



April 9, 2026

BY EMAIL (housing.dlcd@dlcd.oregon.gov)

DLCD, Housing Division
635 Capitol Street NE, Suite 150
Salem, OR 97301

Re: HLA and FHCO Comments on Amended City of Molalla Housing Production Strategy (HPS)

Dear Housing Division Staff,

This letter is submitted jointly by Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO). Both HLA and FHCO are non-profit organizations that advocate for land use policies and practices that ensure an adequate and appropriate supply of affordable housing for all Oregonians. FHCO's interests relate to a jurisdiction's obligation to affirmatively further fair housing. Please include these comments in the record for the Amended City of Molalla Housing Production Strategy (HPS).

HLA and FHCO submitted comment for Molalla's original HPS in May 2025. In it, we noted that per the City's 2022 Housing Needs Analysis (HNA), Molalla has an incredibly low vacancy rate of 0.4% and will require almost 2,000 units to meet its housing needs in the coming years. See HNA, p. 21. To meet this need, the HLA and FHCO made 4 recommendations:

- Demographic Analysis to Measure Achievement of Fair and Equitable Outcomes
- Addressing Housing Unit Deficit
- Diversification of Affordable Housing Funding
- Monitoring of Affordable Housing Production

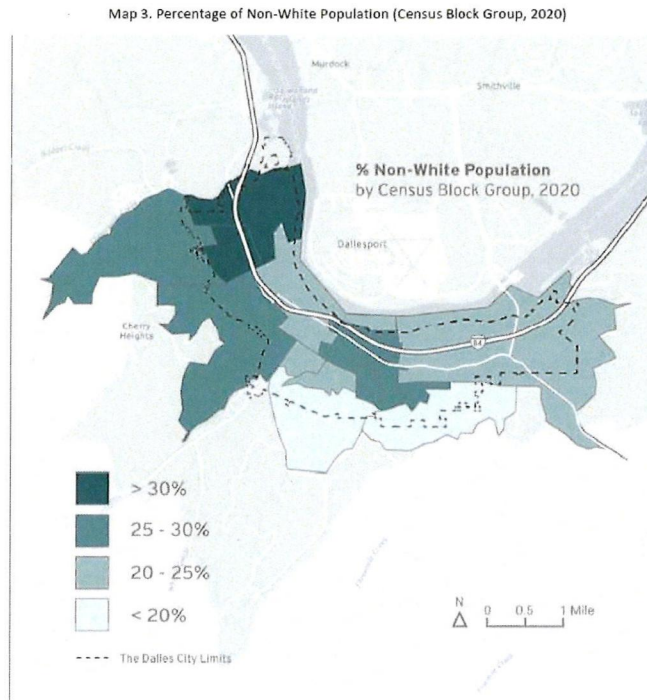
While Molalla's Amended HPS made strides in Diversification and Monitoring, HLA and FHCO still have grave concerns over the ability of Molalla's HPS to create both the housing necessary to support its residents, and to do so in compliance with Affirmatively Furthering Fair Housing principles.

Recommendation 1: Demographic Analysis to Measure Achievement of Fair and Equitable Outcomes – NOT ACCOMPLISHED

The city notes under Housing Production Strategy 2, "Achieving Fair and Equitable Housing Outcomes," the need to evaluate action items in terms of their impact on the location of housing but does not utilize readily available mapping technology to do so. In contrast, the City of The Dalles has established a strong precedent for evaluating these locational outcomes by providing maps in its Housing Production Strategy illustrating income, housing status and non-white population, as well as

target zones for housing production. See below graphic. The Dalles, like Molalla, has funding and demographic data constraints, yet compellingly represented spatial relationships between these demographic variables in its Housing Production Strategy with publicly available Decennial Census and American Community Survey data.

We urge the city to go further, note the example The Dalles has provided, and utilize mapping technology in its HPS to better achieve its stated goals under Achieving Fair and Equitable Housing Outcomes.



These maps show that there is a greater concentration of residents of color, renter households, and households earning less than \$50,000 per year in the western portion of the City of The Dalles. The fact that these variables are spatially correlated is unsurprising given that state and national trends indicate that people of color are more likely to rent their homes and have lower household incomes.

Recommendation 2. Addressing Housing Unit Deficit – Partially Addressed

Considering that Housing Production Strategy 1 states, "future demand anticipates a greater share of medium and high-density housing compared to the current inventory," HLA and FHCO are concerned that there is little mention of upzoning R-1 land in the HPS to needed R-2 Medium Density Residential. While changing the zoning code to allow or streamline options for ADU and Cottage Cluster development (as outlined in Action Items 1 and 2) contributes beneficially to the production of middle housing, that housing will still be expensive if located on the larger lots of R-1 zoning. Additionally, it should be noted that ADUs and Cottage Clusters are owner occupied housing and not renter housing. From an equity standpoint, we are concerned that the HPS did not include streamlining options for duplexes and triplexes. There is a strategy to simplify or remove

parking for housing conversions or duplexes, but this is a far cry from a streamlined development process. By choosing to encourage only ADUs and Cottage Clusters, this leaves the unchanged R-1 zoning and existing R-2 zoning largely off limits to renter households.

HLA and FHCO do applaud the recent rezoning of underutilized industrial land from industrial to higher density residential. However, despite the HPS stating that 49% of renters spend 30% or more of their income on housing, there was no mention of affordability requirements tied to utilization of this land. The rezoned land additionally is far from the city center, contains wetlands, and is not integrated into the existing neighborhoods.

The City's emphasis on only ADUs and Cottage Clusters, as well as its exclusion of high density zoning to the City's outskirts, will perpetuate exclusion and segregation. This is in violation of Affirmatively Furthering Fair Housing.

Recommendation 3. Diversification of Affordable Housing Funding – Addressed

The Amended HPS expands its discussion of funding sources from exclusively the Low Income Housing Tax Credit program to Construction Excise Tax (CET) revenues, the Affordable Housing Trust Fund (AHTF), and technical assistance grants from DLCD.

Recommendation 4. Monitoring of Affordable Housing Production – Addressed

The previous HPS had a conspicuous lack of metrics to monitor success. HLA and FHCO applaud "Table 4: Action Monitoring." Without feedback, Cities cannot understand whether their policies are having the desired effect. HLA and FHCO look forward to reviewing the Cities success metrics at a later date.

In conclusion, HLA and FHCO applaud Molalla for their progress with their Amended HPS. However, HLA and FHCO recommend DLCD assist Molalla with further revisions until advocates and residents can be assured that needed housing will be produced in the quantities and affordability levels needed, and in compliance with Affirmatively Furthering Fair Housing.

Please provide written notice of your decision to, FHCO, c/o John Miller, at 1221 SW Yamhill Street, #305, Portland, OR 97205 and HLA, c/o Jennifer Bragar, at 121 SW Morrison Street, Suite 2 1850, Portland, OR 97204. Please feel free to email project coordinator Mathew Hogan at mathew.jamesFHCO@gmail.com. Thank you for your consideration.



John Miller, Executive Director
Fair Housing Council of Oregon



Jennifer Bragar, President
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