

MEMORANDUM

To: Shane Potter, City of Molalla
From: Jesse Winterowd
Date: August 4, 2006
Re: **Molalla Population Projections**

INTRODUCTION

The City of Molalla is reviewing its Urban Growth Boundary (UGB) and long term urban growth needs. The 20- and 50-year foundation for this review is the population projection. The population projection provides the basis for estimating land needed for housing and related uses.

In order to maintain and update Comprehensive Plans and UGBs, a “coordinated” population projection is required by ORS 195.036. Population projections must be coordinated by the designated coordinating agency, in this case Clackamas County. The combined sum of projections for incorporated cities and rural areas in the County must roughly equal the projection for the county as a whole (the county “control total”).¹ The control total usually comes from the long-term population projections developed by the Office of Economic Analysis of the State Department of Administrative Services.² The most recent OEA projections were released in 2004.

Population projections serve several purposes. First they allow cities to estimate the amount of infrastructure capacity to provide. This ensures that cities have sufficient public facilities capacity to accommodate projected growth. Next, it allows cities to develop estimates of how much housing, park, school, institutional, commercial, and industrial space will be needed over the planning period. These estimates in turn allow for a determination of how much land will be needed to accommodate that growth. Finally, the amount of land needed for growth can be compared with the City’s buildable lands inventory to determine whether sufficient land is available to accommodate 20 (or more) years of growth.

¹ The projections for incorporated cities includes all lands within the existing Urban Growth Boundaries (UGBs) of those cities. In short, the projections are for growth in the UGBs.

² While most coordinating bodies use the OEA projections as the basis for coordination, there is no statutory requirement that the OEA projections be used.

Molalla contracted with E.D. Hovee and Company to prepare Year 2025 population and employment projections. The Hovee analysis considered historical trends, regional trends, demographics, and the City’s growth objectives. In anticipation of potential urban reserve planning, Molalla contracted with Winterbrook Planning to extend projections through the Year 2050. These projections are conservative – significantly lower³ than recent growth trends – and supported by data and analysis.

Table 1 shows the results of these analyses. By the Year 2025, Molalla is expected to reach a population of 10,876. This represents an average annual growth rate (AAGR) of 2.9%, and a population increase of 5,076. From 2025 to 2050, the AAGR is projected to decrease to 1.5%. The City’s 2050 population projection is 15,780 – or an increase of 4,905 from 2025 – 2050. Overall, Molalla’s population is expected to increase by 9,980 between 2003 and 2050, with a 2003-2050 AAGR of 2.2%.

Year 2005 population data is now available from Portland State University’s Population Research Center. This data (*italicized*) is included in Table 1, to reflect existing conditions and show very recent trends. However, the population projections for 2025 and 2050 were not modified. Annual or short-term variations in growth rate are to be expected in long-term projections, and the original analyses maintain their relevance.

Table 1: City of Molalla Population Projections, 2025 & 2050

Year	Projected Population	Interval AAGR	Increase
2003	5,800	NA	NA
<i>2005</i>	<i>6,395</i>	<i>5.0%</i>	<i>595</i>
2025	10,876	2.9%	5,076
2050	15,780	1.5%	4,904
2003-2050	15,780	2.20%	9,980

HOVEE ANALYSIS AND PROJECTIONS

E.D. Hovee & Company included a Year 2025 population projection in a November 9, 2004 memorandum titled “Molalla Economic Profile (Revised Draft)”. The Hovee population projection compares historical growth rates for Molalla, Clackamas County, the Metro region, and five comparator cities. Although Molalla’s AAGR from 1990-2000 was 4.3%. Hovee projects that Molalla’s growth rate will decline to the average AAGR of the five comparable cities – 2.9%. As shown on Table 2, Hovee applied the 2.9% AAGR to the base Year 2003 population of 5,800, and concluded that Molalla’s population will grow to 10,876 by the Year 2025.

³ The 1990-2000 average annual growth rate was 4.5%.

Table 2: Molalla 2003-2025 Projected Population Growth – 2.9% AAGR

Average Annual Growth Rate (AAGR)	2003 Population	2025 Population	Projected Increase
2.9%	5,800	10,876	5,076

The Hovee population projection is attached, and serves as the basis for Molalla’s 2025 population projection.

CLACKAMAS COUNTY POPULATION GROWTH

The Office of Economic Analysis projections for Oregon counties are considered reasonably reliable if somewhat conservative. By 2025, the OEA projects that Clackamas County will have a population of 497,926. Assuming that both the OEA and Hovee projections are accurate, Molalla will have 2.2% of Clackamas County’s total population in the Year 2025.

2050 POPULATION PROJECTION

Winterbrook used the Hovee and OEA projections as the basis for Molalla’s Year 2050 population projection. The further out a population projection goes, the less reliable it becomes. This is especially true for smaller jurisdictions, where events such as the gain or loss of a single large industrial employer can have significant impact on the area population, and development of a large subdivision will comprise a substantial portion of the City’s projection. Lifestyle and migration patterns, key components of population growth, are logically less clear as we look into the future. It is important for cities to monitor actual population growth, so that they may adjust and modify plans and projections to account for variances.

The Hovee population projection informs Winterbrook’s 2050 population projection. Winterbrook initially considered a simple extension of the 2.9% AAGR through 2050. However, under Oregon law, the City’s projection must be consistent with Clackamas County’s long-term population projection. As shown on Table 2, OEA projections that Clackamas County’s growth rate will range from 1.48 to 1.62% from 2005 to 2040.

Table 2: Clackamas County AAGR 2003-2040, OEA

County	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040
Clackamas	1.50%	1.62%	1.61%	1.57%	1.48%	1.44%	1.49%

Although Molalla’s recent growth rate has been substantially higher than the Clackamas County’s projection, we project conservatively that the City’s AAGR will conform more closely projected Clackamas County growth rates from 2025 – 2050, meaning that the City’s share of the County’s overall population will remain constant during this period.

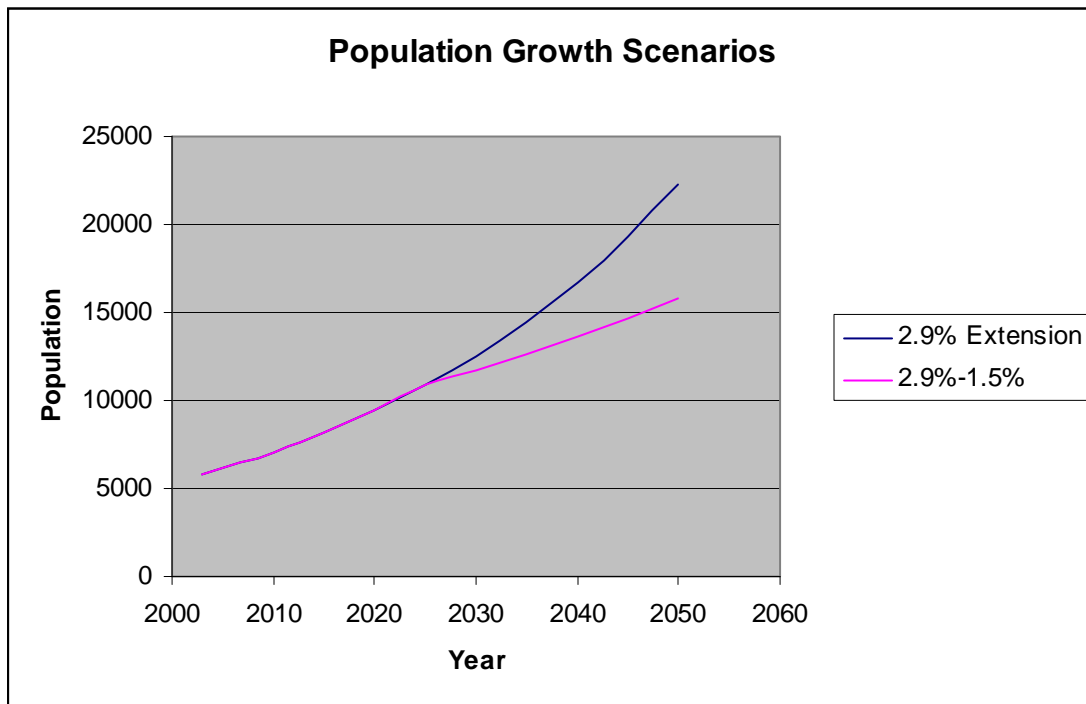
The lower 2025-2050 City growth rate reflects State projections for the County, as well as City policy objectives to maintain a small-town atmosphere and feel for Molalla. As shown on Table 3 below, if Molalla maintained a 2.9% AAGR, the 2025 population would more than double, reaching 22,226 by 2050. The more conservative 1.5% AAGR scenario increases population by about half during this period, resulting in a population of 15,780 by the Year 2050.

The two growth scenarios are shown on Table 3 and Chart 1: Population Growth Scenarios.

Table 3: 2025-2050 Projected Population Growth – Growth Scenarios.

Average Annual Growth Rate (AAGR)	2025 Population	2050 Population	Projected Increase
Maintain 2.9%	10,876	22,226	11,350
Decrease to 1.5%	10,876	15,780	4,904

Chart 1: Population Growth Scenarios



CONCLUSION

E.D. Hovee & Company projects that Molalla will grow at a compounded annual rate (AAGR) of 2.9% from 2003 to 2025. By 2025, the City population will equal 2.2% of Clackamas County’s population, as projected by the Office of Economic Analysis (OEA). Winterbrook projects that Molalla will maintain its share of County growth from 2025 through 2050. This means that the City’s growth rate will decline to 1.5% during this period.

Based on this analysis, we project that Molalla's population will reach:

- 10,876 by the Year 2025; and
- 15,780 by the Year 2050.

A coordinated population projection is the foundation for future planning, and is the primary basis for determining long-range land needs. We recommend that Clackamas County adopt these or similar projections so that the City may proceed with its assessment of its Year 2025 and 2050 land needs.