



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: July 20, 2026		Subject: Housing Statutory Compliance	
		Staff Members: Kimberly Rybold, AICP	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
☐ Motion ☐ Public Hearing Date: ☐ Ordinance 1 st Reading Date: ☐ Ordinance 2 nd Reading Date: ☐ Resolution ☒ Information or Direction ☐ Information Only ☐ Council Direction ☐ Consent Agenda		☐ Approval ☐ Denial ☐ None Forwarded ☒ Not Applicable	
		Comments: N/A	
Staff Recommendation: N/A			
Recommended Language for Motion: N/A			
Project / Issue Relates To:			
☐ Council Goals/Priorities:	☐ Adopted Master Plan(s):	☒ Not Applicable	

ISSUE BEFORE COUNCIL:

The project team will introduce Part 2 of the Housing Statutory Compliance project and seek City Council input on information needed to draft Development Code amendments.

EXECUTIVE SUMMARY:

In an effort to promote the development of a variety of housing types throughout the state, the Oregon Legislature passed several bills in recent legislative sessions affecting Wilsonville's Development Code standards and review process for residential development. Development Code amendments to come into conformance with bills related to the review process for residential development, Senate Bill (SB) 974 (2025) and House Bill (HB) 4037, were addressed during Part 1 of the Housing Statutory Compliance project, which was adopted by City Council in June and is in effect as of July 1.

In 2025 the Oregon Legislature passed House Bill (HB) 2138, requiring cities to update land use regulations related to middle housing allowances and related standards. Part 2 of the Housing Statutory Compliance project will focus on modifications to the City's middle housing definitions, middle housing land division process, and other related Development Code amendments consistent with HB 2138. Some requirements of this bill are already in effect, with others becoming operative on January 1, 2027. Additional bill requirements related to middle housing siting and design parameters and discretionary criteria allowed for certain types of housing are subject to Oregon Administrative Rulemaking that will not be complete until late 2027.

At this work session, the project team will present the results of a Development Code Assessment Memo (Attachment 1) prepared by 3J Consulting that includes information on amendments that will be required for statutory compliance with HB 2138, along with other various statutory requirements that have been adopted in recent years but have not yet been addressed in the City's Development Code. The amendments cover a variety of housing-related statutory requirements, including:

- Prohibitions on requiring a traffic impact analysis or exactions for most middle housing development
- Allowances for bonus units in middle housing projects where affordable or accessible units are provided
- Refinements to the middle housing land division process
- Allowances for single room occupancies, manufactured dwellings, prefabricated dwellings, residential treatment facilities
- Requirements for clear and objective tree removal standards when associated with housing development
- Prohibitions on maximum occupancy limits in residential dwellings based on familial or nonfamilial relationships among occupants
- Residential allowances in nonresidential zones
- Allowances for childcare homes and centers
- Updates to the condominium platting process
- Provisions for replacement of dwellings damaged or destroyed by natural or involuntary events

While most of the required Development Code amendments are prescriptive in nature, the requirement to apply clear and objective tree removal standards to residential development is a substantial shift in the City's approach to tree preservation with new development and will warrant further policy consideration. Adopted in 1996, Wilsonville's Tree Preservation and Protection Code (Wilsonville Code Sections 4.600 through 4.640.20) aims to protect trees and wooded areas while recognizing that tree removal is often necessary to allow for development meeting minimum density requirements to occur. These regulations balance tree preservation and conservation as a design principle that is equal in concern and importance to other design principles and promote the consideration of development alternatives that would preserve trees when reasonable and feasible. Application of these regulations has resulted in the integration of high value trees and tree groves into plans for new residential development, as seen throughout the Villebois and Frog Pond West neighborhoods and in multifamily developments such as the Jory Trail Apartments and Vuela.

As new clear and objective standards are drafted for tree preservation in residential development, consideration should be given to the following:

- Specific species of trees that may be a higher priority for preservation
- Characteristics of trees (both individually and within groves), such as size, location, or health, that should be prioritized for preservation
- Retention of the City's current tree preservation and protection standards as an alternative discretionary path for residential development

Discussion Questions

- What questions do you have about the required statutory updates to the Development Code?
- Do you have any input on the above considerations for tree preservation? Are there any examples of tree preservation in recent residential development that you want to see the clear and objective removal standards support?
- What type of community input and/or additional information will best assist you in making final recommendations on the draft Development Code amendments, particularly those related to creation of clear and objective tree removal standards?

EXPECTED RESULTS:

City Council input on implementation options for the Development Code amendments.

TIMELINE:

The project team presented the Development Code assessment memo to Planning Commission at a work session on July 8. Feedback received from these work sessions will inform outreach efforts and the draft Development Code amendments, which will be presented to Planning Commission and City Council at work sessions in fall 2026. Outreach to inform the Development Code amendments will occur in late summer to early fall 2026.

CURRENT YEAR BUDGET IMPACTS:

Remaining project costs will be covered by a \$120,000 Department of Land Conservation and Development (DLCD) grant throughout fiscal year (FY_ 2026-27. Staff estimates spending approximately \$90,000 of the remaining grant amount during this fiscal year.

COMMUNITY INVOLVEMENT PROCESS:

Public work sessions will be held by the Planning Commission and City Council in addition to public hearings. Public outreach is planned for late summer/early fall 2026 to inform the community and gather feedback on options for clear and objective tree removal requirements for residential development.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

Adoption of Development Code amendments will enable the City to implement clear development standards and processes for residential development while avoiding the confusion of City Code that is superseded by conflicting State statute.

ALTERNATIVES:

Failure to complete the mandated updates will expose the City to legal risk if State statute is applied incorrectly.

CITY MANAGER COMMENT:

N/A

ATTACHMENT:

1. Development Code Assessment Memo – June 30, 2026