

Molalla Urban Reserve Findings (2010)

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Maps and Attachments

Maps

Map 1: Existing Molalla Urban Growth Boundary (UGB)

Map 2: Molalla UGB Buildable Lands Inventory (BLI)

Map 3: Molalla Urban Reserve Study Areas and Natural Features

Map 4: Molalla's Proposed Urban Reserve Area (URA)

Attachments

Attachment A: *City of Molalla Residential Land Needs Report* (Winterbrook Planning, 2009)

Attachment B: *Molalla Economic Profile* (Hovee, 2004)

Attachment C: *2009 Employment Land Needs Analysis* (Winterbrook Planning, 2009)

Introduction

Molalla's current Comprehensive Plan and UGB were adopted in 1980. Since that time, Molalla has grown by about 4,600 residents – more than doubling in population and reaching the design population of the existing (horizon year 2000) UGB.¹ During this time, Molalla's growth rate averaged 3.4% per year. As might be expected 29 years after adoption, Molalla's UGB no longer contains a 20-year supply of buildable land for housing and public uses or suitable land for employment. Molalla has an estimated 71 acres of buildable residential land remaining within its UGB.

Over the last 30 years Molalla has lost much of its wood products-oriented employment base with the closing of two mills in the City. Molalla has also experienced rapid residential growth and has become, increasingly, a bedroom community. The combination of rapid residential growth and loss of major employers is a concern to Molalla that is addressed in this comprehensive plan update.

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 2006 to analyze

¹ The acknowledged UGB has about 1,768 gross acres – about 2.8 square miles. This gross acreage figure includes developed land, public land, unbuildable land, public rights-of-way, and environmentally challenged areas such as the old mill site.

and build on the City's proposed Comprehensive Plan and Development Ordinance changes, and to assess the status of Molalla's UGB.

Molalla has several major concerns it would like to address through long range planning processes:

- 1) Build on Molalla's identity as a recreational community and destination while maintaining its' small-town character;
- 2) Increase opportunities for employment and achieve a better balance between local jobs and residents;
- 3) Plan for accommodating new residents in high quality, diverse and complete neighborhoods;
- 4) Improve on the relationship between the Comprehensive Plan goals and policies and the actual results on the ground.

Molalla's revised plan is designed to achieve these outcomes. To address housing needs and increase urban land use efficiency, Molalla has chosen to use most of the residential "safe harbor" growth assumption options provided by the urban reserve rule (OAR 660, Division 024). These assumptions are by nature conservative, but allow Molalla a relatively safe path forward through the long-range planning process. For example:

- For a 20-year population projection, Molalla is proposing a growth rate less than half of observed Molalla growth rate since 1980;
- For the 50-year population projection, Molalla is proposing a 2.3% average annual growth rate – about two-thirds that experienced over the last 50 years; and
- Molalla is planning for future residential densities more than 40% higher than observed developed densities.

Molalla staff has worked extensively with the Planning Commission and City Council to update the Molalla Comprehensive Plan and Development Code to both reflect planned density increases as well as to achieve outcomes consistent with Molalla's vision and character.

Molalla is also working toward restoring the employment base lost through collapse of the timber industry, and is planning for an increase in jobs relative to housing over the next 20 years. This approach will reduce the commute requirement and energy costs of residents by achieving a more local-based economy.

After accounting for increased residential densities and the capacity of the existing UGB to absorb identified growth needs, Molalla's estimated 2060 developable land need is about 2,400 acres – about 3.6 square miles.

Molalla recognizes the value of agriculture in the local economy. Recognizing that it's hard to project land needs 50 years in the future, and that it's important to err on the side of protecting agricultural land, Molalla's 50-year URA includes about 2,000 developable acres – nearly 20% less than the identified Year 2060 land need, even under the conservative population and residential density assumptions. Just under a quarter of this 50-year land need is within nearby rural exception areas – meaning that Molalla must rely on agricultural land to meet the remaining three-quarters of its 2060 land needs.

To minimize impacts on the regional agricultural land base, Molalla included *all* nearby exception areas and relatively low value farmland within the URA – before including relatively high value areas with predominantly Class II soils. Molalla's URA boundary is designed to limit impacts on commercial agricultural lands by (a) conforming to Clackamas County's recommended Rural Reserve boundary on the north, (b) using the existing exception areas to buffer agricultural land on the west, (c) using the Kaiser Creek (South) Escarpment to buffer large blocks of agricultural land to the south, and (d) maintaining the existing growth boundary on the east – except where necessary to include lower value agricultural lands within the URA as required by the urban reserve rule.

Why Molalla Decided to Plan for Urban Reserves

Molalla wants to be able to plan for its future growth needs by reserving land for eventual inclusion within its UGB. Molalla is committed to working cooperatively with Clackamas County to protect designated urban reserve areas from patterns of development that would otherwise impede efficient urbanization in the future.

Molalla would also like to identify and protect riparian corridors and wetlands while providing sufficient developable land for future UGB expansion over a long-term period – 30 years beyond the 20-year planning period required for UGBs. Recognizing that the high cost of public facilities costs continues to increase, Molalla seeks the opportunity to plan for public facilities and services within the urban reserve area so that sewer, water, storm drainage and transportation facilities can be planned, budgeted and provided in a cost-effective manner when additional land is justified for inclusion within the 20-year UGB.

Molalla is Not Doing an End-Run Around the Goals

Once land is included within an urban reserve, it becomes “first priority” under ORS 197.298 priorities for urban growth boundary expansion for inclusion with a 20-year UGB. However, Molalla recognizes the importance of preserving Clackamas County's agricultural land base until it is needed for urban growth. Therefore, Molalla is committed to growing into rural residential exception areas south of the existing UGB prior to expanding its UGB onto agricultural (EFU) land. Consistent with this commitment, the Molalla Comprehensive Plan includes the following policy:

The City recognizes that there is sufficient land within the South Exception Area to meet most identified 20-year land needs. Therefore, when Molalla expands its UGB in 2010, the South Exception Area will be considered as first priority for expansion. Land within the Molalla URA that currently has resource (Exclusive Farm Use) zoning shall be planned and zoned for resource use until justified for inclusion within the Molalla UGB.

Accordingly, if and when it becomes necessary to amend the UGB, Molalla will include the exception areas first. Land designated for resource use will not be included until after all of the exception areas have been included.

Urban Reserve Rule Compliance

The remainder of this document addresses the requirements of the Urban Reserve administrative rule: OAR Chapter 660, Division 021. Rule requirements and definitions are quoted *in bold italic*. **Preliminary Findings** demonstrate how Molalla's urban reserve process and results meet urban reserve rule requirements.

OAR 660-021-0000: Purpose of Urban Reserves

This division authorizes planning for areas outside urban growth boundaries to be reserved for eventual inclusion in an urban growth boundary and to be protected from patterns of development that would impede urbanization.

OAR 660-021-0010(1) defines "urban reserves" as follows:

"Urban Reserve": Lands outside of an urban growth boundary that will provide for: (a) Future expansion over a long-term period; and (b) The cost-effective provision of public facilities and services within the area when the lands are included within the urban growth boundary.

Preliminary Findings: As noted in the introduction to these findings, Molalla intends to plan cooperatively with Clackamas County to identify and protect rural exception areas and agricultural land for future urban expansion and cost-effective provision of public facilities. Molalla recommends that Clackamas County apply its Future Urban 10 holding zone to all rural residential exception areas within the proposed URA and adopt siting standards to ensure that interim development on such lands does not preclude efficient urban development in the future.

The Molalla URA is designed to minimize public facility costs by (a) relying on the existing state and county road system to provide arterial and collector street access to properties within the URA; and (b) relying on gravity flow sewer and water systems except where OAR 660-021-030 requires less cost-effective expansion into exception areas and relatively low-value agricultural

soils. Molalla is also committed to preparing detailed public facilities plans for urban reserve areas prior to expansion of the UGB.

OAR 660-021-0020: Authority to Establish Urban Reserve

*Cities and counties cooperatively * * * may designate urban reserves under the requirements of this division, in coordination with special districts listed in OAR 660-021-0050(2) and other affected local governments, including neighboring cities within two miles of the urban growth boundary. Where urban reserves are adopted or amended, they shall be shown on all applicable comprehensive plan and zoning maps, and plan policies and land use regulations shall be adopted to guide the management of these reserves in accordance with the requirements of this division.*

Preliminary Findings: As documented in the record, Molalla has been working with Clackamas County planning staff in an effort to achieve coordinated population and employment projections for the last seven years. City staff and consultants have met with staff on numerous occasions during this period.

Over the last three years, the City Planning Commission has held scores of public workshops regarding Molalla’s future plans and draft code provisions. The Planning Commission and City Council have held joint work sessions and public hearings to consider testimony from citizens and property owners in the Molalla area. The City has coordinated its efforts with Clackamas County to the greatest extent possible.

There are no cities within two miles of Molalla’s UGB. Map 3 and Map 4 show Molalla’s 50-year urban reserve in relation to the City’s existing UGB. Map 4 is adopted as part of the Molalla Comprehensive Plan. The City requests that Clackamas County co-adopt this map. The City further requests that Clackamas County adopt effective measures to manage interim development on land within the urban reserve in accordance with OAR 660-021-0040. (See discussion below.)

As an alternative to designation of urban reserves under the requirements of this division, Metro may designate urban reserves for the Portland Metropolitan area urban growth boundary under OAR 660, division 027.

Preliminary Findings: Metro is working with Clackamas, Multnomah and Washington Counties – and affected cities and special districts – in making rural and urban reserve recommendations. Molalla has participated in this process. As shown on Map 4, Clackamas County’s recommended Rural Reserve boundary is collinear with Molalla’s proposed northern URA boundary. The City is preparing a land use application to amend the County Comprehensive Plan and Zoning designations to reflect the URA and apply Future Urban zoning to exception areas.

OAR 660-021-0030: Determination of Urban Reserve

This section sets forth standards for determining the urban reserve time-frame, the developable land area needed, and where the urban reserve should be established.

Developable Land Need

Urban reserves shall include an amount of land estimated to be at least a 10-year supply and no more than a 30-year supply of developable land beyond the 20-year time frame used to establish the urban growth boundary. Local governments designating urban reserves shall adopt findings specifying the particular number of years over which designated urban reserves are intended to provide a supply of land.

OAR 660-021-0005 defines “developable land” as follows:

“Developable Land”: Land that is not severely constrained by natural hazards, nor designated or zoned to protect natural resources, and that is either entirely vacant or has a portion of its area unoccupied by structures or roads.

Preliminary Findings: Molalla’s urban reserve is designed to accommodate 50 years worth of growth – 30 years beyond the 20-year UGB timeframe. Recognizing that it’s difficult, if not impossible, to project land needs 50 years in advance, Molalla has included substantially less (nearly 20%) than a 50-year developable land supply within its URA. Thus, if it is later determined that Molalla has over-estimated its land needs or under-estimated existing supply, Molalla will still have a defensible amount of land within its URA. Given the use of the conservative population and residential density safe harbors such an outcome is unlikely; however, because of the difficulty in projecting 50 years ahead, Molalla decided to err on the side of caution and adopt a smaller than necessary URA.

If Molalla has under-estimated 50-year land need (which seems likely), the City will continue to rely on Oregon’s land use system to protect the surrounding agricultural land outside the URA until such time as it is demonstrably needed – in the very long term – for eventual urban development.

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

Molalla’s residential land need approach has evolved due to regulatory changes at the state level over the last several years – especially related to population projections and residential need “safe harbors” found in the urban reserve rule.

The *City of Molalla Residential Land Needs Report* (Winterbrook Planning, 2008 version) reviewed regional and local demographic trends based on Census data, and developed assumptions related to housing needs from those trends as well as City policy. Preliminary demographic findings showed that despite the City’s rapid growth over the last 60 years, Molalla is still a relatively homogeneous community with relatively affordable housing,

although this is likely to change somewhat over the next 20 years. Increased employment opportunities, younger commuting households and a growing Hispanic community are all likely to push the demand for a broader range of housing types and increased densities. The cost of providing urban services has also increased substantially, which provides the market and the City with an incentive to increase urban residential densities.

The *2008 Report* also determined that the average density of recent housing construction occurred at 4.1 units per gross buildable acre.² As shown in Table 1 below, most housing developed during this period was single-family residential, with only 3% of new housing units in the attached or multi-family category.

Table 1: Building Permits 2001-2006

Housing Type	2002	2003	2004	2005	2006	Total	Percent
Site-Built SF	44	76	147	127	93	487	92%
Manufactured SF	8	4	4	3	7	26	5%
Duplex (units)	0	0	4	0	6	10	2%
Multi-Family (units)	0	0	0	6	0	6	1%

The Planning Commission and City Council reviewed the *2008 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 public rights-of-way). Despite this substantial commitment to higher densities, the Department of Land Conservation (DLCD) has raised concerns with the City’s housing mix and density projections.

In 2009, the Land Conservation and Development Commission (LCDC) amended the Goal 14 administrative rule to allow local governments to rely on residential housing mix and density “safe harbors” when determining 20-year land needs. The safe harbors in OAR 660-024-040 are by their own terms “conservative” and are based on recently acknowledged plans in Oregon. In Molalla’s case, the housing mix and density safe harbors (7 dwelling units per net buildable acre) were remarkably close to those projected in a 2008 Winterbrook residential land needs analysis approved by the planning commission; thus, the safe harbor assumptions providently

² Note that the terms “buildable” and “developable” have the same meaning for purposes of this analysis. Constrained land with 25% or greater slopes or with identified and protected wetlands, and land within the 100-year floodplain or within mapped riparian corridors, is considered “unbuildable” and “undevelopable” during the 20- and 50-year planning periods. Where a parcel of land has a house, a quarter acre is removed for the house and the remaining unconstrained land is considered buildable and developable.

coincide with the City’s housing mix and density projections. However, using the density safe harbor assumptions to estimate residential land need provides a relatively defensible and conservative path forward through the long range planning process.

The Molalla Residential Land Needs Report (revised by Winterbrook Planning in 2009) applies the conservative housing density safe harbor to determine the amount of developable residential land that will be needed over the next 50 years. In order to provide Molalla with as much security as possible, the *2009 Report* reinforces trend- and policy-based analysis and assumptions by relying on OAR 660-024-0040 “safe harbors”. For a community of Molalla’s size (Molalla’s projected Year 2030 and 2060 urban area populations are less than 25,000), the “safe harbor” residential density for planning purposes is 7 units per net buildable acre (after accounting for undevelopable land within protected wetlands and riparian corridors or with steep slopes).³

As described in *2009 Report* and summarized below in Table 2, Molalla has a residential land need of 306 *gross* buildable acres for the year 2030, and 1,294 *gross* developable acres for the 2030-2060 URA timeframe. Total 2010-2060 URA residential land needs are projected at 1,600 gross developable acres.

Table 2: Residential Land Needs Summary

Year	Housing Need (gross developable acres)	Public / Semi-Public Need (gross developable acres)	Total Residential Land Need (gross developable acres)
2030	188	118	306
2030-2060	916	378	1,294
Total	1,104	496	1,600

Source: Winterbrook Planning

The *2008 Report* included a series of measures to increase land use efficiency and to help bring housing costs in line with household incomes in Molalla. These measures have been incorporated into Molalla’s new Development Ordinance to help ensure that Molalla can meet its 7 units per net acre planning objective. These measures include:

- 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;

³ Molalla’s 2008 PSU population estimate is 7,590. Winterbrook’s Year 2060 population projection for the urban area is 24,829. According to OAR 660-024a, Table 1, communities with a 20-year urban area projection of less than 25,000 may rely on a density of 7 dwelling units per net buildable acre to project residential densities for purposes of identifying residential land need.

- A new high density overlay district to ensure that *only* multiple family construction occurs in and near downtown and along major transportation corridors;
- A Community Planning Area concept for more efficient land use and higher density housing mixes;
- Objective design standards to allow and mitigate for these smaller lots and higher densities, while maintaining a small-town feel.

The “safe harbor” overall residential planning density for Molalla is 7.0 dwelling units per *net* developable acre. At the “safe harbor” density (and using other safe harbors related to vacancy rates and household size), Molalla will need approximately 883 *net* developable acres to meet Year 2010-2060 housing needs, which is about 630 *net* developable acres fewer than Molalla would need if actual development trends continued. This conservative projection reduces the amount of rural resource land that will be needed to meet residential growth needs over the next 50 years. Accounting for future right-of-way (estimated at 20%) results in a total “*gross*” land need of 1,104 gross developable acres from 2010-2060 (as shown above in Table 1).

The *2009 Molalla Residential Land Needs Report* also projects the need for public / semi-public land use needs – that is, the land needs for public schools, public parks, religious institutions, and group housing. 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.⁴ However, no additional right-of-way was assumed to be required for public/semi-public land needs. As documented in the *2009 Report*, Molalla will need approximately 496 gross developable acres to meet Year 2010-2060 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 2: Molalla UGB Buildable Lands Inventory shows the location of vacant and partially vacant buildable lands within Molalla UGB. As demonstrated, Molalla has only 71 gross buildable acres of residential land remaining inside the existing UGB. After accounting for buildable land within the existing UGB, Molalla has a total 2010-2060 residential deficit of 1,529 gross developable acres for housing and public/semi-public uses.

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

⁴ Molalla relied on its adopted Park and Recreation Plan, which projects park land need at 12.5 acres per 1,000 population. As documented in the *2009 Report*, 20% of this need (2.5 acres per thousand) will be met on land classified as “unbuildable”.

employment projections, an assessment of employment trends, and a commercial and industrial land demand analysis. The Economic Profile notes:

“The approach taken in this analysis to Molalla’s future employment is based upon the city’s policy objective to improve its jobs-housing balance and regain its status as a somewhat independent economic region rather than a bedroom community serving employers elsewhere in the region. This employment projection is therefore appropriately termed as a policy projection rather than a market-based forecast. It is recognized that this policy projection is more aggressive than Metro’s preliminary jobs forecast for the Molalla area. Molalla’s employment policy projection is based upon a 2025 jobs-housing target of 1.6 jobs per housing unit, equivalent to the jobs-housing balance of the entire metropolitan region as of 2002. *This recommended jobs-housing target represents a significant increase from Molalla’s current jobs housing balance, but would be roughly half of the community’s peak jobs to housing ratio experienced in the mid 90s.*” (Pages 11-12)

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.”

Molalla’s long-term objectives as expressed in its Comprehensive Plan are to continue to increase its employment/population ratio while fostering a strong traded-sector “industrial” job base. The *2009 Employment Land Needs Analysis*:

- builds on the analysis provided in the Economic Profile;
- extends the 20-year planning period from 2025 to 2030;
- adjusts projected population to reflect “safe harbor” population growth through 2030;
- identifies and projects site requirements of firms that are likely to locate in Molalla over the next 20 years; but
- estimates 2010-2060 employment developable land need based on projected population and employee/acre ratios.

Since Goal 9-based site needs may be inapplicable to the establishment of the URA based on LCDC’s review of the Newberg URA proposal,⁵ and Molalla is proposing to establish its URA prior to expanding its UGB to meet 20-year need, the revised *2009 Employment Land Needs Analysis* relies on a simple employee/acre employment land need projection for the 2010-2030 timeframe.

As shown in Table 3, applying the employee/acre ratios used in the Hovee analysis to the safe harbor 2030 population results in a year 2030 employment land need of 281 *net*

⁵ Note the as of December 15, 2009, LCDC had not yet adopted a written decision in this case.

developable acres for 3,289 new employees. This is slightly lower than the acreage indicated by the site needs methodology.⁶

Table 3: 2010-2030 *Net* Employment Land Needs

Factors	
2010 Employment (Est)	2,645
2030 Employment	5,934
Projected 2010-2030 Employment Growth	3,289
2030 Commercial %	68%
2030 Industrial %	32%
2030 Commercial Employees / Acre	15
2030 Industrial Employees / Acre	8
2010-2030 Commercial Employees	2,223
2030-2030 Industrial Employees	1,065
2010-2030 Commercial Land Need	148
2010-2030 Industrial Land Need	133
2010-2030 Total Employment Land Need	281

Source: Hovee and Winterbrook Planning, 2009

Table 4 projects employment land needs in the 2030-2060 timeframe. As noted earlier, this analysis simply maintains the projected 2030 population/employment ratio of 1.8 population per employee (1.6 employees/household), and the 2030 commercial/industrial ratio (68%/32%) for the URA timeframe. Increasing employee / acre assumptions would decrease projected land need. As shown in Table 4, the *2009 Employment Land Needs Analysis* projects a *net* buildable land need of 689 acres for new employment in the 2030-2060 timeframe.

⁶ Should Molalla propose a UGB expansion, the City believes that the site needs approach will better comply with Goal 9, the Goal 9 Rule and ORS 197.712.

Table 4: 2030-2060 *Net Employment Land Needs*

Factors	Totals
2030 Employment	5,934
2030 Population	10,532
Population / Employee Ratio, 2030	1.8
2030 Commercial %	68%
2030 Industrial %	32%
2030 Commercial Employees / Acre	15
2030 Industrial Employees / Acre	8
2060 Population	24,829
2060 Employment @ 2030 Ratio	13,988
2030-2060 Additional Employees	8,055
2030-2060 Commercial Employees	5,445
2030-2060 Industrial Employees	2,609
2030-2060 Commercial Land Need	363
2030-2060 Industrial Land Need	326
2030-2060 Total Employment Land Need	689

Source: Winterbrook Planning, 2009

Employment land generally requires some additional right-of-way dedication. Winterbrook assumed a 15% net-to-gross conversion. The conclusion of the *2009 Employment Land Needs Analysis* is summarized in Table 5 below. The City of Molalla will need a total of 904 gross developable acres to meet 2010-2060 URA employment land needs.

Table 5: 2030 and 2030-2060 *Gross Land Need and Supply**

Year	Employment Land Need	Employment Land Supply	Acres Surplus (Deficit)
2010-2030	324	212	(112)
2030-2060	793		(793)
2010-2060 Total	1,116	212	(904)

Source: Winterbrook Planning

*Gross developable acres

Combined Year 2060 Developable Land Need and Supply

The existing Molalla UGB accommodates approximately 7,749 people and encompasses 1,768 gross acres (about 2.8 square miles, including public rights-of-way). Overall, as shown in Table 6, Molalla needs about 2,433 *gross* developable acres (about 3.8 square miles) of land *outside the existing UGB* to accommodate planned population, employment and livability growth needs through the year 2060.

Table 6: 2030 and 2060 *Gross Land Deficits*

Land Use	2010-2030	2030-2060	2010-2060
Housing	117	916	1,033
Public / Semi-Public	118	378	496
Employment Land	112	793	904
Total	347	2,086	2,433

Source: Winterbrook Planning, 2009

Urban Reserve Location

Inclusion of land within an urban reserve shall be based upon the locational factors of Goal 14 and a demonstration that there are no reasonable alternatives that will require less, or have less effect upon, resource land.

Preliminary Findings: In these findings, Goal 14 locational factors are considered after demonstrating compliance with the urban reserve “priorities.” Please see a later section entitled “Compliance with Goal 14 Location Factors.”

As noted in the previous section, Molalla first considered the capacity of the existing UGB to meet identified urban land needs before considering land outside the UGB. Molalla has used conservative “safe harbor” assumptions for projecting its population and determining its residential land needs, and has adopted measures to increase land use efficiency within the UGB. Molalla is also committed to expanding the UGB onto rural residential exception areas prior to considering agricultural lands and has accounted for the capacity of such exception areas to accommodate planned urban growth. Only after this analysis did Molalla conclude that resource land is needed to meet growth needs during the 2030-2060 timeframe. Therefore, Molalla has shown that there are no reasonable alternatives that require less, or have less effect upon, resource land.

Urban Reserve Study Areas

Cities and counties cooperatively, and the Metropolitan Service District for the Portland Metropolitan Area Urban Growth Boundary, shall first study lands adjacent to, or nearby, the urban growth boundary for suitability for inclusion within urban reserves, as measured by the factors and criteria set forth in this section. Local governments shall then designate, for inclusion within urban reserves, that suitable land which satisfies the priorities in section (3) of this rule.

OAR 660-021-0010(6) and (7) define the terms “adjacent to” and “nearby” as follows:

"Adjacent Land": Abutting land. "Nearby Land": Land that lies wholly or partially within a quarter mile of an urban growth boundary.

Preliminary Findings: The Molalla urban reserve study area is shown on Map 3. The study area *generally* extends a half-mile from the existing UGB and the adjacent South Exception Area,⁷ and includes all exception areas that *begin* within a quarter mile of the UGB. Molalla first considered then included *all* adjacent and nearby exception areas within the URA.

The study area extends beyond the half-mile limit in certain areas – for one or more of the following reasons:

- To include entire lots and parcels (e.g., in the north study area northeast of Vaughn Road);
- To reach an identifiable natural or artificial buffer from large expanses of agricultural land (e.g., the South Escarpment); and/or
- To include areas with relatively poor agricultural soils (e.g., the Adams Road, Molalla Road and Vick Road areas).

The URA does not extend more than a mile from the existing UGB for urban efficiency and cost-of-service reasons. The urban reserve study area includes 4,380 gross acres of land, approximately double the amount of land proposed for inclusion as Molalla URA.⁸

Urban Reserve Priorities

Land found suitable for an urban reserve may be included within an urban reserve only according to the following priorities: First priority goes to land adjacent to, or nearby, an urban growth boundary and identified in an acknowledged comprehensive plan as an exception area or nonresource land. First priority may include resource land that is completely surrounded by exception areas unless these are high value crop areas as defined in Goal 8 or prime or unique agricultural lands as defined by the United States Department of Agriculture;

ORAR 660-021-0010(4) and (2) defines “exception areas” and “resource land” as follows:

"Exception Areas": Rural lands for which an exception to Statewide Planning Goals 3 and 4, as defined in ORAR 660-004-0005(1), have been acknowledged. "Resource Land": Land subject to the Statewide Planning Goals listed in ORAR 660-004-0010(1)(a) through (f), except subsection (c).

Preliminary Findings: In the Molalla Urban Reserve Study Area, “exception areas” are zoned RRF5-5 (Rural Residential 5 acre minimum) or FF-10 (Farm/Forest 10 acre minimum) and resource land is zoned EFU (Exclusive Farm Use). As shown on Map 3, there are two exception areas within the Molalla urban reserve study area.

⁷ The Southern Exception Area is adjacent to the UGB and is therefore the highest priority for inclusion within the URA. The Airport Exception Areas are approximately a quarter mile from the UGB and therefore are considered “nearby” exception areas.

⁸ In 2007, Molalla identified four urban reserve study areas generally within a half-mile of the existing UGB. The East Study was expanded to include land within three-quarter miles of the UGB in 2009 for two reasons: first, to allow for consideration of a large inclusion of relatively poor soils in the Adams Road area; and second, to recognize the draft Metro rural reserve boundary that limits the City’s future growth to the north (within the North study area).

- Adjacent Exception Area: There is one exception area located adjacent to and south of the UGB – the South Exception Area. The entire South exception Area (comprised of 139 parcels and 545 gross acres) is included within the Molalla URA.
- Nearby Exception Area: There is one exception area that is not adjacent to the UGB but which is located within a quarter mile of the UGB – the Airport Exception Area. The entire Airport Exception (comprised of 43 parcels and 123 gross acres) is included within the URA. However, the Airport Exception Area includes the Molalla Airport, including a developed runway and airport facilities.

Table 7 shows the developable acres within the South and Airport Exception Areas. After accounting for airport facilities, wetlands, and existing residential development⁹, there are a total of 474 developable acres in nearby exception areas.

Table 7: Exception Areas Summary

Exception Area	Taxlots	Gross Acres	Wet/Rip	Dev	Developable Acres
Airport	43	123	0	63	60
South	139	545	91	40	414
Total	182	668	91	103	474

Note that the amount of developable land within the South Exception Area exceeds identified 20-year land needs. To reassure those who are worried that Molalla will use the URA designation to get around the priorities for UGB expansion in ORS 197.298, the Molalla Comprehensive Plan now includes a policy that commits the City to meeting identified 20-year population and employment growth needs first within the South Exception *before* expanding the UGB in areas designated for resource (EFU) use. (See page 4.)

After accounting for all nearby exception lands, there is a remaining unmet need for 1,959 developable acres. Because all other land surrounding the City is zoned for farm use, this need must be met on agricultural (EFU) lands.

If land of higher priority is inadequate to accommodate the amount of land estimated in section (1) of this rule, second priority goes to land designated as marginal land pursuant to former ORS 197.247 (1991 edition);

Preliminary Findings: Clackamas County has no “marginal lands.” This provision does not apply.

If land of higher priority is inadequate to accommodate the amount of land estimated in section (1) of this rule, third priority goes to land designated in an acknowledged comprehensive plan for agriculture or

⁹ On tax lots with existing residential development, 0.25 acres were removed as “developed”.

forestry, or both. Higher priority shall be given to land of lower capability as measured by the capability classification system or by cubic foot site class, whichever is appropriate for the current use.

Preliminary Findings: After considering the capacity of the existing UGB and higher priority exception areas to meet identified need for developable land, Molalla next considered resource lands. As shown on Map 3, most of the resource land adjacent to and nearby the UGB has Class II agricultural soils. There is no land with Class I agricultural soils within the study area.

Soils with the lowest agricultural capability within the urban reserve study area are Class VI and VIII soils. However, these “terrace escarpment” and similar soils (shown in yellow) are “severely constrained” by slopes of 25 – 35% and therefore are not considered to be “developable” within the meaning of OAR 660-021-0005.

Class III and IV soils within the urban reserve study area have intermediate agricultural capability and therefore are the next highest priority for inclusion within the URA. Class III and IV soils within the study area tend to be wet (hydric) or moderately sloped (15 – 25%). As shown on Map 3, wetlands are associated with Class III and IV soils in the Northeast Drainage, along Highway 211, and in the South Exception Area.

The Molalla URA extends beyond the half-mile efficiency limit in several areas to incorporate large inclusions of higher priority (intermediate value) Class III and IV soils:

- **North Study Area – North of Vick Road:** This portion of the URA area extends approximately three-quarters of a mile from the existing UGB primarily to include an area with predominantly Class III and IV soils.¹⁰ Although sanitary sewer pump stations will be required to serve this area, it is not cost-prohibitive to do so. However, land northeast of the wetland identified on Map 3 as the Northeast Drainage has predominantly Class IV soils, but was *not* included within the URA because this land has been identified as Rural Reserve by Clackamas County.¹¹
- **East Study Area – Adams Cemetery Road:** This portion of the URA area extends approximately a mile from the existing UGB to include predominantly Class III and IV soils. This area can be served with gravity flow sewer and by a planned water reservoir outside the URA. However, land north of Adams Cemetery Road identified on Map 3 as “leased effluent release” land has predominantly Class IV soils, but was not included within

¹⁰ Note that soil studies (Terra Science, Inc. 2008) have been conducted for two large parcels west of Appaloosa Road and south of Vick Road demonstrating that these parcels have predominantly Class III and IV soils (rather than predominantly Class II soils as shown on NRCS maps).

¹¹ Earlier drafts of the Molalla plan amendment package showed this Class IV soils area within the draft URA despite extremely high service costs. It was removed in order to coordinate with Clackamas County planning efforts.

the URA because this land is needed for public facility use and is not available for urban uses. The effluence release area is restricted by 50-year lease for “release” of treated effluent from the wastewater treatment plant. Without this release area, Molalla would not have the capacity to provide sanitary sewer service to accommodate planned growth.

- West Study Area – Molalla Forest Road: The URA was extended west from Vick Road to include Class III soils located north of Molalla Forest Road. The western URA boundary extends directly north from east boundary of the Airport Exception Area.

In summary, the Molalla URA includes approximately 609 gross acres (579 net acres after subtracting wetlands and residences) of land with Class III and IV soils. After accounting for resource land with “higher priority” (intermediate value) soils, there is a remaining unmet need for 1,381 developable acres of “lower priority” (higher value) resource land. This need must be met on land adjacent to the UGB with Class II soils.

Thus, the remainder of the URA includes predominantly Class II agricultural soils that are needed to accommodate estimated 50-year population and employment growth beyond that which can reasonably be accommodated within the UGB, by the nearby exception areas, or on intermediate-value farm land. All of the predominantly Class II soil areas are *adjacent* to the UGB and exception areas included within the URA.

Inclusion of low priority Class II soils is justified in the following specific areas for the following reasons:

- North Study Area: As shown on Map 3 and based on soil studies reviewed by the City Council, the North Study Area is comprised of predominantly Class III and IV soils with substantial areas of Class II soil. The Class IV soils area is also extremely costly to serve with the necessary public facilities. In addition to pump stations, sewer lines would need to be extended across the Northeast Drainage at an extremely high cost and with significant environmental impacts.¹² The northern boundary of the Molalla URA east of Highway 211 is collinear with Clackamas County’s recommended Rural Reserve boundary.

An area of Class II soils located on either side of the railroad tracks is included within the URA because it is surrounded by land with lower priority Class III and IV soils. This area is also needed for future urban uses. Therefore, to serve these higher priority (lower

¹² Exclusion of land with Class III-VIII soils in this area is also consistent with OAR 660-021-030(4)(a):

(4) Land of lower priority under section (3) of this rule may be included if land of higher priority is found to be inadequate to accommodate the amount of land estimated in section (1) of this rule for one or more of the following reasons: (a) Future urban services could not reasonably be provided to the higher priority area due to topographical or other physical constraints;

value) areas, lower priority Class II soils must be included within the URA.¹³

As noted above, the area with Class IV soils northeast of the Northeast Drainage along Vaughn Road is also within the Rural Reserve Area identified by Clackamas County.

- West Study Area: As shown on Map 3, the West Study Area is comprised of predominantly Class II soils that are needed to accommodate identified growth needs. The western URA boundary is defined by the Airport Exception Area and property lines. The URA was extended slightly beyond the half-mile efficiency limit to include Class III soils located north of Molalla Forest Road.¹⁴

Although redevelopment potential within the Airport Exception Area is limited due to small (3-5 acre) lot sizes, inclusion of vacant resource land between the UGB and the Airport Exception Area will facilitate extension of public facilities and services to this exception area.

- South Study Area: The South Escarpment is located approximately a half- to three-quarters of a mile from the UGB and runs approximately 1.6 miles southwest from Highway 213 to Sawtell Road. This natural landform defines the southern boundary of the URA and provides an effective natural buffer from actively farmed EFU land to the south. The escarpment carved by Kaiser Creek drops from 70 – 130 feet from the ridgeline with slopes in the 35% range. A narrow band of lower value Class III and IV soils is located between the South Escarpment and Kaiser Creek, but would be prohibitively expensive to serve: the strip would require sanitary sewer pump stations and expensive road improvements across the escarpment.¹⁵

Land between the South Escarpment and the South Exception Area is comprised of predominantly Class II agricultural soils. This land is needed to meet 50-year growth needs. The URA boundary east of Sawtell Road is defined by property lines.

¹³ Inclusion of land with Class II soils north of Vick Road in this area is also consistent with OAR 660-021-030(4)(b):
(4) Land of lower priority under section (3) of this rule may be included if land of higher priority is found to be inadequate to accommodate the amount of land estimated in section (1) of this rule for one or more of the following reasons: (b) Maximum efficiency of land uses within a proposed urban reserve requires inclusion of lower priority lands in order to include or to provide services to higher priority lands.

¹⁴ Inclusion of land with Class II soils in this area is also consistent with OAR 660-021-030(4)(b):
(4) Land of lower priority under section (3) of this rule may be included if land of higher priority is found to be inadequate to accommodate the amount of land estimated in section (1) of this rule for one or more of the following reasons: (b) Maximum efficiency of land uses within a proposed urban reserve requires inclusion of lower priority lands in order to include or to provide services to higher priority lands.

¹⁵ Exclusion of land with Class III-IV soils in this area is also consistent with OAR 660-021-030(4)(a):
(4) Land of lower priority under section (3) of this rule may be included if land of higher priority is found to be inadequate to accommodate the amount of land estimated in section (1) of this rule for one or more of the following reasons: (a) Future urban services could not reasonably be provided to the higher priority area due to topographical or other physical constraints;

- East Study Area: Most of the land within the East Study Area is located within the leased “effluent release area” and therefore is not available for urban development. Land included within the URA south of the effluent release area is comprised of predominantly Class II soils, with two large inclusions of Class II soils. The southern URA boundary is based on property lines and the eastern URA boundary is defined by Adams Cemetery Road – which provides an effective buffer from actively farmed agricultural lands to the east.

The proposed URA includes 1,135 developable acres of Class II EFU land. This leaves a remaining unmet need of 246 developable acres.

Consideration of Goal 14 Location Factors

Goal 14 includes four location factors:

- (1) Efficient accommodation of identified land needs;*
- (2) Orderly and economic provision of public facilities and services;*
- (3) Comparative environmental, energy, economic and social consequences; and*
- (4) Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.*

Efficient accommodation of identified land needs;

Preliminary Findings: The Molalla URA seeks to maximize land use efficiency by expanding outwards from the UGB and the committed South Exception Area in a concentric growth pattern. Generally, the URA is located a half-mile beyond these geographic areas. All of the URA areas can be served by the existing county road system, thereby making efficient use of existing transportation infrastructure investments.

Exceptions to the concentric growth principle are found in the following areas:

- North Study Area: The URA extends approximately three-quarters of a mile beyond the UGB to pick up lower-value agricultural soils – but extends less than a half-mile in other areas to avoid Class II agricultural soils, avoid impacts to the Northeast Wetland, and to conform to Clackamas County's Rural Reserve boundary. It would also be extremely inefficient to attempt to provide services to highly parcelized EFU land between the Northeast Drainage and Vaughn Road.
- West Study Area: The URA generally extends a half-mile westward from the UGB to maximize land use efficiency. Development of resource land west of the existing UGB will facilitate efficient development of the Airport Exception Area. Although it will be relatively costly to provide urban services to the highly parcelized and developed Airport Exception Area, the City has undertaken this burden to comply with

OAR 660-021-0030 priorities.

It would also be extremely inefficient to attempt to provide urban services to highly parcelized EFU land south of the Airport Exception Area – which is the primary reason why this area was excluded from the URA.

- South Study Area: The URA generally extends a quarter- to a half-mile from the South Exception Area. The South Escarpment (or a property line extension from the escarpment) defines the southern URA boundary. Although it will be costly to provide services to the highly parcelized South Exception Area, the City recognizes its obligation to do so under OAR 660-021-030. Agricultural land between the South Escarpment can be efficiently developed for urban commercial (near Highway 211) and residential uses.
- East Study Area: The URA is collinear with the UGB in the northern portion of this study area. However, the URA extends some 1.4 miles from the existing UGB to include a large concentration of Class III (intermediate value) agricultural soils. Although this Class III soil area continues to the escarpment carved by the Molalla River, extending the URA further to the east would result in an extremely inefficient linear growth form. For this (among other discussed below) reasons, the URA ends at Adams Cemetery Road and includes properties to the south with Class II soils.

Orderly and economic provision of public facilities and services;

Preliminary Findings: All land within the proposed Molalla URA can be provided with urban services in an orderly and economic manner.

- North Study Area: Land within the North Study Area will be relatively costly to serve because wastewater must be pumped to the WWTP located west of Highway 213. A water reservoir will also be required to serve this area and to improve water pressure to developed areas within the existing UGB. Transportation access to this area can be provided by widening and/or improving existing county and state facilities (Highway 213, Appaloosa Road, Vick Road and Molalla Road). At this point, it does not appear that new arterial or collector streets will be required to serve this area. However, providing sanitary sewer and water service east of the Northeast Drainage would be prohibitively expensive due because sanitary sewer pump stations would be required and there would be substantial costs associated with mitigating environmental impacts to wetlands in this area.
- West Study Area: Land within the West Study Area can be provided with urban services at moderate cost. North of the WWTP, wastewater must be pumped to the WWTP

located west of Highway 213; however, the area south and west of the WWTP can be served with gravity flow. The planned water reservoir in the North Study Area will also serve the West Study Area. Transportation access to this area can be provided by widening and/or improving existing county and state facilities (Highways 211 and 213, Molalla Forest Road, Toliver Road and Molalla Road). At this point, it does not appear that new arterial or collector streets will be required to serve this area.

Areas to the west of the proposed URA in the West Study Area can also be served with sanitary sewer, water and transportation services at moderate costs; these areas were excluded for to minimize impacts on actively farmed areas with Class II agricultural soils. The area with Class III and IV soils south of the Airport Exception Area was excluded because it drops off substantially to the south towards Kaiser Creek, and would require sanitary sewer pump stations to serve. Costs of providing services to this area is high relative to the development “yield” on this agricultural land, caused by the existing highly parcelized (5-10 acre development pattern).

- **South Study Area:** The South Study Area can be served by gravity flow sewer and a planned high elevation water reservoir located outside the proposed URA. Transportation access to this area can be provided by widening and/or improving existing state and county facilities (Highway 211, Ona Road, Molalla Road, Sawtell Road and Warrick Road). It is likely that an additional east-west collector or arterial street will be needed to provide grid street access to this area.
- **East Study Area:** The southern portion of this study area can be served with gravity flow sewer and will be served by a planned high elevation water reservoir located outside the URA on land owned by the City. Transportation access to this area can be provided by widening and/or improving existing county facilities (Molalla Forest Road, Claim Road, Adams and Adams Cemetery Roads, and Mathias / Hy Oaks Road). At this point, it does not appear that new arterial or collector streets will be required to serve this area.

Comparative environmental, energy, economic and social consequences;

Preliminary Findings: The URA is designed to address economic, social, environmental and energy consequences to the extent reasonably possible consistent with OAR 660-021-030 priorities.

Relative Economic Consequences

The URA is designed to provide for economic development opportunities for land with access to Highways 211 and 213.

The location of the URA also takes into account the cost-effective provision of urban services, which will lower public and private costs in the long-term. The URA has also been designed to take advantage of existing state and county roads, which reduces taxpayer and developer costs in the long run.

Although it will be relatively expensive to serve exception areas within the proposed URA, the City accepts this burden in order to reduce economic impacts to Clackamas County's agricultural land base. However, the City's decision to exclude areas with lower-value agricultural soils from the URA was based in substantial part on the relatively high costs of providing urban services to (a) areas south of the South Escarpment, and (b) areas east of the Northeast Drainage.

Finally, it would be economically foolish to consider expanding the URA in the leased effluent release area, because this land is essential to providing sanitary sewer service to the remainder of the URA.

In conclusion, the URA location considers economic consequences and balances the public costs of providing urban services to parcelized exception areas with adverse impacts on Clackamas County's agricultural land base.

Relative Social Consequences:

The proposed URA, by extending outwards in roughly equal distances from the existing UGB, has been designed to allow access to existing and planned business and social services, parks and schools.

The URA also provides a balance between largely developed exception areas and largely undeveloped agricultural land, which facilitates master planning for complete neighborhoods as called for in the Molalla Comprehensive Plan.

By preserving wetlands, riparian corridors and higher elevation open space within and at the edge of the URA, the quality of life of Molalla residents will be improved. These natural features also serve (along with existing roadways) as effective buffers from agricultural land, which have impacts (dust, pesticides, fungicides, noise, odors) that can conflict with the quality of life in urban residential areas.

Relative Environmental Consequences

The URA is designed to minimize impacts on identified riparian corridors and wetlands by excluding the Northwest Drainage and the steeply-sloped and forested South Escarpment (and Kaiser Creek which formed it) from the urban reserve.

However, the URA includes several wetlands within the South Exception Area which were included to address OAR 660-021-030 priorities. These wetlands, along with other identified wetlands within the URA, are protected by Plan Policy and City code provisions from most forms of urban development.

Maintaining distance between planned urban growth and the wild and scenic Molalla River was also a major consideration in drawing the URA boundary. Although the URA extends approximately 1.4 miles from the existing UGB, the eastern boundary of the URA remains approximately 1.5 miles from the river. Preserving the effluent release area from the URA will also maintain distance between urban development and the river.

Comparative Energy Consequences

Energy consequences were also considered in determining the location of the URA. By growing out from the existing UGB, travel distances from existing businesses and services and residential areas is minimized.

By reliance on gravity flow sanitary sewer and water distribution systems to the extent possible consistent with OAR 660-021-030 priorities, the energy costs associated with pump stations has been minimized. By relying on the existing road system to provide collector and arterial street access to the URA, energy use associated with construction costs will decrease. On the other hand, extending the URA over the South Escarpment or across the Northeast Drainage would require increased use of pump stations, which would have adverse energy consequences.

By providing sufficient developable land for employment with access to Highways 211 and 219, Molalla provides the opportunity for local employment. This could have the effect of reducing vehicle miles travelled for working households in the community.

Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.

Preliminary Findings: Clackamas County has a strong agricultural economy and is ranked second among Willamette Valley in gross farm sales at \$364 million in 2008. Specialty crops account for the bulk of gross sales at \$267 million. Other important crops include eggs and poultry (\$33 million), fruits and nuts (\$24 million), cattle and dairy (\$15 million), grass and legume seeds (\$11 million), and hay and forage (\$9 million).

Based on a windshield survey conducted in December of 2009, the following agricultural activities occur in the Molalla urban reserve study area:

- **North Study Area:** Berry farming and cattle.
- **West Study Area:** Nursery uses and grass farming.

- South Study Area: Primarily Christmas trees.
- East Study Area: Cattle.

The Molalla URA boundary has been designated specifically to minimize adverse impacts on nearby agricultural activities by using natural features and roadways as buffers wherever possible. Where the URA was extended specifically to include land with relatively poor agricultural soils in the North, West and South Study Areas, the only option was to have property lines serve as the URA boundary. As shown on Map 4:

- North Study Area: The URA boundary in the North Study Area is collinear with Clackamas County's recommended Rural Reserve boundary east of Highway 211. The Northeast Drainage and Vaughn Road effectively buffer large tracts of farmland to the north east. Appaloosa Road, Vick Road and Molalla Road also serve as artificial buffers from farmland. The northern boundary was extended beyond Vick Road to include relatively low-value resource land; property lines serve as the URA boundary in this small area.
- West Study Area: About half of the western URA boundary is buffered from large tracts of agricultural land to the west by the Airport Exception Area. Cramer Road serves as an artificial buffer for most of the remainder of the western boundary. The URA boundary in the northwest corner of the West Study Area was extended to include an area with Class III soils; property lines were used to determine the URA boundary in this location.
- South Study Area: The southern boundary of the Airport Exception Area and the South Escarpment separate large tracts of farmland from the URA along most of the southern URA boundary. Property lines – extending eastward from the escarpment – were used to define the south URA boundary from Sawtell Road to Hy Oaks Road.
- East Study Area: The eastern URA boundary is collinear with the existing UGB or the South Exception Area for three-quarters of its length in this area. As shown on Map 3, the URA was extended about 1.5 miles to include an area with Class III and IV soils to the south of the leased effluent release area. Adams Cemetery Road defines the eastern URA boundary south of the release area, and property lines define the URA boundary in the southeast corner of this study area (the area with relatively poor soils).

OAR 660-021-0040: Urban Reserve Area Planning and Zoning

Until included in the urban growth boundary, lands in urban reserves shall continue to be planned and zoned for rural uses in accordance with the requirements of this section, but in a manner that ensures a

range of opportunities for the orderly, economic and efficient provision of urban services when these lands are included in the urban growth boundary.

Preliminary Findings: Molalla supports retention of EFU zoning to protect resource lands from interim development until justified for inclusion within the Molalla UGB. Draft amendments to the growth management agreement with Clackamas County call for application of Future Urban 10 zoning in exception areas where land divisions and rural development could impair the efficient provision of urban services necessary to serve future urban development. (See Attachment 4.)

Urban Reserve Land Use Regulations

Urban reserve land use regulations shall ensure that development and land divisions in exception areas and nonresource lands will not hinder the efficient transition to urban land uses and the orderly and efficient provision of urban services. These measures shall be adopted by the time the urban reserves are designated, or in the case of those local governments with planning and zoning responsibility for lands in the vicinity of the Portland Metropolitan Area Urban Growth Boundary, by the time such local governments amend their comprehensive plan and zoning maps to implement urban reserve designations made by the Portland Metropolitan Service District. The measures may include:

- (a) Prohibition on the creation of new parcels less than ten acres;*
- (b) Requirements for clustering as a condition of approval of new parcels;*
- (c) Requirements for preplanning of future lots or parcels;*
- (d) Requirements for written waivers of remonstrance against annexation to a provider of sewer, water or streets;*
- (e) Regulation of the siting of new development on existing lots for the purpose of ensuring the potential for future urban development and public facilities.*

Preliminary Findings: Molalla has prepared draft amendments to its intergovernmental agreement with Clackamas County recommending that the FF-10 zone, which prohibits land divisions below 10 acres and subdivisions, and regulates the siting of new development on existing lots to ensure future urban development potential.

There are six exception tax lots of 10 acres or larger in the South Exception Area, ranging from 10 – 37 acres in size. Since the South and Airport Exception Areas are otherwise divided into relatively small parcels, it's very important from the City's perspective to retain the future urban development potential of the few remaining large parcels and to limit the siting of new development on all parcels within the URA.

In addition to limiting land divisions to a minimum of 10 acres, the FU-10 district includes this provision to restrict the siting of new development (Section 314):

Partitions of Future Urbanizable Areas shall indicate the location of improvements, including easements and road dedications, structures, wells, and septic drainfields, which are consistent with the orderly future development of the property at appropriate urban densities on the basis of criteria for application of districts under Subsection 301.02.

This provision is not found in either the FF-10 or FF-5 rural residential zones. Attachment 4 includes proposed amendments to the existing growth management agreement between the City of Molalla and Clackamas County designed to implement these interim development regulations.

For exception areas and nonresource land in urban reserves, land use regulations shall prohibit zone amendments allowing more intensive uses, including higher residential density, than permitted by acknowledged zoning in effect as of the date of establishment of the urban reserves. Such regulations shall remain in effect until such time as the land is included in the urban growth boundary.

Preliminary Findings: Application of FU-10 zoning to exception areas within the URA, as recommended in draft amendments to the intergovernmental agreement with Clackamas County would accomplish this objective.

Resource land that is included in urban reserves shall continue to be planned and zoned under the requirements of applicable Statewide Planning Goals.

Preliminary Findings: Molalla supports continued planning and zoning of resource land within the URA for exclusive farm use, as required by this rule provision. The Molalla Comprehensive Plan has been amended to include the following policy:

The City recognizes that there is sufficient land within the South Exception Area to meet most identified 20-year land needs. Therefore, when Molalla expands its UGB in 2010, the South Exception Area will be considered first priority for expansion. Land within the Molalla URA that currently has resource (Exclusive Farm Use) shall be planned and zoned for resource use until justified for inclusion within the Molalla UGB.

A local government shall not prohibit the siting of a single family dwelling on a legal parcel pursuant to urban reserve planning requirements if the single family dwelling would otherwise have been allowed under law existing prior to the designation of the parcel as part of an urban reserve.

Preliminary Findings: The FU-10 zone (and the FF-5 and FF-10 zones currently applicable within the Airport and South Exception Areas) allows for placement of a single-family home on a lot of record.

Urban Reserve Agreement with Clackamas County

Urban reserve agreements consistent with applicable comprehensive plans and meeting the requirements of OAR 660-021-0050 shall be adopted for urban reserves.

Cities and counties are authorized to plan for the eventual provision of urban public facilities and services to urban reserves. However, this division is not intended to authorize urban levels of development or services in urban reserves prior to their inclusion in the urban growth boundary. This division is not intended to prevent any planning for, installation of, or connection to public facilities or services in urban reserves consistent with the statewide planning goals and with acknowledged comprehensive plans and land use regulations in effect on the applicable date of this division.

Preliminary Findings: Attachment 4 includes draft amendments to the intergovernmental agreement with Clackamas County to meet the requirements of OAR 660-021-0050. These amendments call for placement of the Future Urban – 10 zone to all exception area parcels within the URA. This zone supports planning for the efficient provision of future urban services within the URA. The City is preparing a land use application to amend the County Comprehensive Plan and Zoning designations to reflect the URA and apply Future Urban zoning to exception areas.

OAR 660-021-0060: Urban Growth Boundary Expansion

All lands within urban reserves established pursuant to this division shall be included within an urban growth boundary before inclusion of other lands, except where an identified need for a particular type of land cannot be met by lands within an established urban reserve.

Preliminary Findings: As noted in the Introduction to these findings, Molalla is committed to expanding its UGB first entirely within the urban reserve through the year 2060. Moreover, Molalla is committed to meeting urban land needs first within the South Exception Area – before expanding onto agricultural (resource) land within the urban reserve and has included policies in its comprehensive plan to support this commitment. Thus, Molalla has created a “line within a line” to support continued agricultural use of surrounding resource lands and to minimize any impacts on Clackamas County’s agricultural land base.

OAR 660-021-0070: Adoption and Review of Urban Reserve

Designation and amendment of urban reserves shall follow the procedures in ORS 197.610 through 197.650.

Preliminary Findings: Molalla anticipates and requests co-adoption of its urban reserve and growth management measures within the urban reserve by Clackamas County. The City provided notice of the proposed URA as required under ORS 197.610. Following adoption, the urban reserve and plan amendment package (including an updated comprehensive plan and development code, the Molalla Downtown Plan, and the Molalla Park and Recreation Plan) will be forwarded to the Department of Land Conservation (DLCD) for acknowledgment in “the manner of periodic review.” ORS 197.626.

Disputes between jurisdictions regarding urban reserve boundaries, planning and regulation, or urban reserve agreements may be mediated by the Department or Commission upon request by an affected local government or special district.

Preliminary Findings: It is Molalla’s sincere hope that there will be no disputes with Clackamas County regarding co-adoption of its urban reserve amendment package. Should irresolvable

disputes arise, Molalla's intergovernmental agreement with Clackamas County specifies mediation procedures for conflict resolution by the DLCD (the Department) or LCDC (the Commission).