

## HB 4035 -3 STAFF MEASURE SUMMARY

### House Committee On Housing and Homelessness

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**Meeting Dates:** 2/5, 2/12

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#### 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: Has minimal fiscal impact*

*REVENUE: No revenue impact*

#### ISSUES DISCUSSED:

- Workgroup recommendations overview
- Density requirements for new sites added under SB 1547 (2024)
- Total acreage and allowances for complete communities

#### EFFECT OF AMENDMENT:

-3 The amendment changes the references to “net residential acre” with “net buildable acre.” It changes the data source for demonstration of needs to the most recent American Community Survey five-year estimate data from the United States Census Bureau. The amendment narrows when “other land” may be used by adding an 80% of the surrounding quarter-mile area surrounding resource-land threshold, a requirement that no qualified applications exist for preferred lands, and the chosen site ranks highest under ORS 197A.285 prioritization. Increases the maximum allowable residential acreage for cities  $\geq$  25,000 population: from 100 to up to 150 net buildable acres. The amendment also declares an emergency and makes the measure effective on passage.

#### 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