

HB 4035 B STAFF MEASURE SUMMARY
Senate Committee On Housing and Development

Carrier: Sen. Pham

Action Date: 02/24/26

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 5-0-0-0

Yeas: 5 - Anderson, Jama, Nash, Patterson, Pham

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Kaia Maclaren, LPRO Analyst

Meeting Dates: 2/24

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 created by Senate Bill 1537 (2024). It creates certain exceptions within the process for the City of Woodburn. The measure declares an emergency, effective on its passage.

Detailed Summary:

Broadens the eligibility criteria for demonstrating housing need by removing the requirement that households be *severely* cost- or rent-burdened, and instead requiring that they be cost- or rent-burdened. 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. 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. Exempts the City of Woodburn from the requirement that no higher-priority lands be available.

Replaces the requirement that a tract be “undeveloped” with a more specific set of criteria, including that it is larger than 20 net buildable acres, contains no permanent buildings, has not received final approval for development, and is not adjacent to improved public utilities that are suitable for immediate connection. Replaces references to net “residential” acres with net “buildable” acres.

Exempts the City of Woodburn from complying with certain requirements of the one-time process, including providing notice to certain residents of the proposed site area, posting a public notice with information about how the site was determined to qualify for inclusion, and conducting a public comment period. Requires the City of Woodburn to adopt a master plan that complies with the requirements of the one-time process, including density and affordability requirements. Requires no fewer than 600 residential units be developed on Woodburn’s addition site. Sunsets the amended provisions on January 2, 2033.

Authorizes the Land Conservation and Development Commission to issue grants, in addition to contracts.

ISSUES DISCUSSED:

- History and use of Senate Bill 1537 (2024)
- Workgroup and bill development
- Woodburn’s housing supply and buildable land supply
- Attributes of Woodburn’s chosen expansion site

EFFECT OF AMENDMENT:

The amendment exempts the City of Woodburn from certain limitations on the addition of “other lands” to its UGB under the one-time process. It exempts the city from the requirement to comply with certain criteria for land

HB 4035 B STAFF MEASURE SUMMARY

addition, including providing notice to certain residents of the proposed site area, posting a public notice with information about how the site was determined to qualify for inclusion, and conducting a public comment period, provided that the city give notice to Marion County and receive approval from the Department of Land Conservation and Development (DLCD). The amendment requires the city to adopt a master plan that establishes the site's total net residential acreage, and requires that certain standards be included in the SB 1537 (2024) process, such as density, greenspace, transportation, housing affordability, and commercial requirements. It also requires no fewer than 600 residential units be developed on that site and requires DLCD to issue a decision on the city's proposed site within 30 days of receiving the application. It sunsets these provisions on January 2, 2033.

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, provided it meets certain criteria. These criteria include having at least 75 percent of the land developed or having in place an acknowledged comprehensive plan designation in preparation for annexation within prior UGB expansion areas, 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 and 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 remain affordable for at least 60 years.