



February 3, 2026

TO: House Committee on Housing and Homelessness

FR: Duke Shepard, Senior Policy Director

RE: HB 4108

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 75% of which are small businesses, employ more than 250,000 Oregonians.

HB 4108 establishes a voluntary, property-owner-initiated annexation pathway for qualifying non-contiguous residential parcels located within urban growth boundaries. The bill is narrowly tailored: it applies only to residential or mixed-use residential properties where city utilities are already in place, preserves full local discretion for cities to approve or deny annexations, and does not compel participation by any property owner.

Many of the parcels eligible for annexation are larger than typical city lots and, once incorporated into city limits, could the full range of housing types. This creates new opportunities for homeowners, builders, and investors while directly advancing local housing production goals.

The bill also supports local innovation and flexibility by allowing cities to integrate annexation into broader housing strategies already underway. Jurisdictions may choose to pair annexation with regulatory incentives to encourage development in areas where housing can be delivered most efficiently. In doing so, HB 4108 gives cities greater ability to respond creatively to local conditions and bring more housing into production and occupancy.

**OBI supports HB 4108.**

On a final note, this is one in a continuing series of one-off, technocratic work arounds that are needed to solve discrete community land use problems. The constant need for these kinds of bills would be ameliorated if Oregon addressed the entire land use system and related policies, rules and regulations that continue to be the root of Oregon's persistent housing unaffordability and uncompetitive economic environment.