



**CITY OF MOLALLA
CITY COUNCIL WORK SESSION
AGENDA**

Council Chambers | Molalla Civic Center - 315 Kennel Avenue - Molalla
Wednesday | September 25, 2024 | 6:00 PM

NOTICE: City Council will hold this meeting in-person and through video Live-Streaming on the City's Facebook Page and YouTube Channel. Work Sessions are open to the public, however, closed to Public Comment.

1. CALL TO ORDER AND ROLL CALL

2. DISCUSSION ITEMS

A. Commercial Overlay Zone – Zone Change Discussion (Zinder)

Pg.

3. ADJOURN



CITY OF MOLALLA

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

Staff Report

Agenda Category: Discussion Item

Agenda Date: September 25, 2024

From: Dan Zinder

Approved by: Mac Corthell

SUBJECT: Modifying Support Commercial Overlay District Code and Establishing An Overlay District Boundary

FISCAL IMPACT: None

RECOMMENDATION/RECOMMEND MOTION: Staff seeks Council's preliminary recommendations for how to move forward with the Support Commercial Overlay District. Staff recommends the following modifications:

Change the Support Commercial Overlay District code to

- A. Apply to both the M-1 and M-2 zones
- B. Fix the scrivener's error in Section B so that the zone allows C-2 uses instead of M-2 uses
- C. Modify Section B to allow development either industrial or general commercial development but not both.
- D. Modify the last sentence of Section B from *"This zone should allow for support type commercial uses which serve the industrial zone"* to *"support type commercial uses which serve the industrial zone are preferred."*

Establish a boundary for the Support Commercial Overlay district, as shown in Exhibit A.

Once we have preliminary feedback from both Planning Commission and City Council, Staff will draft a proposed ordinance for recommendation.

BACKGROUND: When Molalla adopted the Model Development Code For Small Cities in 2017, Section 17-2.4.010 was established as code for a Support Commercial (SC) Overlay zone. Text for this code is as follows:

- A. *Purpose. The purpose of the Support Commercial (SC) Overlay District allows support commercial uses in designated transitional industrial areas. This zone is applied over the base M-2 Industrial District in those areas where small parcels are unlikely to be used for heavy industrial purposes.*

- B. *Use and Dimensional Standards. The list of permitted and conditional uses, as well as the lot size and dimensional standards of the M-2 District shall apply to land within the SC Overlay District. This zone should allow for support type commercial uses which serve the industrial zone.*
- C. *Minimum Lot Sizes. No lot shall be reduced to less than one-half acre in size.*

(Ord. 2017-08 §1)

No corresponding zoning boundary was established for the zone.

Staff has recently received multiple inquiries from entities looking to develop smaller, industrial parcels along OR-211 in Molalla as commercial. These parcels seemingly fit the purpose for the overlay zone and none have developed as industrial since they were annexed into the City in 2014. This prompted Staff to look into ways to augment the development potential for these parcels while engaging in Economic Opportunities Analysis work.

Staff has noted several deficiencies in the existing code that we aim to correct. First, there are several smaller parcels that are less than an acre that are zoned M-1 along OR-211 that have either not developed as light industrial or have already developed as C-2 uses. Staff finds support in the comprehensive plan in applying the SC overlay zone to promote their development and reduce restrictions on those properties that have already developed as commercial uses.

Second, Subsection B of the code states that *“The list of permitted and conditional uses, as well as the lot size and dimensional standards of the M-2 District shall apply.”* This appears to be a scrivener’s error as applying an M-2 overlay over an M-2 zone is nonsensical. The overlay purpose intends to allow commercial uses and, as such, C-2 General Commercial standards and not M-2 Heavy Industrial standards were clearly intended.

Last, as written, the second and third sentences of Subsection B are contradictory and cannot be applied in unison to a proposal. If the C-2 standards apply, then no restriction on proposed uses to specifically tie to industrial uses can be applied. As the nexus to industrial uses is not clearly definable, Staff recommends a modification to the code that softens the requirement for uses to directly tie to industrial uses to a recommendation. The property can thereby either be developed as C-2 or M-2 once the overlay applies.

Staff’s proposed ordinance language is provided in full below with proposed changes are in red and deletions in strikethrough text.

- A. *Purpose. The purpose of the Support Commercial (SC) Overlay District allows support commercial uses in designated transitional industrial areas. This zone is applied over the base ~~M-1 and M-2~~*

Industrial District in those areas where small parcels are unlikely to be used for heavy industrial purposes.

- B. Use and Dimensional Standards. **Either** the list of permitted and conditional uses, as well as the lot size and dimensional standards of the ~~M-2~~ **C-2** District **may** apply to land **or the standards of the underlying zone may apply** within the SC Overlay District **but not both**. ~~This zone should allow for support type commercial uses which serve the industrial zone.~~ **Support type commercial uses which serve the industrial zone are preferred.***
- C. Minimum Lot Sizes. No lot shall be reduced to less than one-half acre in size.*

(Ord. 2017-08 §1)

On September 4, 2024, Staff brought a similar staff report to Planning Commission and received broad support for both the proposed edits and establishment of the zone. Their main comment to bring forward was to expand the district from the Exhibit A that we brought to them.

Refer to Exhibit A for Staff's recommendations for a zoning overlay boundary for Support Commercial. The proposed SC district Exhibit A in this packet has been modified to reflect the recommendations of the Molalla Planning Commission.

Exhibit A Proposed SC Overlay



Boundaries

- Initial Proposed Boundary
- Revised Proposed Boundary

Zoning

- Central Commercial (C-1)
- General Commercial (C-2)
- Light Industrial (M-1)
- Heavy Industrial (M-2)
- Rural Industrial (RI)
- Low Density Residential (R-1)
- Medium Density Residential (R-2)
- Medium-High Density Residential (R-3)
- Public and Semi Public (PSP)
- Rural Residential Farm Forest 5 Acre (RRFF5)
- Exclusive Farmland Use (EFU)

Scale = 1:12,000

