

**HB 4035 A STAFF MEASURE SUMMARY**  
**House Committee On Housing and Homelessness**

**Carrier:** Rep. Marsh

**Action Date:** 02/12/26

**Action:** Do pass with amendments. (Printed A-Eng.)

**Vote:** 13-0-0-0

**Yeas:** 13 - Andersen, Boice, Breese-Iverson, Edwards, Fragala, Gamba, Helfrich, Levy E, Mannix, Marsh, Ruiz, Wise, Wright

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

**Prepared By:** Iva Sokolovska, LPRO Analyst

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

**WHAT THE MEASURE DOES:**

The measure modifies eligibility criteria, acreage limits, and procedural requirements for cities seeking to add land to their urban growth boundaries (UGBs) under the one-time process in Senate Bill 1537 (2024). The measure broadens the eligibility criteria for demonstrating housing need by removing the requirement that households be severely cost- or rent-burdened to being cost- or rent-burdened. The measure replaces the requirement that a tract be “undeveloped” with a more specific set of criteria. It also increases the maximum acreage that may be added by cities with populations of 25,000 or greater from 100 to 150 net buildable acres, provided the site includes a complete community. It expands the types of land eligible for addition to a UGB by allowing certain lands to qualify when resource land predominates (at 80 percent or more) in the surrounding quarter-mile area and when no higher-priority qualifying applications are available. The measure updates repeal dates to sunset the amended provisions on January 2, 2033, and authorizes the Land Conservation and Development Commission to issue grants, in addition to contracts. The measure declares an emergency, effective on its passage.

**ISSUES DISCUSSED:**

- Workgroup recommendations
- Density requirements for new sites added under SB 1537 (2024)
- Total acreage and allowances for complete communities

**EFFECT OF AMENDMENT:**

The amendment changes the references to “net residential acre” to “net buildable acre.” It changes the data source for the demonstration of needs. The amendment narrows when “other land” may be used by adding a threshold of 80 percent of the surrounding quarter-mile area surrounding resource land, a requirement that no qualified applications exist for preferred lands, and the chosen site ranks highest under ORS 197A.285 prioritization. It increases the maximum allowable residential acreage for cities with populations of 25,000 or greater from 100 to 150 net buildable acres. The amendment also declares an emergency and makes the measure effective on passage.

**BACKGROUND:**

In 2024, the legislature enacted SB 1537, which established a one-time, temporary 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 be developed or have in place 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

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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 expanded UGB, requiring that at least 30 percent of all residential units be subject to affordability restrictions. For rental housing, affordability is defined as units affordable to households earning up to 80 percent of the area median income (AMI). For owner-occupied housing, affordability is defined as units affordable to households earning up to 130 percent of AMI. Affordable rental units must be deed-restricted for at least 60 years.