

# MEMORANDUM

To: Shane Potter, City of Molalla  
From: Jesse Winterowd  
Date: July 23, 2009  
Re: **Molalla Population Projections 2010-2060**

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## 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”).<sup>1</sup> The control total usually comes from the long-term population projections developed by the Office of Economic

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<sup>1</sup> 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.

Analysis of the State Department of Administrative Services.<sup>2</sup> 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.

## **BACKGROUND**

### **Hovee Projection 2003-2025**

In 2004, 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. The Hovee analysis projected a 2.9% average annual growth rate (AAGR) for Molalla through 2025. This was the AAGR observed from 1980 to 2003 in Molalla, as well as the average AAGR observed for six study cities close to the Metro boundary.

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.<sup>3</sup> Hovee also coordinated with County planner John Borge in preparing the projections.<sup>4</sup>

Although Molalla's AAGR from 1990-2007 was 4.1%, Hovee projected that Molalla's growth rate would decline to 2.9% - the average AAGR of the six study cities from 1980-2003, as well as Molalla's observed AAGR from 1980-2003.

As shown on Table 1, Hovee applied the 2.9% AAGR to the base Year 2003 population of 5,800, and concluded that Molalla's population would grow to 10,876 by the Year 2025.

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

<sup>3</sup> The six cities were Molalla, Canby, Sheridan, Dayton, Estacada, and Sandy.

<sup>4</sup> Per phone conversation with John Borge, October 23, 2006. The County was supportive of Hovee methodology and projection results.

**Table 1: Molalla 2003-2025 Projected Population Growth – 2.9% AAGR**

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

The Hovee population and employment projection is attached to this memorandum.

### **Urban Reserve Population Extension 2025-2058**

In anticipation of potential urban reserve area (URA) planning, Molalla contracted with Winterbrook Planning to extend Molalla’s population projection through the Year 2058. Unlike 20-year population projections for UGBs, 30-50 year population projections for URAs do not have statutory or rule coordination requirements – but they should be prepared using a professionally-acceptable demographic projection methodology.

Winterbrook’s 2058 projection was *very* conservative and linked Molalla’s long term growth rate to the rate projected for the County as a whole – which includes cities as well as rural areas which, under Oregon law, are expected to grow more slowly than urban areas. This mirrored the “safe harbor” option provided for 20-year UGB planning through ORS 195.034(2) and OAR 660-024-0030(4).

The projected long term 2025-2058 City and County growth rate was ~1.5%, which was about 50% lower than Hovee’s projected 2.9% growth rate, which was in itself lower than both long term and recent growth trends for Molalla.<sup>5</sup> This projection was intended to be very conservative, and to allow Molalla to have a solid basis for estimating developable land needs with the 50-year Urban Reserve Area (URA).

### **Coordination Obstacles and Safe Harbor**

As explained earlier in this document, Clackamas County is the designated coordinating body for Molalla’s population projection, per ORS 195.025.

According to ORS 195.036:

*“The coordinating body under ORS 195.025 (1) shall establish and maintain a population forecast for the entire area within its boundary for use in maintaining and updating comprehensive plans, and shall coordinate the forecast with the local governments within its boundary.”*

According to OAR 660-024-0030(1):

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<sup>5</sup> The 1990-2007 AAGR was 4.1%. Since the Hovee report was released, the 2003-2007 AAGR was 5.5%. The 1960-2008 AAGR for Molalla was 3.4%.

*“Counties must adopt and maintain a coordinated 20-year population forecast for the county and for each urban area within the county”*

However, Clackamas County has not adopted a 20-year population forecast. Under state law, Molalla's only option left for a 20-year projection is the “safe harbor” provided by ORS 195.034(2) and OAR 660-024-0030(4).<sup>6</sup> The “safe harbor” assumes the City will grow at the same annual rate as the entire County over the next 20 years – an AAGR of approximately 1.5%, as shown on Table 2 below.

**Table 2: Clackamas County AAGR 2003-2040, OEA**

<b>County</b>	<b><u>2005- 2010</u></b>	<b><u>2010- 2015</u></b>	<b><u>2015- 2020</u></b>	<b><u>2020- 2025</u></b>	<b><u>2025- 2030</u></b>	<b><u>2030- 2035</u></b>	<b><u>2035- 2040</u></b>
Clackamas	1.50%	1.62%	1.61%	1.57%	1.48%	1.44%	1.49%

Source: Office of Economic Analysis, Long Term County Forecast

### **Impact of Safe Harbor**

Table 3 below shows Molalla’s 48-year (1960-2008) growth rate extended to 2030, compared to the safe harbor. Should Molalla continue to grow at the same average rate it has grown since 1960, Molalla would reach a higher population by 2018 than the “safe harbor” projection would provide by 2030. In other words, the City may be planning for less than 10 years, not the 20-year timeframe anticipated by OAR 660-024, ORS 195, and Statewide Planning Goals 9 (Economy), 10 (Housing) and 14 (Urbanization).

That is why Molalla has been resistant to using the “safe harbor” in this process – a process the City initiated in order to effectively plan and map out long range future infrastructure, growth type and direction, and land needs. These are very important considerations informing City finances as well as citizen and landowner interests both inside and outside of the current UGB.

Nonetheless, the “safe harbor” is currently Molalla’s only population projection option, so Molalla will plan for a UGB to meet the needs of slightly over 10,000 people, despite the fact that this projection is divorced from reality.

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<sup>6</sup> This “safe harbor” option was adopted by the State legislature in 2007.

**Table 3: Growth Rate Comparison**

Year	48-Year Average (3.4%)	Safe Harbor (1.5%)
2008	7,590	7,590
2009	7,848	7,704
2010	8,115	7,819
2011	8,391	7,937
2012	8,676	8,056
2013	8,971	8,177
2014	9,276	8,299
2015	9,591	8,424
2016	9,918	8,550
2017	10,255	8,678
<b>2018</b>	<b>10,603</b>	8,809
2019	10,964	8,941
2020	11,337	9,075
2021	11,722	9,211
2022	12,121	9,349
2023	12,533	9,489
2024	12,959	9,632
2025	13,400	9,776
2026	13,855	9,923
2027	14,326	10,072
2028	14,813	10,223
2029	15,317	10,376
2030	15,838	<b>10,532</b>

Source: Winterbrook

However, Molalla still has an interest in efficient provision of public facilities and land use planning into the future. The Urban Reserve process allows the City to look 10-30 years beyond the UGB horizon.

## **2060 URA POPULATION PROJECTION**

As noted above, Molalla is limited to the “safe harbor” for a 20-year projection. This results in a 2030 projection of 10,532.

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.

There are no coordinated population projection requirements, or “safe harbors” for Urban Reserve population projections. As noted above, Winterbrook initially proposed building on the Hovee 2025 projection with a very low, very conservative methodology for the 2025-2058 URA timeframe, mirroring the UGB “safe harbor” population methodology.

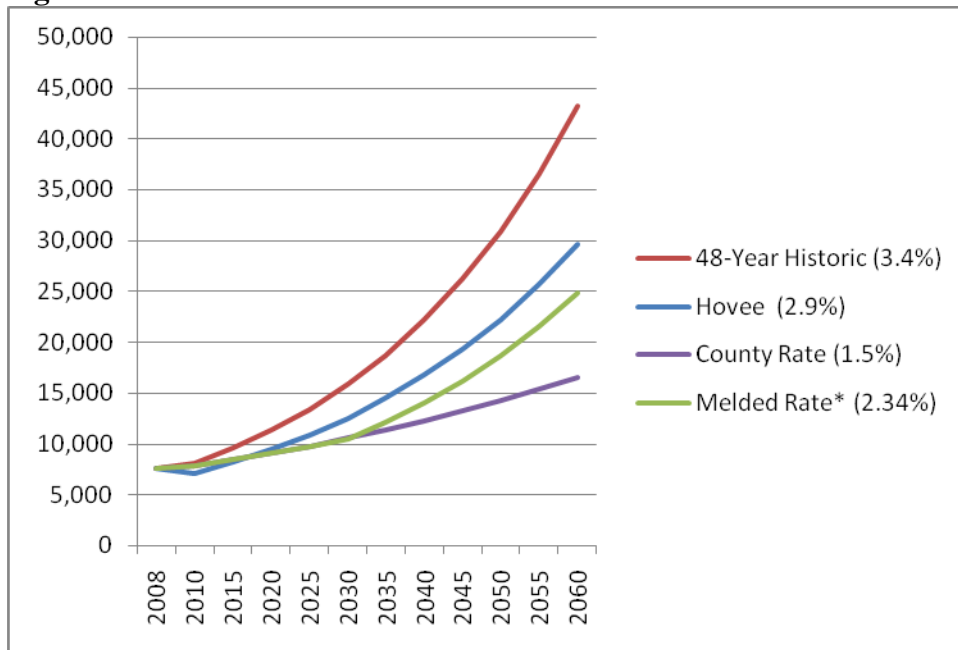
However, given the City’s inability to use a demographer’s projection for the 20-year UGB, in favor of a “safe harbor” of approximately half the growth rate of the demographer’s projection, it is in the City’s interest to use a more justifiable and realistic projection as the basis for long-term URA planning.

Figure 1 below provides four different looks at potential long range population growth for Molalla.

As shown on Figure 1:

- Should Molalla continue to grow for the next 50 years at the same rate it has grown for the last 48 years, it would reach a population of 43,183.
- If the Hovee projection turns out to be accurate, and the City continues to grow at the Hovee rate through 2060, Molalla would reach a population of 29,581.
- If the City planned to grow at the same rate as the Clackamas County, Molalla’s planned 2060 population would be 16,462.
- Matching the County rate to 2030 (safe harbor) and extending the Hovee rate from 2030 to 2060 would result in a population of 24,829.

**Figure 1: 2008-2060 Growth Scenarios**



Winterbrook Planning, 2009

\* Melded Rate is Safe Harbor (1.5%) through 2030, Hovee (2.9%) through 2060

Winterbrook recommends the “melded rate” scenario for Urban Reserve planning – an assumption of the Hovee rate for 30 years beyond the “safe harbor” UGB. This results in an overall 2008-2060 growth rate of 2.34%. This conservative melded rate is about a third less than the observed AAGR in Molalla since 1960, but provides a reasonable population basis for long range public facility planning purposes.

## **CONCLUSION**

**Molalla’s UGB will be based on a “safe harbor” population of 10,532, as this is the City’s only option in light of Clackamas County’s decision not to adopt a coordinated population projection based on the expert analysis of E.D. Hovee & Associates.**

**Winterbrook recommends applying the Hovee rate (2.9%) for 30 years beyond the UGB, which results in a population of 24,829 for URA planning purposes. This provides an overall 2008-2060 AAGR of 2.34% - well below the 48 year historic growth rate of 3.4%, but above the overall County growth rate. This is a reasonable expectation for a growing urban area close to the Metro UGB.**