

Enrolled Senate Bill 1521

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CHAPTER

AN ACT

Relating to local requirements to develop affordable housing; creating new provisions; and amending ORS 197A.465, 320.195 and 456.766 and section 8, chapter 52, Oregon Laws 2016, section 2, chapter 112, Oregon Laws 2021, sections 9 and 10, chapter 552, Oregon Laws 2021, and sections 8 and 9, chapter 330, Oregon Laws 2025.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 and 3 of this 2026 Act are added to and made a part of ORS chapter 197A.

SECTION 2. (1) As used in this section and section 3 of this 2026 Act:

(a) “Affordable housing” means housing that is:

(A) Affordable for and made available to rent by households earning 80 percent of the area median income or a lower limit as established by the city or county; or

(B) Affordable and made available to purchase, by the purchase of shares or units in cooperative housing or by other means, based on income restrictions as defined by the city or county.

(b) “Multiunit housing” means a structure that contains 10 or more dwelling units sharing at least one wall, floor or ceiling surface in common with another unit within the same structure.

(c) “Portland MSA” means the metropolitan statistical area comprising Columbia, Clackamas, Multnomah, Washington and Yamhill Counties and cities within those counties.

(2) Notwithstanding ORS 91.225, a city or county may adopt a land use regulation, or may impose a requirement as a condition for approving an application under ORS 215.427 or 227.178, that has the effect of establishing the sales or rental price for new multiunit housing or that requires new multiunit housing to be designated for sale or rent as affordable housing.

(3) A regulation or requirement under this section must provide developers with the option to pay an in-lieu fee, in an amount determined by the city or county, in exchange for providing the requisite number of dwelling units within the multiunit housing to be sold or rented at below-market rates.

(4) A city or county that adopts or imposes a regulation or requirement described in this section may not apply the regulation or requirement to any multiunit housing if, prior to the operative date of the regulation or requirement:

(a) An application for a permit, as defined in ORS 215.402 or 227.160, has been submitted and is deemed complete under ORS 215.416 or 227.178; or

(b) A building permit application has been submitted.

(5) This section does not restrict a local government from offering incentives, in addition to any required by section 3 (1)(a) of this 2026 Act, on a voluntary basis to encourage a developer to:

(a) Increase the number of affordable dwelling units in a development.

(b) Decrease the price of dwelling units in a development, whether or not the units are required to be affordable.

(6) A regulation or requirement adopted or imposed under this section may offer developers one or more of the following incentives to develop affordable housing, in addition to any required by section 3 (1)(a) of this 2026 Act:

(a) Density adjustments.

(b) Expedited service for local permitting processes.

(c) Modification of height, floor area or other site-specific requirements.

(d) Other incentives as determined by the city or county.

(7) This section applies only to multiunit structures with:

(a) Twenty or more dwelling units; and

(b) Ten or more dwelling units if within the Portland MSA, but not within the City of Portland.

(8) This section does not apply to the development of a CCRC, as defined in ORS 101.020, that executes and records a covenant enforceable by the applicable city or county in which the CCRC agrees to operate all units within its structure as a CCRC. Units within a CCRC that are offered or converted into residential units not subject to ORS chapter 101 must comply with regulations or requirements consistent with those applicable to new multiunit housing under this section.

SECTION 3. (1) A regulation or requirement that is adopted or imposed under section 2 of this 2026 Act within the Portland MSA and is applicable to rental housing is not enforceable unless:

(a) The regulation or requirement requires the enacting city or county to offer to a developer of multiunit housing that elects not to pay an in-lieu fee pursuant to section 2 (3) of this 2026 Act one or more of the following offsets in an amount totaling at least the expected marginal loss in value for a prototypical multiunit housing by type, as calculated under paragraph (b) of this subsection:

(A) Immediate or structured cash payments.

(B) Full or partial exemption from ad valorem property taxes.

(C) Whole or partial waivers or reductions of fees, including impact fees or system development charges, provided that those fees have been assessed for multiunit housing for at least 30 of the 72 months preceding the date on which the regulation or requirement becomes operative.

(b) Within the previous six years, the governing body of the city or county has adopted by ordinance an economic analysis of the regulation or requirement that calculates the average expected marginal loss in value of a prototypical multiunit housing, by type, that would be expected to result from compliance with the regulation or requirement.

(2) For the purposes of the economic analysis under subsection (1)(b) of this section, a city or county:

(a) May use, for costs and benefits that would accrue over time, including lost rents from below-market homes and multiyear tax abatements, a net present value calculation or a comparison of the current market valuations, or a combination of the two.

(b) May apply a discount rate on future benefits using a 10-year treasury bond rate plus a risk-adjustment spread.

(c) If the city or county is using a risk-adjustment spread or capitalization rate, must use a spread or rate that is informed by data or interviews about current market conditions.

(d) May assume that the loss in value is equal to the net present value or the current market value of the expected change in rent, or a combination of the two.

(e) May segment multiunit housing types by the numbers of bedrooms. If the analysis is for a city that has a population of 75,000 or more, the analysis must also segment the types by at least two geographic areas. Analyses may include segmentation by additional geographic areas or by other relevant factors.

(f) May estimate the loss in value on the basis of housing units or on the basis of square feet.

(g) May select a typical development prototype in the market area.

(h) May structure its economic analysis in any manner.

(3) If a city or county within the Portland MSA, other than the city of Portland, adopts a regulation or requirement that requires maintaining any rental units as affordable housing and provides an offset under subsection (1)(a) of this section in the form of a property tax exemption that is provided over more than one property tax year, the period of the affordability requirement may not be longer than the term of the property tax exemption.

(4) In adopting or applying an economic analysis under subsection (1)(b) of this section or a regulation under section 2 of this 2026 Act based on such an analysis:

(a) The city or county is entitled to deference in its reliance on analyses, calculations, assumptions, factors, consultants, experts or data that may be used by accepted economics industry standards or that may reasonably be relied upon by an economist or analyst with relevant certifications or expertise.

(b) A city or county is not expected to perform an individualized economic analysis for each development.

(c) A developer is not entitled to individual or actual losses in value.

(5) A city's or county's adoption of an economic analysis under subsection (1)(b) of this section:

(a) Is not a land use decision.

(b) May be appealed only by writ of review.

(c) May be appealed only within seven days following the adoption of the analysis or the adoption of a regulation or requirement based upon the analysis. If a city or county prevails on an appeal under this paragraph, the city or county is entitled to reasonable attorney fees.

(6) A city or county decision is reviewed as a limited land use decision, subject to subsection (7) of this section, if the decision:

(a) Applies an economic analysis adopted under subsection (1)(b) of this section or a regulation adopted under section 2 of this 2026 Act based on such an analysis to a development application;

(b) Calculates the offsets to be offered to a developer; or

(c) Calculates the value of offsets provided to a developer.

(7) Notwithstanding ORS 197.195, for a decision made under subsection (6) of this section:

(a) Only the applicant may appeal the decision; and

(b) If the city or county prevails on an appeal, the city or county is entitled to reasonable attorney fees.

SECTION 4. Section 3 of this 2026 Act is amended to read:

Sec. 3. (1) A regulation or requirement that is adopted or imposed under section 2 of this 2026 Act within the Portland MSA [*and is applicable to rental housing*] is not enforceable unless:

(a) The regulation or requirement requires the enacting city or county to offer to a developer of multiunit housing that elects not to pay an in-lieu fee pursuant to section 2 (3) of this 2026 Act one or more of the following offsets in an amount totaling at least the expected marginal loss in value for a prototypical multiunit housing by type, as calculated under paragraph (b) of this subsection:

(A) Immediate or structured cash payments.
(B) Full or partial exemption from ad valorem property taxes.
(C) Whole or partial waivers or reductions of fees, including impact fees or system development charges, provided that those fees have been assessed for multiunit housing for at least 30 of the 72 months preceding the date on which the regulation or requirement becomes operative.

(b) Within the previous six years, the governing body of the city or county has adopted by ordinance an economic analysis of the regulation or requirement that calculates the average expected marginal loss in value of a prototypical multiunit housing, by type, that would be expected to result from compliance with the regulation or requirement.

(2) For the purposes of the economic analysis under subsection (1)(b) of this section, a city or county:

(a) May use, for costs and benefits that would accrue over time, including lost rents from below-market homes and multiyear tax abatements, a net present value calculation or a comparison of the current market valuations, or a combination of the two.

(b) May apply a discount rate on future benefits using a 10-year treasury bond rate plus a risk-adjustment spread.

(c) If the city or county is using a risk-adjustment spread or capitalization rate, must use a spread or rate that is informed by data or interviews about current market conditions.

(d) May assume that the loss in value is equal to the net present value or the current market value of the expected change in rent **or sales price**, or a combination [*of the two*].

(e) May segment multiunit housing types by the numbers of bedrooms. If the analysis is for a city that has a population of 75,000 or more, the analysis must also segment the types by at least two geographic areas. Analyses may include segmentation by additional geographic areas or by other relevant factors.

(f) May estimate the loss in value on the basis of housing units or on the basis of square feet.

(g) May select a typical development prototype in the market area.

(h) May structure its economic analysis in any manner.

(3) If a city or county within the Portland MSA, other than the city of Portland, adopts a regulation or requirement that requires maintaining any rental units as affordable housing and provides an offset under subsection (1)(a) of this section in the form of a property tax exemption that is provided over more than one property tax year, the period of the affordability requirement may not be longer than the term of the property tax exemption.

(4) In adopting or applying an economic analysis under subsection (1)(b) of this section or a regulation under section 2 of this 2026 Act based on such an analysis:

(a) The city or county is entitled to deference in its reliance on analyses, calculations, assumptions, factors, consultants, experts or data that may be used by accepted economics industry standards or that may reasonably be relied upon by an economist or analyst with relevant certifications or expertise.

(b) A city or county is not expected to perform an individualized economic analysis for each development.

(c) A developer is not entitled to individual or actual losses in value.

(5) A city's or county's adoption of an economic analysis under subsection (1)(b) of this section:

(a) Is not a land use decision.

(b) May be appealed only by writ of review.

(c) May be appealed only within seven days following the adoption of the analysis or the adoption of a regulation or requirement based upon the analysis. If a city or county prevails on an appeal under this paragraph, the city or county is entitled to reasonable attorney fees.

(6) A city or county decision is reviewed as a limited land use decision, subject to subsection (7) of this section, if the decision:

(a) Applies an economic analysis adopted under subsection (1)(b) of this section or a regulation adopted under section 2 of this 2026 Act based on such an analysis to a development application;

(b) Calculates the offsets to be offered to a developer; or

- (c) Calculates the value of offsets provided to a developer.
- (7) Notwithstanding ORS 197.195, for a decision made under subsection (6) of this section:
 - (a) Only the applicant may appeal the decision; and
 - (b) If the city or county prevails on an appeal, the city or county is entitled to reasonable attorney fees.

SECTION 5. ORS 197A.465 is amended to read:

197A.465. *[(1) As used in this section:]*

[(a) "Affordable housing" means housing that is affordable to households with incomes equal to or higher than 80 percent of the median family income for the county in which the housing is built.]

[(b) "Multiunit housing" means a structure that contains three or more housing units sharing at least one wall, floor or ceiling surface in common with another unit within the same structure.]

*[(2) Except as provided in subsection (3) of this section, a metropolitan service district] **Metro** may not adopt a land use regulation or functional plan provision, or impose a **requirement** as a condition for approving an application under ORS 215.427 or 227.178 *[a requirement]*, that has the effect of establishing the sales or rental price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale or rent to a particular class or group of purchasers or renters.*

*[(3) The provisions of subsection (2) of this section do] **This section does** not limit the authority of *[a metropolitan service district] **Metro** to:**

[(a)] (1) Adopt or enforce a use regulation, provision or requirement creating or implementing an incentive, contract commitment, density bonus or other voluntary regulation, provision or requirement designed to increase the supply of moderate or lower cost housing units; or

[(b)] (2) Enter into an affordable housing covenant as provided in ORS 456.270 to 456.295.

[(4) Notwithstanding ORS 91.225, a city or county may adopt a land use regulation or functional plan provision, or impose as a condition for approving an application under ORS 215.427 or 227.178 a requirement, that has the effect of establishing the sales or rental price for new multiunit housing, or that requires new multiunit housing to be designated for sale or rent as affordable housing.]

[(5) A regulation, provision or requirement adopted or imposed under subsection (4) of this section:]

[(a) May not require more than 20 percent of multiunit housing units to be sold or rented as affordable housing.]

[(b) May apply only to multiunit housing containing at least 20 housing units.]

[(c) Must provide developers the option to pay an in-lieu fee, in an amount determined by the city or county, in exchange for providing the requisite number of housing units within the multiunit housing to be sold or rented at below-market rates.]

[(d) Must require the city or county to offer a developer of multiunit housing, other than a developer that elects to pay an in-lieu fee pursuant to paragraph (c) of this subsection, at least one of the following incentives:]

[(A) Whole or partial fee waivers or reductions.]

[(B) Whole or partial waivers of system development charges or impact fees set by the city or county.]

[(C) Finance-based incentives.]

[(D) Full or partial exemption from ad valorem property taxes on the terms described in this subparagraph. For purposes of any statute granting a full or partial exemption from ad valorem property taxes that uses a definition of "low income" to mean income at or below 60 percent of the area median income and for which the multiunit housing is otherwise eligible, the city or county shall allow the multiunit housing of the developer to qualify using a definition of "low income" to mean income at or below 80 percent of the area median income.]

[(e) Does not apply to a CCRC, as defined in ORS 101.020, that executes and records a covenant with the applicable city or county in which the CCRC agrees to operate all units within its structure as a CCRC. Units within a CCRC that are offered or converted into residential units that are for sale or rent and are not subject to ORS chapter 101 must comply with regulations, provisions or require-

ments adopted by the city or county that are consistent with those applicable to new multiunit housing under subsection (3) or (4) of this section.]

[(6) A regulation, provision or requirement adopted or imposed under subsection (4) of this section may offer developers one or more of the following incentives:]

[(a) Density adjustments.]

[(b) Expedited service for local permitting processes.]

[(c) Modification of height, floor area or other site-specific requirements.]

[(d) Other incentives as determined by the city or county.]

[(7) Subsection (4) of this section does not restrict the authority of a city or county to offer developers voluntary incentives, including incentives to:]

[(a) Increase the number of affordable housing units in a development.]

[(b) Decrease the sale or rental price of affordable housing units in a development.]

[(c) Build affordable housing units that are affordable to households with incomes equal to or lower than 80 percent of the median family income for the county in which the housing is built.]

[(8)(a) A city or county that adopts or imposes a regulation, provision or requirement described in subsection (4) of this section may not apply the regulation, provision or requirement to any multiunit housing for which an application for a permit, as defined in ORS 215.402 or 227.160, has been submitted as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application has been submitted to the city or county prior to the effective date of the regulation, provision or requirement.]

[(b) If multiunit housing described in paragraph (a) of this subsection has not been completed within the period required by the permit issued by the city or county, the developer of the multiunit housing shall resubmit an application for a permit, as defined in ORS 215.402 or 227.160, as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application under the regulation, provision or requirement adopted by the city or county under subsection (4) of this section.]

[(9)(a) A city or county that adopts or imposes a regulation, provision or requirement under subsection (4) of this section shall adopt and apply only clear and objective standards, conditions and procedures regulating the development of affordable housing units within its jurisdiction. The standards, conditions and procedures may not have the effect, either individually or cumulatively, of discouraging development of affordable housing units through unreasonable cost or delay.]

[(b) Paragraph (a) of this subsection does not apply to:]

[(A) An application or permit for residential development in an area identified in a formally adopted central city plan, or a regional center as defined by Metro, in a city with a population of 500,000 or more.]

[(B) An application or permit for residential development in historic areas designated for protection under a land use planning goal protecting historic areas.]

[(c) In addition to an approval process for affordable housing based on clear and objective standards, conditions and procedures as provided in paragraph (a) of this subsection, a city or county may adopt and apply an alternative approval process for applications and permits for residential development based on approval criteria regulating, in whole or in part, appearance or aesthetics that are not clear and objective if:]

[(A) The developer retains the option of proceeding under the approval process that meets the requirements of paragraph (a) of this subsection;]

[(B) The approval criteria for the alternative approval process comply with applicable statewide land use planning goals and rules; and]

[(C) The approval criteria for the alternative approval process authorize a density at or above the density level authorized in the zone under the approval process provided in paragraph (a) of this subsection.]

[(10) If a regulation, provision or requirement adopted or imposed by a city or county under subsection (4) of this section requires that a percentage of housing units in new multiunit housing be designated as affordable housing, any incentives offered under subsection (5)(d) or (6) of this section must

be related in a manner determined by the city or county to the required percentage of affordable housing units.]

SECTION 6. ORS 320.195 is amended to read:

320.195. (1) As soon as practicable after the end of each fiscal quarter, a city or county that imposes a construction tax pursuant to ORS 320.192 shall deposit the construction tax revenues collected in the fiscal quarter just ended in the general fund of the city or county.

(2) Of the revenues deposited pursuant to subsection (1) of this section, the city or county may retain an amount not to exceed four percent as an administrative fee to recoup the expenses of the city or county incurred in complying with this section.

(3) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use the remaining revenues received under ORS 320.192 (2) as follows:

(a) Fifty percent to fund developer incentives **or offsets** allowed or offered pursuant to [ORS 197A.465 (5)(c) and (d) and (7)] **section 2 (5) or (6) or 3 (1)(a) of this 2026 Act;**

(b) Fifteen percent to be distributed to the Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and

(c) Thirty-five percent for programs and incentives of the city or county related to affordable housing as defined by the city or county, respectively, for purposes of this section and ORS 320.192.

(4) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use 50 percent of the remaining revenues received under ORS 320.192 (3) to fund programs of the city or county related to housing.

SECTION 7. ORS 456.766 is amended to read:

456.766. As used in ORS 456.766 to 456.828:

(1)(a) "Affordability restriction" means a limit on rents that a property owner may charge at a participating property or a limitation on the use of a participating property as set forth in a contract.

(b) "Affordability restriction" does not include the requirements under ORS 456.792.

(2) "Contract" means a written agreement entered into by a property owner under which a participating property becomes publicly supported housing that is subject to an affordability restriction. "Contract" includes, but is not limited to, a deed restriction, loan agreement, operating agreement or any other written agreement that results in an affordability restriction being placed on the property.

(3) "Local government" means a city, county, public corporation or metropolitan service district.

(4) "Participating property" means property that is the subject of a contract by which the property becomes publicly supported housing that is subject to an affordability restriction and that is not eligible for withdrawal under ORS 456.814 (4).

(5) "Property owner" or "owner" means the owner or long-term lessee of a participating property, including a third-party purchaser of a property not eligible for withdrawal under ORS 456.814 (4).

(6)(a) "Publicly supported housing" means a multifamily rental housing development of five or more units that receives or benefits from government assistance under:

(A) A contract for rent assistance from the United States Department of Housing and Urban Development, the United States Department of Agriculture or the Housing and Community Services Department that contains an affordability restriction; or

(B) A contract that is for any other type of government assistance or subsidy that includes an affordability restriction and that is identified in rules adopted by the Housing and Community Services Department.

(b) "Publicly supported housing" does not include a multifamily rental housing development:

(A) For which the development or developer receives only a construction excise tax waiver, a system development charge waiver, a fee waiver or a property tax abatement;

(B) That is part of an inclusionary housing program as defined by local government and authorized under [ORS 197A.465] **sections 2 and 3 of this 2026 Act;**

(C) That receives tenant-based federal rent subsidy payments under the Housing Choice Voucher Program authorized by 42 U.S.C. 1437f;

(D) That receives project-based rental assistance vouchers administered by a housing authority under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f (o)(13)); or

(E) That receives tenant vouchers from the United States Department of Agriculture under section 542 of the Housing Act of 1949 (42 U.S.C. 1471).

(7) “Qualified purchaser” means a local government entitled to receive notices under ORS 456.781, the Housing and Community Services Department or a designee appointed by the department under ORS 456.814.

(8) “Termination date” means the date upon which the affordability restrictions expire and the property is withdrawn from publicly supported housing as allowed under ORS 456.766 to 456.828 and the contract or expiration of the contract.

(9) “Third party” means a party that is not a qualified purchaser and that has made an offer to purchase, or has purchased, a participating property from a property owner.

SECTION 8. Section 8, chapter 52, Oregon Laws 2016, is amended to read:

Sec. 8. (1) The local government of a pilot project site selected by the Land Conservation and Development Commission under section 4, **chapter 52, Oregon Laws 2016**, [of this 2016 Act] may not plan or zone the site to allow a use or mix of uses not authorized under sections 2 to 9, **chapter 52, Oregon Law 2016**, [of this 2016 Act] unless the local government withdraws the pilot project site from the urban growth boundary and rezones the site pursuant to law, statewide land use planning goals and land use regulations implementing the goals that regulate allowable uses of land outside urban growth boundaries.

(2) A local government may not use sections 2 to 9, **chapter 52, Oregon Laws 2016**, [of this 2016 Act] to bring high-value farmland, as determined by the commission, within its urban growth boundary.

(3) The inclusion of pilot project sites dedicated to affordable housing within an urban growth boundary pursuant to sections 2 to 9, **chapter 52, Oregon Laws 2016**, [of this 2016 Act] does not authorize a local government to convert buildable lands within the urban growth boundary that are planned for needed housing, as defined in ORS [197.303] **197A.348**, to other uses.

(4) [Notwithstanding ORS 197.309 (2),] For a pilot project site selected under section 4, **chapter 52, Oregon Laws 2016** [of this 2016 Act], and affordable housing developed on a selected pilot project site, a local government may take any action described in [ORS 197.309] **section 2 of this 2026 Act** that has the effect of establishing the sales price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale to a particular class or group of purchasers.

(5) Sections 2 to 9, **chapter 52, Oregon Laws 2016**, [of this 2016 Act] do not constitute a statutory contract. A pilot project site selected under section 4, **chapter 52, Oregon Laws 2016**, [of this 2016 Act] and affordable housing developed on a selected pilot project site remain subject to new or additional regulatory requirements authorized by law, statewide land use planning goals and land use regulations implementing the goals.

(6) As used in this section, “lot” and “parcel” have the meanings given those terms in ORS 92.010.

SECTION 9. Section 2, chapter 112, Oregon Laws 2021, as amended by section 2, chapter 221, Oregon Laws 2023, is amended to read:

Sec. 2. (1) Sections 2, 3, 5, 6, 7[, 8] and 9, chapter 52, Oregon Laws 2016, are repealed on January 2, 2028.

(2) Section 4, chapter 52, Oregon Laws 2016, as amended by section 1, chapter 32, Oregon Laws 2019, section 1, chapter 112, Oregon Laws 2021, and section 1, **chapter 221, Oregon Laws 2023** [of this 2023 Act], is repealed on January 2, 2028.

(3) **Section 8, chapter 52, Oregon Laws 2016, as amended by section 8 of this 2026 Act, is repealed on January 2, 2028.**

SECTION 10. Section 9, chapter 552, Oregon Laws 2021, as amended by section 104, chapter 13, Oregon Laws 2023, and section 46, chapter 38, Oregon Laws 2025, is amended to read:

Sec. 9. (1) Notwithstanding ORS 197.250 or 197.612 or any statewide land use planning goal, the Department of Land Conservation and Development shall approve Stevens Road planning amendments provided the department determines, in its discretion, that the Stevens Road planning amendments, with respect to the Stevens Road tract, include:

- (a) An inventory of significant historical artifacts, cultural sites and natural resources.
 - (b) Areas designated for recreational and open space.
 - (c) Land use regulations for the protection and preservation of significant resources and designated areas identified in paragraphs (a) and (b) of this subsection.
 - (d) Land use regulations that comply with applicable wildfire planning and development requirements, including requirements in regulations adopted to implement a statewide planning goal relating to natural disasters and hazards.
 - (e) Areas designated for adequate employment lands that account for the city's most recent economic opportunity analysis, including consideration of subsequent economic development activities and trends.
 - (f) Within areas zoned for residential purposes, without counting the lands designated under subsection (2) of this section, land use regulations for housing that:
 - (A) Ensure adequate opportunities for the development of all needed housing types, sizes and densities of market-rate housing, including middle housing as defined in ORS 197A.420;
 - (B) Exceed the proportions of single-unit attached and multiunit housing called for in the city's most recently adopted housing needs analysis under ORS 197.296 (3) (2021 Edition);
 - (C) Exceed a minimum density standard of nine residential units per gross residential acre; and
 - (D) On the date the Stevens Road planning amendments are approved, comply with land use regulations adopted by the city, or any minimum applicable rules adopted by the department, to implement ORS 197A.420 and the amendments to ORS 197A.425 by section 7, chapter 639, Oregon Laws 2019.
 - (g) Sufficient areas designated for mixed use development to support and integrate viable commercial and residential uses along with transportation options, including walking, bicycling and transit use.
 - (h) Land use regulations ensuring that:
 - (A) Adequate capacity is available, or feasible with development, for water, sewer and storm water services; and
 - (B) Adequate consideration is given to the financing, scheduling and development of urban services, as defined in ORS 195.065.
 - (i) Land use regulations for transportation that:
 - (A) Ensure the development of adequate infrastructure to support walking, bicycling, public transit and motor vehicle movement; and
 - (B) Give adequate consideration to transportation networks that connect the Stevens Road tract to other areas within the urban growth boundary of the city.
 - (j) The adequate consideration of the recommendations and comments received under section 8 (3) to (5), chapter 552, Oregon Laws 2021.
- (2) The department may not approve the planning amendments under subsection (1) of this section unless the planning amendments designate at least 20 net acres of land to be:
- (a) Restricted so the area may be zoned, planned, sited or developed only for residential housing units at a minimum density of nine residential units per gross acre;
 - (b) Conveyed to the city at a price per acre established under section 4 (2)(b), chapter 552, Oregon Laws 2021; and
 - (c) Notwithstanding ORS 91.225 or [197A.465] **section 2 of this 2026 Act**, preserved for a period of no less than 50 years as affordable to own or rent as follows:
 - (A) At least 12 net acres made affordable to:

(i) Households with incomes of 60 percent or less of the area median income, as defined in ORS 456.270; or

(ii) If part of an income-averaging program approved by the Housing and Community Services Department, households whose incomes average 60 percent or less of the area median income.

(B) At least six net acres:

(i) Made affordable to households with incomes of 80 percent or less of the area median income; and

(ii) Made available, to the extent permitted by law, in a manner that gives a priority to households in which at least one individual is employed by an education provider over other members of the public.

(C) At least two net acres in which at least 80 percent of the units in each contiguous development tract are made affordable to households with 80 percent or less of the area median income, of which at least one net acre is made available, to the extent permitted by law, in a manner that gives a priority to households in which at least one individual is employed by an education provider over other members of the public.

(3) Upon a partition or subdivision of the Stevens Road tract following the approval of the planning amendments under subsection (1) of this section establishing one or more lots or parcels described in subsection (2) of this section, the owner shall transfer those lots or parcels to the city. For a period of 99 years after the purchase of property under this section, if the city resells any lot or parcel, the city may recover only the city's costs of the purchase and resale of the property.

(4) Neither the city nor the Department of Land Conservation and Development is obligated to adopt any specific findings or evaluate any specific criteria in exercising its discretion with respect to any Stevens Road planning amendments under this section and may receive, solicit or consider information from any source.

(5) As used in this section, "education provider" means a school district as defined in ORS 332.002, an educational program under the Youth Corrections Education Program or Juvenile Detention Education Program as both are defined in ORS 326.695, or an education service district as defined in ORS 334.003.

SECTION 11. Section 10, chapter 552, Oregon Laws 2021, is amended to read:

Sec. 10. (1) Sections [2 to 9 of this 2021 Act] 2 to 5, 7 and 8, chapter 552, Oregon Laws 2021, are repealed on January 2, 2030.

(2) Section 6, chapter 552, Oregon Laws 2021, as amended by section 103, chapter 13, Oregon Laws 2023, is repealed on January 2, 2030.

(3) Section 9, chapter 552, Oregon Laws 2021, as amended by section 104, chapter 13, Oregon Laws 2023, section 46, chapter 38, Oregon Laws 2025, and section 10 of this 2026 Act, is repealed on January 2, 2030.

SECTION 12. Section 8, chapter 330, Oregon Laws 2025, is amended to read:

Sec. 8. (1) A local government may not apply residential design standards to an application for the development of housing within an urban growth boundary unless the application is for the development of a [multifamily structure as defined in ORS 197A.465] multiunit structure as defined in section 2 of this 2026 Act or fewer than 20 residential units.

(2) This section does not apply to land use regulations or requirements that are related to setbacks, building height, accessibility, fire ingress or egress, public health or safety, state or federal water quality standards, hazardous or contaminated site cleanup or wildlife protection or that implement statewide land use planning goals relating to natural resources, natural hazards, the Willamette River Greenway, estuarine resources, coastal shorelands, beaches and dunes or ocean resources.

(3) As used in this section:

(a) "Residential design standards" means standards intended to preserve the desired character, architectural expression, decoration or aesthetic quality of new homes, including standards regulating:

(A) Facade materials, colors or patterns;

- (B) Roof decoration, form or materials;
- (C) Accessories, materials or finishes for entry doors or garages;
- (D) Window elements such as trim, shutters or grids;
- (E) Fence type, design or finishes;
- (F) Architectural details, such as ornaments, railings, cornices and columns;
- (G) Size and design of porches or balconies;
- (H) Variety of design or floorplan; or
- (I) Front or back yard area landscaping materials or vegetation.

(b) “Residential units” means any new single-unit dwellings, manufactured dwellings and units of middle housing, as defined in ORS 197A.420.

SECTION 13. Section 9, chapter 330, Oregon Laws 2025, is amended to read:

Sec. 9. Section 8, **chapter 330, Oregon Laws 2025, as amended by section 12 of this 2026 Act**, [of this 2025 Act] is repealed January 2, 2033.

SECTION 14. (1) Sections 2 and 3 of this 2026 Act and the amendments to 197A.465, 320.195 and 456.766 and section 8, chapter 52, Oregon Laws 2016, section 2, chapter 112, Oregon Laws 2021, sections 9 and 10, chapter 552, Oregon Laws 2021, and sections 8 and 9, chapter 330, Oregon Laws 2025, by sections 5 to 13 of this 2026 Act become operative on January 1, 2028.

(2) The amendments to section 3 of this 2026 Act by section 4 of this 2026 Act become operative on January 1, 2029.

(3) The Department of Land Conservation and Development may take any action before the operative date specified in subsection (1) of this section that is necessary for the department to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the department by sections 2 and 3 of this 2026 Act and the amendments to ORS 197A.465 by section 5 of this 2026 Act.

SECTION 15. (1)(a) Beginning on the operative date specified in section 14 (1) of this 2026 Act, a city or county may not enforce any regulation or requirement that is not in compliance with section 2 or 3 of this 2026 Act or ORS 197A.465, as amended by section 5 of this 2026 Act.

(b) Beginning on the operative date specified in section 14 (2) of this 2026 Act, a city or county may not enforce any regulation or requirement that is not in compliance with the amendments to section 3 of this 2026 Act by section 4 of this 2026 Act.

(2)(a) Sections 2 and 3 of this 2026 Act and the amendments to ORS 197A.465 by section 5 of this 2026 Act do not affect any of the following actions taken under ORS 197A.465 as that statute was in effect before the operative date specified in section 14 (1) of this 2026 Act:

- (A) The award of any incentive;
- (B) The imposition of any land use regulation or condition of approval; or
- (C) The interpretation or enforceability of any agreement between a developer and a city or county.

(b) The amendments to section 3 of this 2026 Act by section 4 of this 2026 Act do not affect any of the following actions taken under ORS 197A.465 as that statute was in effect before the operative date specified in section 14 (2) of this 2026 Act:

- (A) The award of any incentive;
- (B) The imposition of any land use regulation or condition of approval; or
- (C) The interpretation or enforceability of any agreement between a developer and a city or county.

Passed by Senate February 20, 2026

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Obadiah Rutledge, Secretary of Senate

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Rob Wagner, President of Senate

Passed by House March 4, 2026

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Julie Fahey, Speaker of House

Received by Governor:

.....M,....., 2026

Approved:

.....M,....., 2026

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M,....., 2026

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Tobias Read, Secretary of State