

# City of Molalla Urban Reserve Area Report

## Executive Summary

The Molalla Urban Reserve Area (URA) identifies where growth will occur over the next 50 years and allows the City to plan for the extension of public facilities and services during this period. Once land is included within an URA, it becomes “first priority” under Oregon law for inclusion within Molalla’s 20-year Urban Growth Boundary (UGB) and must be protected from “interim development” until included within the 20-year UGB.

These findings are intended to justify the amount and location of land included within the Urban Reserve Area. Amendment of Molalla’s Urban Growth Boundary depends upon joint adoption of the URA by Clackamas County and the City of Molalla, and acknowledgment of the URA by the Land Conservation and Development Commission (LCDC).

### ***Background***

Molalla’s current Comprehensive Plan and UGB were adopted in 1980. Since that time, Molalla has grown by over 3,500 residents – nearly doubling in population. Molalla has also lost much of its wood products-oriented employment base with the closing of two mills in the City. The combination of rapid low density residential growth and loss of major employers is a concern to Molalla.

Since 2003, the City has been working on revisions to its Comprehensive Plan and its Development Ordinance. Molalla hired an economic consultant (E. Hovee) in 2004 to prepare population and employment projections and to evaluate economic opportunities for the City. Molalla also hired a land use planning consulting firm (Winterbrook Planning) in 2005 to analyze and build on the City’s proposed Comprehensive Plan and Development Ordinance changes, and assess the status of Molalla’s UGB.

Molalla has several major concerns it would like to address through this Plan amendment process:

- 1) Maintain Molalla’s character as a rural community;
- 2) Build on Molalla’s identity as a recreational community and destination;
- 3) Increase opportunities to draw employment and achieve a better balance between local jobs and residents;
- 4) Plan for an accommodate new residents in high quality, diverse neighborhoods;
- 5) Improve on the relationship between Comprehensive Plan Goals and Policies and actual results on the ground.

### ***Molalla 2058 Urban Reserve Area (URA)***

Molalla’ URA is intended to provide an additional 30-year land supply beyond the area included within the 20-year UGB. The purpose of the URA is to retain rural areas in large parcels to facilitate long-range public facilities planning. The process for establishing Molalla’s URA is similar to the process used to expand the UGB.

The standards for determining the location of the URA is governed by the Urban Reserve Area administrative rule. In simple terms, rural exception areas are the highest priority for inclusion within the URA and high value agricultural land is the lowest priority. Less valuable, non-irrigated land is medium priority. The rule provides for an exception where “built and committed” rural residential areas cannot reasonably meet identified needs, and where urban services cannot reasonably be provided.

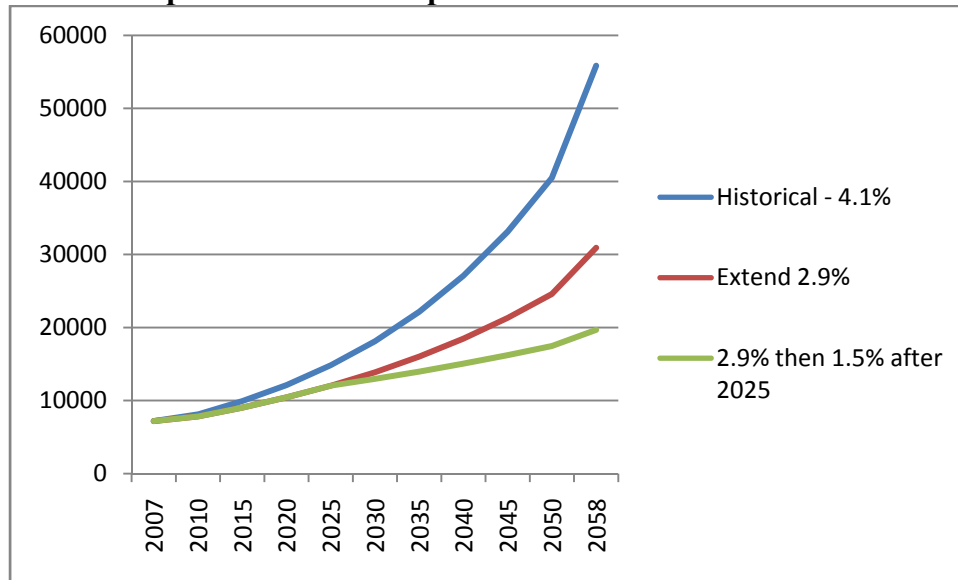
The method for determining URA land need is similar to the method for determining UGB land need. The population projection and Residential Land Needs Analysis (Winterbrook, 2008) largely determine housing and public / semi-public land needs and Molalla’s Economic Profile (Hovee, 2004) and Economic Site Needs Analysis (Winterbrook, 2007) largely determine employment land needs.

### **Population Projection**

Molalla has grown by over 3,500 residents since the initial adoption of the City’s Comprehensive Plan. Over the last 17 years (1990-2007), Molalla has grown at a 4.1% Average Annual Growth Rate (AAGR). The City has worked closely with Clackamas County to conservatively estimate future population growth. The Hovee Employment Profile projected a 2.9% AAGR through 2025. Winterbrook extended this 2.9% AAGR through 2027, then projected a 1.5% AAGR from 2027 through 2058.

As shown on Chart 1 below, Molalla is projecting a very conservative population growth. Extending the observed 17-year historical growth rate of 4.1% - simply stating that Molalla would continue to grow in population as it has been growing – would have resulted in a population projection of over 55,000 in 2058. Extending the Hovee 2003-2025 negotiated growth rate of 2.9% through 2058 would have resulted in a population projection of over 30,000. Winterbrook and Molalla are projecting a significantly declining growth rate over the next 50 years, resulting in a 2058 population of under 18,000.

**Chart 1: Population Growth Options**



This conservative 2058 population projection of 17,777 provides the foundation for determining Year 2058 (URA) residential and public / semi-public land needs.

### **Residential and Public / Semi-Public Land Need and URA Supply**

The *City of Molalla Residential Land Needs Report* (Winterbrook Planning, 2008) determined that the average density of recent housing construction occurred at 4.1 units per gross buildable acre. Most housing during this period was single-family residential, with only 3% of new housing units in the multi-family category.

The report determined that Molalla will need 4,339 dwelling units to accommodate 2058 growth needs and projects the gross buildable land area needed to meet the City's housing needs during the 20- and 50-year planning periods. Buildable land means vacant, partially vacant and redevelopable land that is generally free of development constraints, such as steep slopes, wetlands, and riparian corridors.

*The Molalla Residential Land Needs Report* analyzed existing development patterns and considered trends in household income and housing cost as required by Statewide Planning Goal 10 (Housing).

This Report projects future housing mix and density and a series of measures to increase land use efficiency and to help bring housing costs in line with household incomes in Molalla. These measures are incorporated into Molalla's proposed new Development Ordinance. These measures included:

- Minimum density standards for all zones;
- Increased opportunities for affordable housing types (small lot single family, attached dwellings, multiple family, and manufactured dwellings) in medium density zones;
- A new high density overlay district to ensure that *only* multiple family construction occurs in certain areas of the community;

- A Community Planning Area concept for more efficient land use and higher density housing mixes;
- Design standards to allow and mitigate for these smaller lots and higher densities, while maintaining a small-town feel.

The Planning Commission and City Council reviewed the Winterbrook report and concurred with a planned 40% increase of overall residential density from observed actual densities of 4.1 to a planned 5.7 dwelling units per gross buildable acre (or 7.2 dwelling units per net acre after subtracting for streets). **At this increased density, Molalla will need approximately 756 gross buildable acres to meet Year 2058 housing needs, which is 307 gross buildable acres less than Molalla would need if actual development trends continued.**

*The Molalla Residential Land Needs Report* also projected the need for public / semi-public land use needs – that is, the land needs for public schools, public parks, religious institutions, and group housing. Molalla needs approximately 339 gross buildable acres of land to serve these uses.

Since public and semi-public land needs typically are met on land designated for residential use in Molalla, these land needs are included in the residential category. **Molalla will need approximately 339 gross buildable acres to meet Year 2058 public / semi-public residential land needs.**

*The Molalla Buildable Lands Inventory* includes text and tables documenting the buildable land area, by land use designation, within the existing UGB. Map 1: Existing UGB Buildable Lands Inventory shows the location of buildable lands within Molalla UGB.

Molalla has a critical shortage of buildable residential land. Molalla has only 71 gross buildable acres of residential land inside the existing UGB.

As required by state law (ORS 197.298), Molalla looked first to nearby rural residential exception areas outside the UGB to meet identified housing needs. The proposed URA includes all adjacent exceptions areas that can accommodate identified urban land use needs. These exceptions areas have the capacity to accommodate 1,123 dwelling units. After accounting for the capacity exceptions areas to accommodate needed housing units, Molalla has a remaining need for 3,216 housing units through 2058.

As shown on Table I-1 below, after accounting for buildable land within the existing UGB, and the capacity of nearby exception areas, Molalla has a total 2058 residential deficit of 449 acres for housing and 339 acres for public and semi-public uses, resulting in a total year 2058 residential deficit of 788 gross buildable acres.

**Table I-1: Residential Lands Deficit, After Inclusion of Exceptions Areas  
(Gross Buildable Acres)**

	<b>Housing Deficit</b>	<b>Public / Semi-Public Deficit</b>	<b>Total Residential Land Deficit</b>
<b>Year</b>			
<b>2058</b>	<b>449</b>	<b>339</b>	<b>788</b>

Source: Winterbrook Planning

### **Employment Land Need and URA Supply**

In 2004, the City of Molalla contracted H.D. Hovee and Company (Hovee) to prepare an economic analysis and strategic plan in order to meet Statewide Planning Goal 9 (Employment) requirements, and for use in determining 20-year employment (industrial and commercial) land needs. The *Molalla Economic Profile* (Hovee, 2004) provides 20-year population and employment projections, an assessment of employment trends, and a commercial and industrial land demand analysis.

The Goal 9 (Economy) administrative rule provides guidance to local governments regarding the preparation of economic plans (OAR Chapter 660, Division 009). OAR 660-009-0025(1) states that:

*“...the plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies.”*

Winterbrook completed an *Employment Site Needs Analysis* in 2008 which:

- builds on the analysis provided in the Economic Profile;
- extends the 20-year planning period from 2025 to 2027;
- identifies and projects site requirements of firms that are likely to locate in Molalla; and
- provides a land need and supply comparison based on projected 2027 and 2058 site needs.

The conclusion of the *Employment Site Needs Analysis* is summarized in Table I-2 below. Molalla has 212 acres designated for employment use within its existing UGB. The City will need to add about 18 acres of employment land to meet 2027 employment site needs and about 367 suitable acres to meet 2058 employment site needs. The 367 acres needed for 2058 employment should include at least three local sites in the 20 – 50 acre range. To help meet and preserve lands for regional employment needs, as suggested by Jamie Johnk with Clackamas County Economic Development and supported by Molalla, a large (60-100 acre) flat, suitable site with direct highway access is included within the proposed URA.

**Table I-2: 2027 and 2058 Land Need and Supply**

<b>Year</b>	<b>Employment Land Need</b>	<b>Employment Land Supply</b>	<b>Acres Surplus (Deficit)</b>
2027 Local	230	212	(18)
2027 Regional	60-100	0	(80)
2058 Local	579	212	(367)

Source: Winterbrook Planning

**Molalla needs 367 suitable acres of employment land including three sites with specific large site needs (in the 20-50 acre range) to meet industrial and commercial land needs over the next 50 years. An additional 60-100 acre site is included for regional employment purposes, bringing the total 2058 employment acreage need to approximately 447 gross buildable acres.**

### **Combined Year 2058 Buildable Land Need and Supply**

**Overall, after including adjacent exceptions lands, Molalla needs about 1,235 gross buildable acres (about 1.8 square miles) of EFU lands to accommodate planned population, employment and livability growth needs from 2008 – 2058.**

### **The Location of the URA**

Map 2 shows the location of the proposed URA. The Urban Reserve Area Rule sets priorities for determine which types of land to include within an urban reserve area. In Molalla’s case, the highest priority is rural exception areas, and the lowest priority is Class II agricultural land. Class III and IV soils are medium priority.

As discussed below, all nearby exception areas that can meet an identified urban land need are included in the proposed URA. Molalla next looked to medium priority areas with Class III and IV soils, and included all land in this category that can reasonably be provided with urban services. As a last resort, the proposed URA included Class II soils necessary to meet projected urban land needs.

As shown on Map 2, URA expansion is proposed in four areas:

1. **North Study Area.** Parcels adjacent to the north of the Molalla UGB in this Study Area were mapped by the Natural Resources Conservation Service (NRCS) as a mix of Class II-IV soils. However, a report prepared by a professional soils scientist determined a higher percentage of Class III and IV soils in this area (See Soils Report, Andy Gallagher, 2008). The proposed URA includes 460 gross buildable acres of primarily Soil Class III and IV EFU lands adjacent to the northern UGB. The proposed URA extends north of Vick Road, west of North Molalla Avenue, in order to pick up lower quality soils in this area.

There is a sizeable Class III soils inclusion to the east of North Molalla Avenue in the

North Study Area. However, this area has three significant streams with associated riparian areas and wetlands with relatively little buildable land, and is by far the most expensive area to service with public facilities around the UGB. This area was not included within the URA because topographic constraints preclude the efficient provision of urban services to this area, and due to to adverse environmental consequences that would result from development of these significant natural resources (ORS 197.298(3)(b) and Goal 14, Location Factor 4).

2. **East Study Area.** The East Study Area contains the highest concentration of lower soil class soils around the UGB. However, most of the east study area adjacent to the UGB is under a 25-year lease to the City of Molalla for effluent release and irrigation. This land is needed for the city's wastewater system to function efficiently, and therefore is unavailable for residential or employment use. The proposed URA includes 188 gross buildable acres of primarily Class III and IV land, not under City lease, in the southeastern portion of the study area.
3. **South Study Area.** A rural residential exception area with 545 gross acres lies adjacent to the south of the Molalla UGB. This area is proposed for inclusion in its entirety. This exception area contains numerous wetlands and riparian areas as described in the Natural Resources Report (Winterbrook, 2007), and is divided into numerous smaller parcels, many with existing residential development.

The proposed URA extends south of the exception area to include a large area (384 acres) with predominantly Class II soils below a steep terrace escarpment. This escarpment effectively separates and buffers nearby resource land from the proposed URA boundary.

4. **West Study Area.** To the west of the City lie two residential exceptions areas. One, including a rural airstrip and a fully developed residential subdivision, is not proposed for inclusion due to inability to meet urban needs. The other, approximately 90 acres in size and west of the existing sewage treatment facility, is proposed for inclusion within the URA. Approximately 200 acres of Class II-IV soils are proposed for inclusion in the northwestern portion of this study area, north of the treatment facility. Land with Class II soils in this area is needed to provide sites with characteristics required to meet regional employment needs (large flat site with highway access).

Table I-3 below describes the proposed expansion by Study Area.

**Table I-3: Proposed URA Expansion**

<b>Study Area</b>	<b>Gross Exception Acres</b>	<b>Exceptions Natural Features Acres</b>	<b>Exception Area Additional Unit Capacity</b>	<b>Gross Resource Acres</b>	<b>Natural Features Acres</b>	<b>Total Gross Buildable Resource Acres</b>
<b>North</b>	0	0	0	470	10	460
<b>East</b>	0	0	0	195	7	188
<b>South</b>	545	177	1,000	398	14	384
<b>West</b>	88	41	143	219	22	197
<b>Total</b>	<b>633</b>	<b>218</b>	<b>1,143</b>	<b>1,282</b>	<b>53</b>	<b>1,229</b>