



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: April 6, 2026		Subject: Housing Statutory Compliance	
		Staff Members: Kimberly Rybold, AICP	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable	
		Comments: N/A	
Staff Recommendation: N/A			
Recommended Language for Motion: N/A			
Project / Issue Relates To:			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): Housing Production Strategy	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

The project team will present proposed Development Code amendments that will 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 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. This statutory requirement overlaps with HPS Action C. The City is undertaking these Development Code amendments under a two-part effort, the Housing Statutory Compliance Project. Development Code amendments related to Part 1 of the project must be effective by July 1, 2026.

Draft Development Code Amendments

At the December work session, the project team shared the results of a Development Code Audit Memo that identified statutorily required changes to the Development Code resulting from SB 974 with City Council, along with additional 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 that work session, along with Planning Commission input at a work session in December focused on the same content, informed development of draft Development Code amendments (Attachment 1). The draft amendments seek to build on processes already established within the Development Code to enable administrative review of most applications for residential development.

The draft Development Code amendments are also informed by HB 4037, passed by the Oregon Legislature in the 2026 Session and nonexistent at the prior work sessions (*note: this bill has not yet been signed into law by Governor Kotek as of the publication date of this report*). Section 17 of this bill 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. Like SB 974, the effective date for these changes is July 1, 2026. Based on this legislation, the project team made the following adjustments in approach to the proposed Development Code amendments:

- **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 draft

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** – While Planning Commission expressed mixed opinions about changing the notification radius to property owners from within 250 feet to 100 feet of an application site, City Council expressed a clear preference to continue using the City's 250-foot notice radius. 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. Based on feedback that it is in the best interest of the City to minimize legal risk associated with maintaining multiple notification radii for different application types, the draft Development Code amendments change the City's mailed notification radius for all applications to 100 feet, consistent with HB 4037's requirements.

Other draft Development Code amendments reflect the direction the project team received from Planning Commission and City Council at the December work sessions. These amendments include the following:

- **Annexation** – While not required for statutory compliance, the draft 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. 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 December 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 draft Development Code amendments to distinguish which applications are subject to the administrative review process. Likewise, a definition for "review authority" is included in

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

- **Review of Modifications to Previously Approved Plans** – At the December 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 draft 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.

The draft Development Code amendments also include minor changes that reflect current practice in the processing and review of development applications:

- **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 draft 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 draft Development Code amendments remove these conflicting timelines, which will ensure the Code remains compliant with any additional future State changes to timelines. The draft Development Code amendments also include refinements to pre-application meetings and application review procedures to reflect current practice.

Development Review Board – Future 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 December 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.

Before making final recommendations, both Planning Commission and City Council requested the project team conduct outreach with both DRB panels to learn more about Board members'

experiences serving on the DRB. At February's DRB meetings, the project team presented an overview of the Housing Statutory Compliance project and sought feedback from the DRB about meeting preparation, time commitment, the effect of cancellations, and meeting scheduling preferences (Attachment 2). 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, draft amendments to Chapter 2 of City Code (Attachment 3) are proposed to clarify the scope of applications eligible for DRB review and a transition to a single DRB panel. Amendments to Sections 2.331 and 2.332 would go into effect alongside the draft Development Code amendments to comply with the July 1, 2026 statutory deadline. Amendments to Section 2.330 would reduce DRB to a single panel but would increase the size of the DRB to seven members, maximizing volunteer opportunities and making it easier for quorum to be achieved. These amendments would go into effect on January 1, 2027 to minimize impacts on the scheduled 2026 DRB calendar and current appointments.

Discussion Questions

- What comments or questions does City Council have about the proposed Development Code amendments?
- With the transition to reviewing waivers administratively-with no opportunity for public hearing before issuance of a decision-does City Council want the project team to further consider (likely during Part 2 of the Housing Statutory Compliance Project):
 - if additional criteria should be drafted for these waivers, or
 - if some of these standards should not remain eligible for waivers (Attachment 1, Section 4.119 (.02) B.)?
- Does City Council recommend any changes prior to publication of the final draft Development Code amendments?

EXPECTED RESULTS:

Presentation of and feedback on proposed Development Code amendments.

TIMELINE:

The project team present the draft Development Code amendments to Planning Commission at a work session in late March. Completion of Part 1 of the Housing Statutory Compliance Project must occur by July 1, 2026, with a Planning Commission public hearing on the Development Code amendments scheduled in May and City Council public hearing scheduled in June.

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.

COMMUNITY INVOLVEMENT PROCESS:

Public work sessions will be 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 planned for spring 2026 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.

ATTACHMENTS:

1. Draft Development Code Amendments – March 2026
2. DRB Meeting Minutes – February 2026
3. Draft Amendments to City Code, Chapter 2 – March 2026