



ORDINANCE 2025-004

AMENDING THE SHERWOOD ZONING AND COMMUNITY DEVELOPMENT CODE TO ADD CHAPTER 16.81 - ANNEXATION CODE AND AMENDING CHAPTER 16.72 PROCEDURES FOR PROCESSING DEVELOPMENT PERMITS

WHEREAS, the Sherwood City Council intends to facilitate the efficient and orderly transition of lands from the rural to urban uses with the Urban Growth Boundary; and

WHEREAS, during the 2025-2026 fiscal year, the Sherwood City Council adopted council goal 1.2 stating the intent to "Create annexation policies and processes to manage our growth as it relates to infrastructure, school capacity, and long-term community needs"; and

WHEREAS, the City has annexation policies in the Comprehensive Plan but lacks codified procedures and approval criteria; and

WHEREAS, the proposed text amendment would codify annexation policies and procedures within Title 16 – Sherwood Zoning and Community Development Code; and

WHEREAS, the proposed annexation policy amendment is consistent with the adopted Sherwood Comprehensive Plan, Transportation Systems Plan and the Zoning and Community Development Code; and

WHEREAS, at its meeting on July 22, 2025, the Planning Commission conducted a public hearing, considered proposed annexation standards, and recommended that the City Council adopt the proposed amendments with minor revisions; and

WHEREAS, the City Council held the first public hearing on the proposed amendments on August 5, 2025, and a second hearing on September 2, 2025; and

WHEREAS, during the initial public hearing on August 5, 2025, City Council made one update to the proposed code language, requiring annexations to be reviewed by City Council only after a recommendation by the Planning Commission.

NOW, THEREFORE, THE CITY OF SHERWOOD ORDAINS AS FOLLOWS:

Section 1. After full and due consideration of the application, the Planning Commission recommendation, the record, and the evidence presented at the public hearings, the City Council accepts the findings of fact contained in the Planning Commission recommendation, which is included as Attachment 1 to the staff report for this Ordinance.

Section 2. The Sherwood Zoning and Community Development Code shall be amended to include Chapter 16.81 – Annexation Code, included as Exhibit 1 to this Ordinance.

Section 3. This ordinance shall become effective the 30th day after its enactment by the City Council and approval by the Mayor.

Duly passed by the City Council on September 2, 2025.



Tim Rosener, Mayor

09-02-2025
Date

Attest:



Sylvia Murphy, MMC, City Recorder

	<u>AYE</u>	<u>NAY</u>
Standke	<u>✓</u>	_____
Giles	<u>✓</u>	_____
Scott	<u>✓</u>	_____
Mays	<u>✓</u>	_____
Brouse	<u>Absent</u>	_____
Young	<u>✓</u>	_____
Rosener	<u>✓</u>	_____

Proposed Amendments to Title 16, ZONING AND COMMUNITY DEVELOPMENT CODE that includes a new chapter in Division IV Planning Procedures, Chapter 16.81 ANNEXATIONS and amendments to Division III Administrative Procedures, Chapter 16.72 PROCEDURES FOR PROCESSING DEVELOPMENT PERMITS.

Chapter 16.81 Annexations

16.81.010

A. Purpose: The procedures and standards in this chapter are established in order to:

1. Facilitate efficient and orderly development opportunities when transferring jurisdiction of property within the Urban Growth Boundary (UGB) from Washington County and Clackamas County to the City of Sherwood;
2. Comply with the requirements of Oregon Revised Statutes (ORS) 222 and Metro Code Chapter 3.09;
3. Ensure that public facilities are or will be available to serve land annexed to the City;
4. Establish a system for measuring and evaluating the physical, environmental, fiscal, and related social effects of proposed annexation; and
5. Avoid the creation of irregular boundaries or annexations that create “island,” “cherry stem” or “shoestring” annexations, where possible.

B. Application Type and Review Procedure: An annexation application is subject to a Type IV procedure for quasi-judicial applications or a Type V procedure for legislative applications, including public notice, public hearing, a recommendation by Planning Commission, and final decision by the City Council. The applicable review procedure shall be determined by the City based on the size and scope of the request.

The following is the review procedure for all annexation applications.

1. Pre-Application conference;
2. Submission of completed application;
3. Staff recommendation of approval or denial;
4. Review and recommendation by Planning Commission;
5. Review by City Council; and
6. Approval or denial by City Council.

C. Submittal Requirements.

1. An annexation application must include the information set forth in Oregon Revised Statutes (ORS) 222 and Metro Code 3.09 and the applicable application deposits and fees based on the current City of Sherwood fee schedule.
2. Request for annexation shall include all information and requirements within the City's annexation checklist.
3. An owner-initiated annexation application shall include a preliminary annexation agreement consistent with Section 16.81.020 (Annexation Agreements), unless waived pursuant to Section 16.81.020(D).
4. Meet all applicable requirements in accordance with Section 16.70.030 (Application Requirements)

D. Zone Change Process Concurrent with Annexation Application

1. A property owner who seeks a zone, other than the zoning district shown on the Official Plan and Zoning Map, may apply for a Zone Change to an alternative zone. An owner-initiated change may be processed concurrently with the annexation application. The Zone Change application shall be processed under Chapter 16.72 (Procedures for Processing Development Permits) and Chapter 16.80 (Plan Amendments). Zoning Map Amendments must meet the requirements of Section 16.80.030 Review Criteria.

E. Zoning of Annexed Areas

1. All land within the City of Sherwood designated planning area, established under Metro's Urban Growth Boundary (UGB), have been classified with a zoning district as shown on the Official Plan and Zoning Map. Once annexation of the territory is approved, the zoning identified on the Zoning Map is directly applied to the territory without application of Chapter 16.80 (Plan Amendments).
2. As of the effective date of annexation, an existing use or the use of any existing structure may continue, but only where the use or structure:
 - a. Has obtained county land use approval indicating compliance with county zoning regulations or
 - b. Has been verified as a lawful non-conforming use or structure under county zoning regulations.
3. Any lot or parcel of land duly recorded with the Washington County or Clackamas County Recorder's Office prior to the effective date of this Ordinance, and that does not meet the minimum area, width, depth, or street frontage requirements of the applicable zoning district, shall be deemed a lot of record. Such lots may be used as building sites, provided that all other applicable zoning and development code regulations are met.

F. Approval Criteria. The City may approve an annexation application if the City determines that the following criteria are met:

1. Provisions set forth in Oregon Revised Statutes (ORS) 222 and Metro Code Chapter 3.09.

2. Applicable policies of the Sherwood Comprehensive Plan.

3. The application demonstrates how the property is served or will be served by adequate public facilities and services, assuming the maximum intensity land uses authorized by the zoning district, as designated in the City's Official Plan and Zoning Map, in accordance with Division VI (Public Infrastructure) and the Engineering Design Manual. Public facilities and services include sanitary sewer, storm water, domestic water, and transportation.

a. The application may also be required to demonstrate how the property will be served by adequate public facilities and services based on the proposed land uses and intensities, in addition to the maximum intensity.

4. Public facilities and services are provided in a manner consistent with the City's adopted Utility Master Plan, Comprehensive Plan, and Transportation Systems Plan. The application must demonstrate how the public facilities and services will be provided to the property in an orderly, efficient, and timely manner.

5. Proposed land uses are in accordance with applicable land use master plans.

6. Subject to any constitutional limitations, parks, trails, and open space are, or will be, provided in accordance with applicable Parks and Trails Master Plan, and any other applicable area plan or master plan and an agreement is executed to convey to the City any land, within the annexation area designated in the adopted Parks and Trails Master Plan.

7. The application demonstrates how impacts to existing City public facilities and services (i.e. sewer, water, stormwater, and transportation) from the development of the property will be mitigated, if necessary.

Mitigation may include construction of on-site or off-site improvements or improvements to existing infrastructure to City standards and specifications. The application must include a preliminary financial plan that demonstrates the feasibility and adequacy of the proposed mitigation measures. If the financing requires City funds, the funding must be approved by the City Council prior to annexation.

The City may rely on the standards and criteria of Title 16 – Sherwood Zoning and Community Development Code, Comprehensive Plan, Transportation System Plan, Parks

and Trails Master Plan, Engineering Design Manual, and any applicable area plan or master plan to analyze an applicant's proposed mitigation of impacts.

In order to ensure adequate public facilities and services will exist to serve property annexed to the City, an applicant may be required to enter into an agreement with the City that governs the extent and timing of infrastructure improvements pursuant to Chapter 16. 81.020 Annexation Agreements.

8. The application demonstrates that the annexation and zoning is consistent with the Transportation Planning Rule (TPR) and adopted comprehensive plan, or the applicant can demonstrate that additional TPR analysis is not required.

9. The annexation is in the City's best interest after evaluating the proposal against the City's adopted Utility Master Plans, Comprehensive Plan including Land Use Master Plans, Transportation System Plan, Parks and Trails Master Plan, and any other applicable area plan or master plan.

G. Conditions of Approval. Approval of annexation may be conditioned by the City to meet the approval criteria above and conform to applicable policies and standards of adopted plans, including conditions to meet service boundary requirements of Metro and Clean Water Services (CWS). Where conditions are contemplated where housing is allowed, the conditions must be clear and objective.

H. Appeal of Decision. A final decision on an annexation application may be appealed to the Land Use Board of Appeals (LUBA).

I. Expiration of a Decision. A final decision on an annexation does not expire.

16.81.020 Annexation Agreements

A. Purpose. The annexation agreement is intended to increase awareness of the annexation process for the property owner, the City, and the public that the scope and timing of subsequent development of the property will occur in a manner that facilitates the timely and orderly construction of necessary infrastructure improvements. The agreement describes the intended use of the property following annexation, the process for development review, the parties' commitments regarding the subsequent development, and the infrastructure anticipated to be necessary to support future or existing development.

B. Applicability. Unless waived by the City, as described under 16.81.020.D, an annexation agreement consistent with this section shall be executed prior to and included with all annexation applications.

C. Contents. Unless otherwise agreed by the City, an annexation agreement shall include the following information and, at a minimum, address the following elements to the City's satisfaction:

1. A legal description of the property;
2. The current zoning within the County and future urban zoning as depicted on the Sherwood Zone Map;
3. The proposed zoning, if different than depicted on the adopted Zone Map;
4. The owner's intended urban use and development of the property in sufficient detail to allow the City to determine the public facility impacts and required infrastructure improvements necessary to support the intended use. Public facilities include sanitary sewer, storm water, domestic water, and transportation.
 - a. The type, size, and density of the use, the timing of any anticipated phases, and an engineering assessment of the impact on urban services at full build-out and for each phase of a phased project.
5. Proposed land for parks and open space including a preliminary park amenity plan.
6. Certification of service availability. Certification that water, sanitary sewer, storm sewer and transportation services are available or can be available within 24 months to the proposed site;
7. A Transportation Study that is coordinated with the City and other impacted agencies, including Washington or Clackamas County and Oregon Department of Transportation (ODOT). Unless waived by the City, the Transportation Study shall include:
 - a. An analysis of the existing transportation facilities that serve the property, including current and planned capacity of these facilities.
 - b. A trip analysis to determine the scope and timing of planned improvements, as to evaluate the cumulative effects of the proposed annexation and subsequent development on the transportation system.
 - c. The location, size, type, and timing of any phased development and occupancy, if proposed.
 - d. Any transportation improvements that may be necessary to accommodate the development at initial occupancy, at each phase of a proposal, and at full buildout of the property.

e. Committed and funded multi-modal transportation facilities expected to be available at initial occupancy, at each phase of a proposal, and at full buildout of the property.

D. Waiver.

1. The City Manager or designee may waive the requirement to execute and submit an annexation agreement if the City Manager or designee determines the agreement is not necessary and would not achieve the purposes described in Section 16.81.020(A). This determination may be made if one or more of the following apply:

- a. The property is already served by utility and facilities infrastructure necessary to support the proposed use; or
- b. The property is already developed at minimum urban densities and does not require additional utility and facilities coordination; or
- c. The proposed development demands minimal changes to the service area or that are unlikely to generate substantial infrastructure requirements as defined under Division VI – Public Infrastructure; or
- d. The applicant can clearly demonstrate, through supporting documentation, that the proposal will meet all the City's service and infrastructure requirements without additional contractual commitments.

E. Owner Commitments. The annexation agreement shall provide for at least the following owner commitments:

1. To provide the needed infrastructure improvements or agree to delay development of the property, or portions of the property, such that it will not exceed the capacity of:

- a. Affected transportation facilities, as determined by the Transportation Study, including any improvements proposed and constructed as part of the development; and
- b. Other affected public facilities including facilities for sanitary sewer, storm water, domestic water, and transportation.

2. Authorize the City to condition any land use decision or entitlements consistent with the Transportation Study and other available public infrastructure capacity analysis, as determined by the City, to ensure that adequate public infrastructure is available to serve the proposed development.

3. If development is delayed due to infrastructure constraints, this code does not authorize development of a site below the minimum residential density established

by the zone. Each phase of a development and the final build out of a site shall meet the minimum residential density of the zone.

F. City Commitments.

1. To apply the urban designated zoning depicted on the Zone Map and any applicable Master Plan or other defined area plan at the time of annexation.

G. General Provisions.

1. Where an annexation agreement will govern future development on lands where residential uses are allowed, any conditions or obligations set forth in the agreement shall be clear and objective and otherwise comply with state housing laws.

2. An annexation agreement shall include the parties' intended schedule of significant development-related events, including annexation, zone change, land division, development review, building permits, and occupancy.

3. Any annexation agreement shall stipulate a delayed effectiveness date that is concurrent with the date on which the related annexation application approval is final. Where no application is submitted or the annexation application is denied, the annexation agreement shall expire one (1) year from the last date it is signed by the parties (the owner and the city manager).

4. The provisions of an annexation agreement may be included in and made part of a subsequent land use decision.

5. An annexation agreement is not effective and binding on the parties until the annexation application receives final approval by the City Council and any rights to appeal are exhausted.

6. Any conditions of approval applied to the annexation agreement run with the land and are binding in regard to future property owners and developers.

16.72.010 Generally

A. Classifications

Except for Final Development Plans for Planned Unit Developments, which are reviewed per Section 16.40.030, all ministerial, administrative, and quasi-judicial development permit applications and legislative land use actions shall be classified as one of the following:

1. Residential Design Checklist Review

The Community Development Director, or designee, without public notice and without a public hearing, makes ministerial decisions through the Residential Design Checklist Review procedure. Ministerial decisions are those where City standards and criteria do not require the exercise of discretion (i.e., they are clear and objective standards).

The Community Development Director, or designee, reviews proposals for all residential housing types, except for multi-dwelling development that are subject to Section 16.90, requiring a clear and objective review using the Residential Design Checklist. The Residential Design Checklist is a preliminary review that is intended to ensure a project proposal meets the basic requirements of Chapter 16.14 before more detailed plans are prepared and before the City authorizes the Building Official to issue a building permit.

2. Type I

5. Type IV

The following quasi-judicial actions shall be subject to a Type IV review process:

- a. Site Plan review and/or "Fast Track" Site Plan review of new or existing structures in the Old Town Overlay District.
- b. All quasi-judicial actions not otherwise assigned to a Hearing Authority under this section.
- c. Site Plans — Greater than 40,000 square feet of floor area, parking or seating capacity.
- d. Site Plans subject to Section 16.90.020.D.6.f.
- e. Industrial Site Plans subject to Section 16.90.020.D.7.b.
- f. Subdivisions — over 50 lots.
- g. Class A Variance.
- h. Residential Design Review.
- i. Quasi-Judicial Annexations

6. Type V

The following legislative actions shall be subject to a Type V review process:

- a. Plan Map Amendments.
- b. Plan Text Amendments.
- c. Planned Unit Development — Preliminary Development Plan and Overlay District.
- d. Legislative Annexations

B. Hearing and Appeal Authority

1. The Hearing and Appeal Authorities shall be as follows:

- a. The Residential Design Checklist review authority is the Community Development Director or their designee. The decision is final on the date it is signed by the Community Development Director. It is not a land use decision as defined by ORS 197.015, and therefore is not subject to local appeal or appeal to the state Land Use Board of Appeals (LUBA).
- b. The Type I Hearing Authority is the Community Development Director and the Appeal Authority is the Planning Commission.
 - (1) The Community Development Director 's decision shall be made without public notice or public hearing. Notice of the decision shall be provided to the applicant.
 - (2) The applicant may appeal the Community Development Director's decision.

- e. The Type IV Hearing Authority is the Planning Commission, and the Appeal Authority is the City Council with the exception of Quasi-Judicial Annexations. Quasi-Judicial Annexations Hearing Authority is City Council upon recommendation by Planning Commission.
 - (1) The Planning Commission shall hold a public hearing following public notice in accordance with Sections 16.72.020 through 16.72.080.
 - (2) Any person who testified before the Planning Commission at the public hearing or submitted written comments prior to the close of the record may appeal the Planning Commission's decision.

- f. The Type V Hearing Authority is the City Council, upon recommendation from the Planning Commission and the Appeal Authority is the Land Use Board of Appeals (LUBA).

2. Each quasi-judicial development permit application shall potentially be subject to two (2) levels of review, with the first review by a Hearing Authority and the second review, if an appeal is filed, by an Appeal Authority. The decision of the Hearing Authority shall be the City's final decision, unless an appeal is properly filed within fourteen (14) days after the date on which the Hearing Authority took final action. In the event of an appeal, the decision of the Appeal Authority shall be the City's final decision.
3. Each Type V legislative land use action shall be reviewed at a public hearing by the Planning Commission with a recommendation made to the City Council. The City Council shall conduct a public hearing and make the City's final decision.
