

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: March 1, 2023 **Approx. Start Time:** 10:00 a.m. **Approx. Length:** 30 minutes

Presentation Title: Molalla Urban Growth Boundary Sequential Review Process

Department: Department of Transportation and Development

Presenters: Dan Johnson, DTD Director, and Jennifer Hughes, Planning Director

Other Invitees: Karen Buehrig, Long Range Planning Manager; Martha Fritzie, Principal Planner; Mac Corthell, Molalla Community Development Director; Kelly Reid, Department of Land Conservation and Development Regional Representative

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD? Authorization to sign Written Notice of Election to Use Sequential Review Process for an Urban Growth Boundary expansion project that is being initiated by the City of Molalla

EXECUTIVE SUMMARY: As outlined in state law, each city in Oregon has an Urban Growth Boundary (UGB). While the cities within the Portland metropolitan area have one UGB managed by Metro, five cities within the County – Barlow, Canby, Estacada, Molalla, and Sandy – have their own UGBs. A UGB is intended to designate land that will accommodate growth over a 20-year horizon. Across time, cities may need to amend their UGBs to accommodate continued growth. The UGB line is maintained on both city and county Comprehensive Plan maps, so when a city amends its UGB, the county comprehensive plan map must also be updated.

The City of Molalla, which has not analyzed its UGB since it was established in the 1980s, is in the initial stages of a potential UGB expansion, and they have been working with the state’s Department of Land Conservation and Development (DLCD) to understand the components necessary to amend their UGB. The city would like to use a process option, called the Sequential Review Process, which allows for studies related to the potential UGB amendment to be submitted separately to DLCD for review as they are completed, rather than all at once at the end of the process. The city may then undertake any needed UGB expansion at the end, based on the findings of the various studies.

In order to use the Sequential Review Process, DLCD requires a notice of election to be submitted jointly from the city and county. The election submittal must include the 20-year planning period that will be used, as well as a draft work program. See Attachment A for the notice of election and proposed work program. The Molalla City Council has approved use of the Sequential Review Process. See Attachment B for the staff report to the City Council.

In approving use of this process, the county is acknowledging only that the final UGB expansion is likely to exceed 50 acres (Oregon Administrative Rules 660-025-0185(2)). The city has completed a Housing Needs Analysis (HNA), which identifies a need for 148 acres of land for housing. A subsequent study will evaluate the need for employment land.

County Planning staff has participated on the Technical Advisory Committee (TAC) for Molalla’s HNA, and the attached work program provides that county staff will continue to be involved in city TACs related to the future studies necessary to complete a UGB amendment.

The UGB amendment process, as required by state law, requires an assessment of land needs, identification of a study area for potential UGB expansion if a need is identified, analysis of lands in the study area for inclusion

in the UGB, an amendment of the city's Comprehensive Plan, and, finally, an amendment of the county's Comprehensive Plan. Until a study area is identified and the lands within it are evaluated, there is no map of the proposed UGB expansion area.

As with all amendments to our Comprehensive Plan, the county process would include public hearings by the Planning Commission and the Board of County Commissioners and a decision by the Board. These actions would happen after approval by the Molalla City Council and are not anticipated to occur for several years, most likely in 2026. In making its decision at that time, the Board will evaluate whether the city has met the criteria for the proposed UGB expansion.

If the County does not elect to allow the Sequential Review Process, Molalla would need to proceed under a different UGB expansion review process, which requires that all of the studies be complete before the City Council and Department of Land Conservation and Development approve any of them. This may lead to increased uncertainty since local residents will be required to wait until the end of the process to bring forward their concerns on a component that was completed months or even years prior. In addition, it could cause the city to expend resources without any certainty that each element of the package will be approved at the end.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? Exact amount unknown, cost is existing staff time to participate on city Technical Advisory Committees and to process the Comprehensive Plan amendment

What is the funding source? Existing General Fund allocation to Planning and Zoning, Comprehensive Plan amendment application fee to be paid by the City of Molalla

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
Provides Plan development coordination to County decision makers so they can plan and invest based on a coordinated set of goals and policies that guide future development.
- How does this item align with the County's Performance Clackamas goals?
Ensures safe, healthy and secure communities through coordinated plan development.

LEGAL/POLICY REQUIREMENTS: None at this time. Amendment of the Comprehensive Plan will require public notice, hearings, and a decision with legal findings, as established by state law and county regulations.

PUBLIC/GOVERNMENTAL PARTICIPATION: The City of Molalla will coordinate with the county and the Oregon Department of Land Conservation and Development, as outlined in the draft work program. Pursuant to OAR 660-025-0185(5), there will be several points in the sequential review process where the city will have opportunities to engage with the public through the adoption of the Housing Needs Analysis and the Economic Opportunity Analysis, as well as during the amendments to their Comprehensive Plan and zoning code. These steps will include public notice and public hearings before the Molalla City Council. Any UGB expansion will include public notice and public hearings before the county Planning Commission and Board of County Commissioners.

OPTIONS:

1. Authorize staff to sign the Written Notice of Election to Use Sequential Review Process
2. Do not authorize staff to sign Written Notice of Election to Use Sequential Review Process.

RECOMMENDATION:

Option 1: Authorize staff to sign the Written Notice of Election to Use Sequential Review Process.

ATTACHMENTS:

Attachment A: Written Notice of Election to Use Sequential Review Process and Draft Work Program

Attachment B: City of Molalla Staff Report

SUBMITTED BY:

Division Director/Head Approval: *Jennifer Hughes, Planning Director+*

Department Director/Head Approval: *Dan Johnson*

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Jennifer Hughes @ 503-742-4518.
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City of Molalla
Written Notice
Election to Use Sequential Review Process
OR 660-025-0185

Introduction. OR 660-025-0185(1) & (2) provide the framework for “sequential review” relevant to Urban Growth Boundary (UGB) amendment components. Together the two statutes allow the City of Molalla to submit the necessary studies for UGB amendment separately to DLCD for review and acceptance one at a time and undertake UGB amendment at the end, based on the findings of the various studies.

The first step to accessing the sequential process is for the City of Molalla and Clackamas County to issue a “Joint Election to Use the Sequential Review Process.” This document satisfies all requirements of the Joint Election. Upon approval by Clackamas County Planning, the City will provide this document and the draft work plan (Exhibit A) to DLCD for review and acceptance. DLCD will also assist the City in finalizing the work plan, similar to a periodic review.

Conditions Precedent. In order to utilize the sequential process for UGB amendment a City must comply with the following conditions precedent:

1. The City and County must concur that the final UGB amendment is likely to exceed 50 acres.
 - **Response:** In coordination with Clackamas County and DLCD Planning Staff, the City and Planning Consultant, Emerio Design, have recently completed a draft Housing Needs Analysis for the City of Molalla. That analysis shows a 20-year residential land deficit of 148 acres which will be compounded by upcoming analyses of employment land needs, and public land needs (e.g. schools, roads, parks, green space, infrastructure).

***Finding:** The final UGB amendment supported by this sequential process will likely exceed 50 acres.*

2. The City and County must submit written notice of election to use the sequential process in OR 660-025-0185 to DLCD prior to submittal of any component for review.
 - **Response:** The City of Molalla elected to use the Sequential process in Resolution 2023-02 (attached) and is submitting this document to Clackamas County Planning for Concurrence. No component has been submitted to DLCD for review under this sequential process.

***Finding:** By the signature of their authorized representatives below, the City and County jointly elect to use the sequential process in OR 660-025-0185 to amend the City of Molalla UGB.*

3. The Notice of Election must propose the planning period for the amendment and include a draft work program (*Note: DLCD will prepare a final work program upon submission of this joint written notice of election*).
 - **Response:** The City proposes 2022-2042 as the planning period for the amendment. A draft work program is included with this document as Exhibit A.

***Finding:** This document is the Notice of Election and does propose a planning period and work program as required.*

Authorized Representative for City of Molalla:

Name/Title: Dan Huff/City Manager

Signature:  Date: 1-25-23

Authorized Representative for Clackamas County:

Name/Title: _____

Signature: _____ Date: _____

City of Molalla Draft Work Program

Proposed Planning Period

The City is proposing 2022-2042 as the 20-year planning period for UGB assessment and amendment. This period is appropriate as the City has completed a draft HNA/HPS in accordance with HB2003 and this was the planning period used for that analysis. So, using the proposed period would reduce costs and administrative burdens associated with re-analyzing years from a different period.

Additionally, 2022 is the year the City officially surpassed 10,000 residents, so trends can be fully analyzed in the context of a medium sized city by starting the period when the city reached medium size occupancy.

Finally, the City's UGB is so out of date (more than 40-years since it was last analyzed for potential amendment), that there is no need to wait on expiration of the planning period used for the current UGB.

Proposed Work Program

1. **Complete and Disseminate Election to Use Sequential UGB Process. OAR 660-025-0185.**
 - a. **Complete Task 1 by 3/8/23**
 - b. City – Develop notice of election to use sequential UGB and Draft Work Program.
 - i. **Complete**
 - c. County – Concur with notice of election to use sequential UGB.
 - i. **Complete by 2/8/23**
 - d. DLCDC – Receive joint notice of election to use sequential UGB.
 - i. Assist city in development of final work plan.
 - ii. Issue approval of election to use sequential UGB and work plan.
 - iii. **Complete by 3/8/23**

2. **Complete Housing Needs Analysis and Buildable Lands Inventory. OAR 660-024-0040 & OAR 660-024-0050.**
 - a. **Complete Task 2 by 4/19/23**
 - b. City – Complete appropriate studies and data mining to ascertain 20-year residential land need and inventory buildable lands.
 - i. **Awaiting DLCDC Approval of Sequential UGB & Work Plan**
 - c. County – Serve on Technical Advisory Committee
 - d. DLCDC – Receive Adopted Housing Needs Analysis and Buildable Lands Inventory.
 - i. Serve on Technical Advisory Committee.
 - ii. Review and Approve HNA/BLI prior to Adoption.
 - iii. **Complete**

3. **Complete Housing Production Strategies. HB 2003.**
 - a. **Complete Task 3 by 6/31/23**
 - b. City – Complete HPS research and community outreach. Adopt appropriate Comp Plan and Development Code Amendments.
 - c. County – Serve on Technical Advisory Committee
 - d. DLCDC – Receive Adopted Housing Productions Strategy.
 - i. Serve on Technical Advisory Committee
 - ii. Review and Approve HPS and Associated Amendments prior to Adoption.

- 4. Complete Employment Opportunities Analysis and BLI. OAR 660-024-0040 & OAR 660-024-0050.**
 - a. **Complete Task 4 by 3/1/24**
 - b. City – Complete appropriate studies and data mining to ascertain 20-year employment land need and inventory buildable lands.
 - i. Apply for DLCD Planning Grant Funding or Budget Study.
 - c. County – Serve on Technical Advisory Committee
 - d. DLCD - Receive Adopted EOA and BLI.
 - i. Serve on Technical Advisory Committee.
 - ii. Review and Approve EOA/BLI prior to Adoption.

- 5. Establish Preliminary Study Area. OAR 660-024-0065.**
 - a. **Complete Task 5 by 6/31/24**
 - b. City – Use combined land need analysis from Task 4 and Task 2 to determine scope of UGB Amendment.
 - i. Identify initial study area.
 - ii. Identify exclusions from preliminary Study Area.
 - iii. Identify final study area.
 - c. County – Serve on Technical Advisory Committee.
 - d. DLCD – Receive proposed preliminary study area.
 - i. Serve on Technical Advisory Committee
 - ii. Review and approve preliminary study area.

- 6. Evaluate land in the study area for inclusion in the UGB. OAR 660-024-0067.**
 - a. **Complete Task 6 by 6/31/25**
 - b. City – Perform Land Evaluation.
 - c. County – Serve on Technical Advisory Committee.
 - d. DLCD – Receive study area land evaluation.
 - i. Serve on Technical Advisory Committee.
 - ii. Review and approve land evaluation.

- 7. Propose UGB Comp Plan amendment. OAR 660-025-0175.**
 - a. **Complete Task 7 by 3/1/26**
 - b. City – Complete UGB Amendment
 - i. Complies with Statewide Goals, Statutes, and Rules.
 - ii. Incorporate Zone Changes to Comp Plan Map, and implement Comp Plan Zones within Current City Limits.
 - c. County – Review and consider adoption of City UGB Amendment.
 - i. Serve on Technical Advisory Committee
 - ii. Consideration of City UGB Amendment adoption into County Comprehensive Plan, which includes Planning Commission Public Hearing & final decision by Board of County Commissioners.
 - d. DLCD – Receive UGB Amendment
 - i. Serve on Technical Advisory Committee
 - ii. Review UGB Amendment before and after adoption.



CITY OF MOLALLA

Staff Report

Agenda Category: Resolutions

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

January 11, 2023

From: Mac Corthell, Community Development Director
Approved by: Dan Huff, City Manager

SUBJECT: Resolution 2023-01, Electing to use the sequential UGB amendment process in ORS 197.626(3)

FISCAL IMPACT: Reduced cost by allowing for pre-scheduled studies to apply to UGB Amendment Process.

RECOMMENDATION/RECOMMEND MOTION: Adopt.

BACKGROUND:

- In Oregon, a city's UGB is required to provide enough land to meet the housing, employment, schools, infrastructure, roads, parks, and green space needs of the city based on the projected population for a 20-year planning period.
 - Molalla's UGB has not been formally analyzed since it was set in the 1980's, and a draft Housing Needs Analysis in 2022 has shown that there is a significant land deficit for needed housing over the next 20 years. The land deficit identified through the HNA will almost certainly be compounded as the other land need items (e.g. employment land, park land, etc.) are analyzed.
- Molalla is required to adopt a Housing Needs Analysis (HNA) and Production Strategies (HPS) in accordance with HB2003, but to do so Molalla must take steps to meet the identified housing need.
 - The Urban Design of Molalla has several flaws related to historical factors, these mainly consist of zoning designations that create use conflicts and result in other infrastructure related challenges.
- The best way to reconcile these use conflicts while meeting the requirement to address housing is to rezone some misplaced industrial and/or commercial properties as residential, then proceeding to adopt the necessary land to meet whatever need remains.
 - However, this cannot be done unless the employment land need is known because DLCD will not approve of rezoning employment land unless they can be certain a deficit will not result.
- Based on these concerns, City Staff is proposing a process that would allow the city to determine and adopt the residential land need, determine, and adopt the employment land need, determine and adopt the public land needs (parks, roads, infrastructure, greenspace), amend the UGB, then rezone to help deconflict the urban design to the greatest extent possible.
 - The sequential UGB amendment process allows the city to take a comprehensive approach without having to perform a comprehensive analysis, thus enabling utilization of individual analyses as they are completed and spreading the work and costs out over a period of years.