

HB 4035 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Meeting Dates: 2/5

WHAT THE MEASURE DOES:

The measure amends the one-time urban growth boundary (UGB) expansion program established with Senate Bill 1537 (2024) and expressly authorizes the Land Conservation and Development Commission (LCDC) to issue grants, in addition to contracts and other functions, to carry out its duties.

Detailed Summary:

- Adds “other land” as a potential category of eligible land to be added by cities outside of Metro (subject to priority rules) when urban reserves, nonresource lands, or exception lands are insufficient.
- Increases the total acreage of the site added increases from 100 to 150 net residential acres, for cities with populations of 25,000 or more, with clarified allowances for limited additional acreage for open space, public facilities, or commercial uses (up to 30 percent of the net residential acreage).
- Modifies the criteria for determining whether a city has large, developable tracts within its existing UGB by removing the requirement that the land be “undeveloped” and instead requiring that the land contains no permanent structures, lacks utility access, lacks development approvals, and meets size and contiguity thresholds.
- Allows cities to demonstrate affordable housing need based on cost-burden and rent-burden indicators, instead of severe cost- or rent-burden indicators using existing state and federal housing data.
- Specifies that demonstrations of land need and application criteria must be evaluated based on the data available at the time public notice is issued for a proposed UGB amendment.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2024, the Oregon Legislature enacted Senate Bill 1537, which established a one-time, temporary urban growth boundary (UGB) expansion tool for qualifying cities. The program allows a city to add up to 100 net residential acres to its UGB through an abbreviated process compared to a traditional UGB expansion. SB 1537 requires that, within prior UGB expansion areas, at least 75 percent of the land is developed or has an acknowledged comprehensive plan designation in preparation for annexation and an adopted public facilities plan with an associated financing plan. In addition, SB 1537 requires that a city demonstrate it has a greater percentage of severely cost-burdened households than the statewide average, based on the Comprehensive Housing Affordability Strategy data published by the U.S. Department of Housing and Urban Development. Land added under the SB 1537 process must meet specific site eligibility criteria. A “site” may consist of one or more contiguous properties that together satisfy the statutory requirements. SB 1537 also imposes mandatory affordability requirements on development within the added UGB area. At least 30 percent of all residential units must be subject to affordability restrictions. For rental housing, affordability is defined as units affordable to households earning up to 80 percent of area median income (AMI). For owner-occupied housing, affordability is defined as units affordable to households earning up to 130 percent of AMI. Affordable units must be

deed-restricted for a minimum of 60 years.

PRELIMINARY