it is not uncommon for the majority of renter-occupied units to be comprised of older homes (20+ years).



**Table 10: Age of Housing Stock - Renter and Owner Occupied**

<b>Year Structure Built</b>	<b>Occupied Housing Units</b>	<b>Percent Occupied</b>	<b>Owner-occupied</b>	<b>Percent Owner-occupied</b>	<b>Renter-occupied</b>	<b>Percent Renter-occupied</b>
<b>2014 or later</b>	120	3.6%	78	3.4%	42	3.9%
<b>2010 to 2013</b>	40	1.2%	30	1.3%	10	0.9%
<b>2000 to 2009</b>	1,158	34.4%	895	39.1%	263	24.5%
<b>1980 to 1999</b>	1,135	33.8%	673	29.4%	462	43.1%
<b>1960 to 1979</b>	438	13.0%	256	11.2%	182	17.0%
<b>1940 to 1959</b>	281	8.4%	224	9.8%	57	5.3%
<b>1939 or earlier</b>	190	5.7%	133	5.8%	57	5.3%
<b>Totals</b>	<b>3,362</b>	<b>100%</b>	<b>2,289</b>	<b>100%</b>	<b>1,073</b>	<b>100%</b>

#### **F. Housing Costs vs. Local Incomes**

Table 11 shows the estimated number of owner and renter households that spend less than 20% of their income on housing costs, 20 to 29 percent of their income on housing, and 30 percent or more of their income on housing. Housing that requires no more than 30% of a household's income is generally considered affordable. Conversely, households that spend more than 30 percent of their income on housing costs are considered "rent burdened," despite the fact that both homeowners and renters can be rent burdened.

Not surprisingly, the less a household earns the more likely they are to spend a greater portion of their income on housing. Due to rents often increasing yearly, renters are typically more likely to be rent burdened than are homeowners, particularly in tight housing markets where rent increases outpace gains in wages.

As Table 11 demonstrates, this holds true in Molalla and in Clackamas County. Renters are significantly more likely to be rent burdened in all income categories than are homeowners.

<b>Table 11: Percentage of Income Spent on Housing; Monthly (Estimate)</b>				
	<b>Molalla: Owner- Occupied Housing Units</b>	<b>Molalla: Renter- Occupied Housing Units</b>	<b>Clackamas Co.: Owner Occupied Housing Units</b>	<b>Clackamas Co.: Renter Occupied Housing Units</b>
<b>Less than \$20,000:</b>				
Less than 20 percent	0	23	112	0
20 to 29 percent	39	9	64	462
30 percent or more	71	249	4,768	7,725
<b>\$20,000 to \$34,999:</b>				
Less than 20 percent	27	0	1,206	0
20 to 29 percent	25	41	1,133	165
30 percent or more	26	140	5,634	6,146
<b>\$35,000 to \$49,999:</b>				
Less than 20 percent	82	32	2,030	32
20 to 29 percent	26	0	1,481	102
30 percent or more	83	118	6,200	5,866
<b>\$50,000 to \$74,999:</b>				
Less than 20 percent	90	24	4,151	521
20 to 29 percent	189	258	2,516	3,165
30 percent or more	146	6	5,884	3,834
<b>\$75,000 or more:</b>				
Less than 20 percent	765	36	51,965	6,828
20 to 29 percent	592	74	22,016	5,280
30 percent or more	128	9	9,108	1,249

Source: U.S. Census, ACS 5-Year Estimates, Emerio Design, LLC  
Table ID: S2503

## V. Current Housing Needs

### Actual Development

Recent development has been based on Development Code policies (most recently updated early 2022) which implements the goals and policies of the Comprehensive Plan. The City of Molalla's 2014 Comprehensive Plan established residential land designations and density ranges.

Molalla 2014 Comprehensive Plan Designations<sup>4</sup> (Residential):

- Low Density Residential (R-1) provides for single-family dwellings and duplexes at densities of 4-8 units per buildable acre.
- Medium Density Residential (R-2) provides for a mix of multi-family, attached single-family housing and manufactured dwelling parks at densities of 6-12 dwelling units per net buildable acre.
- Medium-High Density Residential (R-3) provides for a mix of multi-family, attached and single-family housing at 8-24 dwelling units per net buildable acre.

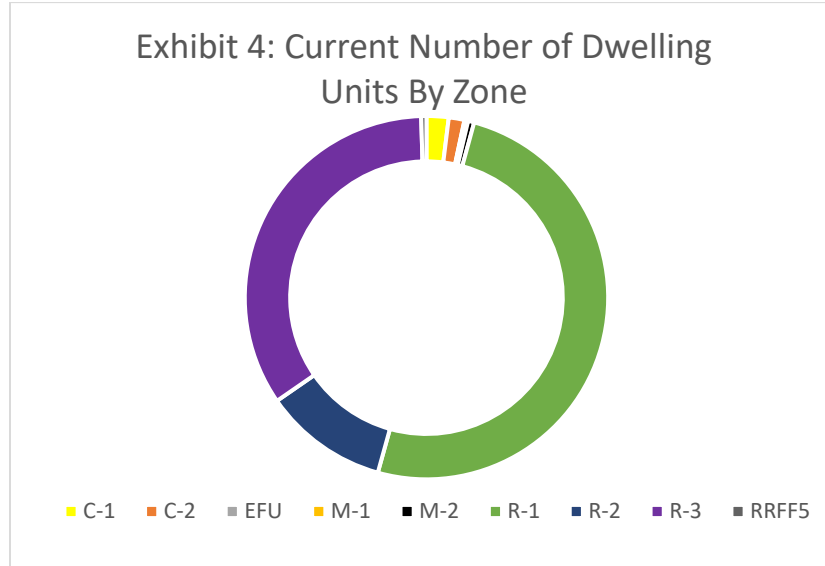
<sup>4</sup> City of Molalla 2014 Comprehensive Plan pages 50-51 retrieved from [https://www.cityofmolalla.com/sites/default/files/fileattachments/planning/page/3760/3\\_final\\_molalla\\_comp\\_plan.10.09.2014.pdf](https://www.cityofmolalla.com/sites/default/files/fileattachments/planning/page/3760/3_final_molalla_comp_plan.10.09.2014.pdf)

Table 12 describes the total development permits approved from 2018 to 2022 (percent column of Table 12 calculated using the number of permits not the number of dwelling units added). A previous study by Winterbrook Planning<sup>5</sup> provided the data for building and development permits from 2011-2017. According to the Winterbrook Study, from 2011 to 2017 single-family homes accounted for 30% of the residential development including manufactured homes. During this same period 70% of the residential development permits proposed multi-family or duplex housing.

Clackamas County provided data from 2018-2022 (spring) and City Staff provided data for approved development permits as of Fall 2022 including approved projects where a development permit may not yet have been pulled. Since 2018, 33 building permits have been applied for to account for 284 residential units. Only three multi-family or apartment permits were applied for although this category accounted for the most dwelling units added during this time. Duplexes (2 dwelling units on one parcel) accounted for 21 percent of the total building permits applied for during this same period.

**Table 12: Building Permits 2018-2022**

	<b>2018-2022</b>	<b>Percent</b>
<b>Single-Family</b>	14	42%
<b>Manufactured Home</b>	9	27%
<b>Duplex (units)</b>	14 (7 projects)	21%
<b>Multi-family (units)</b>	247 (3 projects)	9%



As shown in Exhibit 4, 95% of the current development in Molalla is split between the three residential zoning designations (R-1, R-2, and R-3). Molalla has 3.38 acres of property with a zoning designation of Exclusive Farm Use within its urban growth boundary but only accounts for

<sup>5</sup> DRAFT Residential Land Needs Report by Winterbrook Planning (2018) pages 6-8

two dwelling units. M-1 and M-2 zones describe property intended for industrial development and allows a dwelling unit as a conditional use for the purpose of a caretaker or watchman. The M-1 and M-2 zones account for 10 dwelling units over 10.61 acres. C-1 and C-2 are commercially zoned properties but allow for limited residential development. Manufactured homes are permitted within the C-1 and C-2 zones along with residential units above a commercial use. Molalla has 20.49 acres of commercially zoned land split between the C-1 and C-2 zones. To date, Molalla has 123 residential units within this zoning designation and equates to the second largest cohort in Exhibit 2.

## VI. Future Housing Needs to 2042

The future (20 year) housing need forecast for Molalla considers demographic and socio-economic factors. The Portland State University Population Research Center forecasts Molalla’s 2042 population to be 15,660. Based on projected population growth as forecasted and housing market conditions, Molalla is expected to add 5,432 people and that will require 2,077 net new dwelling units over the next 20 years as described in Table 13.

The expected distribution of housing types is depicted in Table 14. Based on local housing mix preferences, it is anticipated that 55% of the dwelling unit demand (1,143 dwelling units) will consist of single-family detached homes including manufactured dwellings, 25% will be townhouse/plexes (519 dwelling units), and 20% (415 dwelling units) will be multi-family (apartments). The future demand represents a greater share of medium and high-density housing in Molalla than the current inventory and would result in more attainable housing for households at all income levels.

We also reviewed vacancy rates as part of the Housing Needs Analysis. The City of Molalla had overall vacancy rates lower than Clackamas County and indicates a constrained housing market. Molalla’s vacancy rate as of 2020 was 3.98% compared to Clackamas County at 6.43%. For the purposes of this analysis, we assumed an increase of overall vacancy rate to 4%.

**Table 13: Project New Dwelling Units Needed**

<b>Year</b>	<b>2042</b>
<b>Projected Population Increase</b>	5,432
<b>Households @ 2.72 Persons Per Household</b>	1,997
<b>Households Including 4% Vacancy Rate</b>	2,077

The Safe Harbor Method is described in OAR 660-024-0040(8)(f) and further described in “Table 1: Housing Mix/Density Safe Harbors”. As part of this rule municipalities are categorized by projected size. Based on the methodology, the City of Molalla is grouped into the category with a projected 2042 population (20-year projection) range of 10,001 to 25,000. As indicated in Table 14, this assumes 2,077 net new dwelling units with a required mix as follows: 55% low-density, 25% medium-density, and 20% high-density residential units. This method requires an overall citywide minimum density within residential base zones of 5 dwellings per net acre. Additionally, this method requires 7 dwellings per net acre for UGB analysis and 9 units per acre over all on the identified residential buildable land base.

**Table 14: Safe Harbor Housing Mix and Density**

<b>Dwelling Mix</b>	<b>Percent</b>	<b>Number of Dwellings</b>	<b>Notes</b>
Low Density Residential <sup>1</sup> (R-1)	55%	1,143	See OAR 660-024: Table 1
Medium Density Residential (R-2)	25%	519	See OAR 660-024: Table 1
Medium-High Density Residential (R-3)	20%	415	See OAR 660-024: Table 1
<b>Total</b>	<b>100%</b>	<b>2,077</b>	

<sup>1</sup>Includes Mobile Homes

## VII. Conclusion

From the Buildable Lands Inventory Analysis, we know that the City of Molalla has 23.7 acres of vacant/buildable land with a residential comprehensive plan designation within the Urban Growth Boundary and City Limits. Using the 5 units per net acre density, the current available land can accommodate 119 of the 1,662 attached and detached dwelling units (including manufactured dwellings) needed for the projected population growth by 2042. 31.15 acres of land with a comprehensive plan designation of residential is considered infill potential properties. This land area adds an additional 156 dwelling units of the needed 1,662. Between residential infill potential properties and vacant/buildable land, Molalla currently has capacity to offer 275 new dwelling units, leaving a deficit of 1,387 units.

Properties with a commercial plan designation within the Comprehensive Plan permit medium-high density dwellings above commercial uses. This development is typically seen in the form of apartment or condominium dwelling units. Based on the Buildable Lands Inventory summary, Molalla staff have identified 37.85 acres of vacant/buildable commercial properties and 7.07 acres of infill potential commercial properties as shown in Exhibit 3. An additional 315 multi-family units can be accommodated in land currently designated R-3 and commercial in the Comprehensive Plan at an average density of 7 units per acre. A total of 746 residential dwelling units can be accommodated under current land use designations leaving a deficit of 1,331 dwelling units.

The Safe Harbor method results in a potential residential land need of 148 net buildable acres.

*Note: Draft Housing Needs Analysis findings and results are reviewed by City Staff and subjected to public review, then refined accordingly based on the input received – currently ongoing.*

## VIII. Glossary of Key Terms

**Acre** is 43,560 square feet

**Buildable Lands** are properties classified as vacant or partially vacant that have at least some development capacity for new residential development.

**Dwelling** is a structure conforming to the definition of a dwelling under applicable building codes and providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

**Dwelling Unit** is a house, apartment, mobile home or trailer, group of rooms, or single room that is occupied or is intended for occupancy.

**Federal Poverty Level (FPL)** is a set of income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income before taxes is less than the family's FPL, then the family and every individual in it is considered in poverty.

**Infill Properties** are land areas identified as underdeveloped or have the potential to be redeveloped to a higher density.

**Multi-family Development** is a structure or group of structures containing three or more dwellings on the same lot or parcel.

**Persons per Household (PPH)** is the average household size (i.e. the average number of persons per occupied housing unit).

**Safe Harbor** means an optional course of action that a local government may use to satisfy a requirement of Goal 14 (urbanization); and if the city needs to expand their urban growth boundary, a safe harbor analysis lends protections from appeal on certain elements.

**Townhouse** (attached, single-family dwelling) is a dwelling unit located on its own lot that shares one or more common or abutting wall(s) with one or more dwelling units on adjacent lot(s).