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February 7, 2026

To: Chair Pam Marsh and Members
House Committee on Housing and Homelessness

From: Mary Kyle McCurdy, Associate Director

Re: HB 4035

As we testified orally to this Committee on February 5, 1000 Friends of Oregon is currently opposed to HB 4035. 1000 Friends is a nonprofit, membership organization that works with Oregonians to support livable urban and rural communities, protect family farms, forests and natural areas, and provide transportation and housing choices.

1000 Friends greatly appreciates the time and effort put in by the Chair Marsh and Vice Chair Breese Iverson on possible revisions to SB 1537 from 2024, which allowed a one-time UGB expansion using a short cut through the land use process, provided a city met certain criteria to show an urgent need, and provided that the subsequent development included a certain percentage of affordable housing. That bill was vigorously negotiated by many stakeholders, and it is actually already being used by three cities. So we are wary that in less than two years, we are already back trying to change it.

Nonetheless, we have been working cooperatively on making the bill work better as intended. There are four main elements to the changes proposed in HB 4035. We understand there might be an amendment to revise some of these, which we look forward to.

1. Changing one of the eligibility criteria. The original bill required that cities that meet the definition of "severely rent burdened" to qualify - meaning that 25% of the city's households are spending more than 50% of their gross income on rent and utilities. HB 4035 would change that to "rent burdened," meaning that 25% of the households are paying more than 30% of their income on rent + utilities. We agreed with changing this eligibility criteria. Although it will certainly make more cities eligible than contemplated in the original bill, this change is consistent with the intent of the original bill.

2. Clarifying definitions to ensure that a city is eligible for this UGB expansion only if it does not have any large, residentially zoned but vacant parcels inside the UGB. We support the objective in the original SB 1537: to ensure lands already

inside UGBs are not skipped over and instead, financial and policy resources are diverted to the edge. Contrary to some testimony we heard at the Committee hearing, it is not accurate that only hard to develop sites are left within UGBs. Just as two examples, Bend has brought about 2000 acres into its UGB in the last ten years, most of which is waiting to be developed because it needs infrastructure financing, not because it is geographically challenging or mostly small parcels. Medford added 4,000 acres to its UGB in 2018; again, issues of annexation and infrastructure financing are primary there. A review of the buildable lands inventories of many cities will show that infrastructure financing is the major hurdle in most cities.

We understand that the correct wording to achieve this objective is still under discussion.

We are fine with these two revisions to the bill passed in 2024; while they will increase the cities eligible for this path, we believe they are consistent with the intent and content of the original bill.

3. Under HB 4035, farm, forest, and resource lands could be included in this UGB, if a city is almost surrounded by such lands. This is a fundamental change from the original bill, which did not permit this path for a UGB expansion to be used on lands that form the base of Oregon's #2 industry - agriculture. We do not agree with this change, but we understand that there are a few cities who otherwise meet the eligibility criteria but for whom this option is not available because they are virtually surrounded by resource land. Although that was certainly known when the original bill was negotiated, we can accept this change **if** the definition of "surrounded" is tight, and a city has no other options. We believe that concept is reflected in language that will be contained in an amendment, but we will need to review that.

4. The size of the UGB expansion. The original bill provided that the UGB expansion for a larger city could be up to 100 net residential acres. Bend has already approved a UGB expansion under the original bill, which is within this acreage. However, HB 4035 would increase this to 150 acres, and one current possible proposal would allow that to increase to 170 net acres. After adding in rights-of-way, that could bring the total acreage up to as much as 220 acres, based on the 30% ROW that Bend is currently assuming for its UGB expansion. That is significantly larger than the 100 net residential acres in the original HB 1537, and contrary to the intent of that bill: to allow cities that urgently need housing to use this tool. Those cities that desire larger and more complex UGB expansion already have a path for that.

We oppose the increase in acreage; we'd like to see the acreage remain as is in the original SB 1537 (100 net residential acres).

Thank you for considering our comments.