



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: June 1, 2026		Subject: Ordinance No. 903 – 1st Reading Housing Statutory Compliance – Part 1	
		Staff Members: Kimberly Rybold, AICP, Senior Planner	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Public Hearing Date: June 1, 2026 <input checked="" type="checkbox"/> Ordinance 1 st Reading Date: June 1, 2026 <input type="checkbox"/> Ordinance 2 nd Reading Date: June 15, 2026 <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input type="checkbox"/> Not Applicable	
		Comments: During a public hearing on May 13, 2026, Planning Commission unanimously recommended adoption of the Development Code amendments related to Part 1 of the Housing Statutory Compliance Project.	
Staff Recommendation: Adoption of the proposed amendments to the Development Code and related amendments to Chapter 2 of City Code that ensure the City’s residential land use review process complies with State law while implementing Action C of the City’s Housing Production Strategy.			
Recommended Language for Motion: I move to adopt Ordinance No. 903 on first reading.			
Project / Issue Relates To:			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): Housing Production Strategy	<input checked="" type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

City Council will consider a recommendation from the Planning Commission and related proposals to amend the City’s Code to implement Action C of the City’s Housing Production Strategy while meeting statutory requirements.

EXECUTIVE SUMMARY:

In June 2025, City Council adopted the Housing Production Strategy (HPS), a document required for the City's continued compliance with Statewide Planning Goal 10 (Housing). The HPS includes seven actions the city will pursue over the next six (6) years to help address Wilsonville's unmet housing needs. Among these is Action C, Evaluate Use of Administrative Review Processes for Residential Development, which would update the City's land use review process for residential development to process most land use applications administratively via the Class II review process.

In the 2025 Session, the Oregon Legislature passed Senate Bill (SB) 974 requiring cities and counties to issue decisions without a public hearing on certain residential development applications, including Wilsonville's most common residential land use applications. In the 2026 Session, the Oregon Legislature passed House Bill (HB) 4037, which requires an administrative review process for all housing applications meeting clear and objective standards, limits the notification radius for these applications, and limits appeals of these decisions to only the applicant. The effective date for changes required by both bills is July 1, 2026.

As these statutory requirements overlap with HPS Action C, the City is undertaking these Development Code amendments as Part 1 of the Housing Statutory Compliance Project. The proposed Development Code amendments (Attachment 1, Exhibit A) seek to balance compliance with these state statutory requirements with a customer service-friendly review process that remains transparent and accessible to community members.

Proposed Development Code Amendments

Throughout late 2025 and early 2026, the project team held two work sessions with Planning Commission and three work sessions with City Council to gather input on the proposed Development Code amendments. The project team shared a Development Code Audit Memo that identified statutorily required changes to the Development Code resulting from SB 974, provided updates on statutorily required changes resulting from HB 4037, and sought feedback on other updates that would best implement HPS Action C while maintaining a clear, consistent, and transparent land use review process for related application types. Feedback gathered from these work sessions informed development of the proposed Development Code amendments. The amendments seek to build on processes already established within the Development Code to enable administrative review of most applications for residential development.

Based on this legislation and the direction from HPS Action C, the proposed Development Code amendments include the following (note: please refer to the Table of Contents in Attachment 1 for details on which amendments result directly from legislative requirements):

- **Waiver Process** – The hearing, noticing, and appeals requirements of HB 4037 apply to applications for housing development meeting clear and objective standards in the Development Code. State law provides cities with the ability to offer an alternative review process for housing applications using criteria that are not clear and objective, which the

City typically reviews using the discretionary waiver process established in Section 4.118 (.03). While SB 974 requires the City to process waiver requests associated with residential development administratively, decisions issued on these requests will have different appeal eligibility than decisions for residential applications that do not request waivers (see additional discussion below). To clarify this distinction, the proposed Development Code amendments include the creation of Section 4.119, Waivers, which defines waivers as the City's alternative review process pursuant to state law and provides additional clarity around criteria to be used in making decisions on waivers.

- **Appeals** – For residential development applications meeting clear and objective standards in the Development Code, HB 4037 limits local appeals on administrative decisions, along with any subsequent appeals to the Land Use Board of Appeals (LUBA), to only the applicant. This differs from applications requesting discretionary waivers, where the current appeals process for administrative decisions would apply, which includes appeal hearings at the Development Review Board, along with any subsequent appeals to the City Council and LUBA. Proposed amendments to Section 4.022, Appeals, are intended to better illustrate this distinction and provide clarity on the appeals process for all land use application types.
- **Mailed Notifications** – HB 4037 limits the ability of a city to provide notice to property owners outside of 100 feet of the subject property, except for developments of 20 units or more where cities are allowed to provide notice to property owners within 500 feet. While there was a desire among the Planning Commission and City Council to continue using the City's 250-foot notice radius, to minimize legal risk associated with maintaining multiple notification radii for different application types, the proposed Development Code amendments change the City's mailed notification radius for all applications to 100 feet, consistent with HB 4037's requirements.
- **Annexation** – While not required for statutory compliance, the proposed Development Code amendments to Section 4.700, Annexations and Urban Growth Boundary Amendments, enable an expedited hearing process for residential development consistent with an adopted legislative master plan, consistent with the direction from HPS Action C. This mirrors the process used in the Coffee Creek Industrial Design Overlay District, where a public hearing on the annexation request is scheduled at City Council once a land use application is deemed complete.
- **Definition Updates** – During the project work sessions, Planning Commission and City Council provided direction that all related applications for residential development should continue to be reviewed as a single application package. This guidance is consistent with HB 4037's requirement for all applications for housing meeting clear and objective standards to be reviewed administratively, including applications for residential mixed-use development. A definition for "residential development" is included within the proposed Development Code amendments to distinguish which applications are subject to the administrative review process. Likewise, a definition for "review authority" is

included in the proposed Development Code amendments to replace references throughout the Development Code to the Development Review Board's (DRB) decision-making authority.

The proposed Development Code amendments also include changes that reflect current practice in the processing and review of development applications, along with those that would provide limited additional eligibility for applications to be reviewed under the Class II process:

- **Site Design Review** – As presently written, the review criteria in Section 4.421 are discretionary in nature. While the City's practice has been to apply these criteria in a clear and objective manner to residential development applications using related standards in other sections of the Development Code, the proposed Development Code amendments will provide clarification of this practice while maintaining discretionary criteria for nonresidential development.
- **Review Timelines and Other Process Updates** – Throughout the Development Code there are references to review timelines for certain application types, including tree removal permits, floodplain permits, and plat reviews, that are inconsistent with state laws related to land use application processing timelines. To ensure consistency with state law, the proposed Development Code amendments remove these conflicting timelines, which will ensure the Code remains compliant with any additional future State changes to timelines. The proposed amendments also include refinements to pre-application meetings and application review procedures to reflect current practice.
- **Review of Modifications to Previously Approved Plans** – At the project work sessions, Planning Commission and City Council agreed that updates to the administrative review thresholds for nonresidential uses should be considered during this amendment process. The proposed Development Code amendments in Section 4.030 increase the threshold for these building or site area modifications to 10,000 square feet, up from 1,250 square feet, but maintain the limitation that this increase can be no more than 25 percent of the existing building floor square footage in determining eligibility for administrative review.

Proposed Amendments – Development Review Board Composition

By modifying the review process for residential development applications to a Class II administrative review, the overall volume of applications subject to DRB review and approval is expected to drop. At the project work sessions, Planning Commission and City Council expressed support for the continued role of the DRB in reviewing quasi-judicial land use applications but agreed that moving to a single DRB likely made sense given the anticipated reduction in application volume.

In doing so, City Council expressed interest in finding a way to maintain the scheduling flexibility that the two-panel structure currently allows as it ensures the City can meet its application review timeline requirements and it provides a better customer experience for applicants. To inform this

approach, the project team conducted outreach with both DRB panels to learn more about Board members' experiences serving on the DRB. DRB members generally expressed a desire to serve their community through volunteering in their roles and were open to additional meetings as needed to ensure applications can be processed in a timely manner. Some DRB members noted that frequent meeting cancellations affected their feelings of experience and proficiency when they did have hearings and hoped there would be future opportunities for additional training to stay prepared. DRB members generally understood why moving to a single panel would make sense if the volume of applicants was expected to drop.

Based on this feedback, amendments to Chapter 2 of City Code (Attachment 1, Exhibit B) are proposed to clarify the scope of applications eligible for DRB review and transition to a single seven-member DRB panel in 2027. City staff will hold a work session with City Council later this year to discuss the reappointment process for this transition. Staff recommends this process be formalized by Resolution later this year.

EXPECTED RESULTS:

Adoption of Ordinance No. 903, adopting the City Code amendments for Part 1 of the Housing Statutory Compliance Project.

TIMELINE:

City Code amendments in Part 1 of the Housing Statutory Compliance Project must be in effect by July 1, 2026 to ensure compliance with State law. Second reading is scheduled for June 15, 2026. Staff recommend declaring an emergency so that Ordinance No. 903 is effective July 1, 2026 to meet the statutory deadline. The City will begin work on Part 2 of the Housing Statutory Compliance Project, which will focus on compliance with other recent legislation, in the second half of 2026.

CURRENT YEAR BUDGET IMPACTS:

Planning's Professional Services budget covered project expenditures totaling approximately \$10,000 occurring prior to execution of a grant agreement with Department of Land Conservation and Development (DLCD). The majority of the project costs will be covered by a \$120,000 DLCD grant throughout fiscal year (FY) 2025-26 and FY 2026-27, which also includes Part 2 of the Housing Statutory Compliance Project.

COMMUNITY INVOLVEMENT PROCESS:

Public work sessions were held by the Planning Commission and City Council in addition to public hearings. The project team gathered input from the DRB panels to inform recommendations on future board composition. Public outreach is ongoing to inform the community of the process changes and gather feedback on preferred notification methods.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

Implementation of HPS Action C will enable the City to develop a clear and predictable development review process for residential development that continues to allow for and respond to public input while avoiding the confusion of City Code that is superseded by conflicting state

statute.

ALTERNATIVES:

Failure to complete the mandated updates by the statutorily required deadlines will expose the City to legal risk if affected residential land use applications are not processed consistent with state law. If the City does not implement HPS Action C, it will have to select an alternative action meeting similar housing production goals at the time of the HPS Midpoint Report in 2028.

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Ordinance No. 903
 - A. [Proposed Development Code Amendments – May 2025](#) (by hyperlink)
 - B. Proposed City Code, Chapter 2 Amendments – May 2025
 - C. Findings Report
 - D. [Planning Commission Resolution No. LP26-0002 and Record](#) (by hyperlink)