



2843 NW Lolo Drive., Ste. 200 | Bend, OR 97703

Phone (541) 647-2930

www.colw.org

February 26, 2026

Oregon State Legislature
Senate Committee on Housing and Development

RE: Support for -A17 amendment to HB 4037 A

Chair Pham, Vice-Chair Anderson, and Committee members,

Thank you for the opportunity to provide **testimony in support of the -A17 amendment to HB 4037 A** on behalf of Central Oregon LandWatch (LandWatch).

-A17 amendment: Residential Development on Commercial Lands

The Cities and Towns program at LandWatch has a clear north star: To deliver Complete Communities to Central Oregon. These are places with abundant, affordable housing options and transportation choices, nature nearby - and essential services and amenities close by that people need and use in their day-to-day lives.

The -A17 amendment includes a thoughtful, community driven and very narrow tailoring of SB 8, which is a bill that was passed by this legislature in 2021 and which allows affordable housing by right on commercially zoned lands within cities.

SB 8 has proven successful in delivering more affordable housing to our community. But it has also reduced the acreage of commercial zoned parcels in two master planned areas of Bend that we've intentionally designed to be Complete Communities. It's important SB 8 continues to deliver much needed housing and that viable, commercially zoned lands remain in these neighborhoods as planned to ensure they become Complete Communities as they develop.

As innovative and targeted housing policies and approaches passed by this legislature become reality in our communities, it is vital that we monitor and amplify what is working, key in on unintended consequences, and then offer up nimble responses that fine tune these policies over time to ensure we're getting the intended outcomes on the ground. **This provision in -A17 is one of these responsive solutions that is pro-housing, pro-economic development, and pro-Complete Community. It will:**

- Continue allowing developers to utilize SB 8 as the bill currently allows



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- Only applies:

- 1) When a developer is utilizing SB 8 in a 'planned mixed use development' that is larger than 10 acres and that is subject to a land use approval or binding development agreement adopted by the local government that establishes areas or minimum acreages for commercial uses and includes residential or other uses, and
- 2) If the amount of commercially zoned land within that 'planned mixed use development' is being reduced to less than 80 percent of the original amount.

If this is the case, the developer must ensure alternative locations within the planned mixed use development are established to site an equivalent amount of commercially oriented development as the proposed housing development.

- This requirement would apply statewide and allow for local flexibility in implementing the requirement based on each individual jurisdiction's application and review process.

In addition, when we looked more closely at what was playing out in our community outside of our master planned areas, we realized that there are also certain smaller neighborhood commercial zoned parcels throughout our city that we're relying on to do a lot - these are literal commercial islands in a sea of residential housing.¹ It is particularly important for these small, isolated neighborhood commercial nodes to fulfill their commercial purpose and ensure we have Complete Communities throughout Bend. This is an issue that isn't unique to Bend and therefore a proactive approach on this issue is warranted.

While this issue - preserving smaller neighborhood commercial nodes surrounded by residential zoning and located outside of master planned areas - isn't addressed by the -A17 amendment, we look forward to continuing to work with our elected leaders and other stakeholders on solutions.

The -A17 amendment to HB 4037 A includes a narrow, reasonable approach that allows for much needed housing to continue to be built via SB 8, while also preserving

¹ Attachment A - Map of Bend's Commercial and Mixed-Use Zones by Acreage, COLW, Feb 2026





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economic development and Complete Community opportunities in planned mixed-use development areas.

-A17 Amendment: Urban Reserves

LandWatch strongly supports the use of Urban Reserves, as they enable cities to boost efficient urbanization, build more housing and Complete Communities more quickly, and foster intentional growth. They are an important and powerful tool for cities to use.

Over the past two years there has been significant progress in the legislature via SB 1129 and via DLCD's recent OHNA rulemaking to help ensure the Urban Reserves process is used by more cities.

Last session LandWatch worked closely with Senator Broadman and the City of Bend on SB 1129 to make reasonable adjustments to the Urban Reserves process to ensure it delivers more efficient urbanization while preserving the existing land prioritization scheme. The prioritization scheme ensures Oregon communities consider a number of factors and then balance efficient development and urbanization with preserving farm and forest lands when establishing an Urban Reserve.

We then continued to work together throughout the OHNA process to ensure that legislative intent was integrated into rule. As a result, the OHNA rules that were just adopted in December better address infrastructure challenges and considerations consistent with the appropriate protection of farm and forest lands in the Urban Reserve process. This is aligned with both the rulemaking charge of HB 2001 in 2003 which established the OHNA framework, and the explicit legislative intent of SB 1129, which requires maintaining the priority scheme while creating a reasonable path for considering and proving up costs to develop land.

The outstanding issue related to Urban Reserves that still needs to be addressed is included in the -A17 amendment for HB 4037. This portion of the bill:

- Seeks a definition for built constraints that is more consistent with SB 1129
- Provides cities like Bend with the clarity needed to move forward with their Urban Reserve process
- And preserves the integrity of Oregon's land-use planning program

We support the narrow, specific portion of the -A17 amendment related to defining built constraints consistent with SB 1129 via a conforming rulemaking process, as it is



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outlined here. The changes sought are a revision to OAR 660-021-0030 (5)(a) and striking (5)(a)(A) and (B):

Existing OAR language from the OHNA rulemaking:

- (5) Land of higher priority under section (4) of this rule may be assigned lower priority if:
 - (a) Provision of future urban services, as defined in ORS 195.065, is not reasonable or cost effective due to:
 - (A) Topographical or other physical constraints such as freeways, rail lines, or other restricted access corridors that would require new grade separated crossings to serve planned urban development; or
 - (B) Existing or planned future public infrastructure investments.
 - (b) Maximum efficiency of land uses within a proposed URA requires inclusion of lower priority lands in order to include or to provide services to higher priority lands.
- (6) Findings and conclusions concerning the results of the consideration required by this rule shall be adopted by the affected jurisdictions.

Becomes this updated OAR language:

- (5) Land of higher priority under section (4) of this rule may be assigned lower priority if:
 - (a) Provision of future urban services, as defined in ORS 195.065, is not reasonable or cost effective due to existing topographical or other physical constraints including built constraints.
 - (b) Maximum efficiency of land uses within a proposed URA requires inclusion of lower priority lands in order to include or to provide services to higher priority lands.
- (6) Findings and conclusions concerning the results of the consideration required by this rule shall be adopted by the affected jurisdictions.

Additional Adjustments

In addition to adopting the -A17 amendments **these additional changes to HB 4037 A would strengthen the bill overall:**

Section 17, lines 15-23 go too far in limiting public participation and Land Use Planning Goal 1, Citizen Involvement. We support adjustments that allow for



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broader geographic public notice and opportunities for public hearings and public appeals.

Section 23, lines 33-16 allow the use of State lands for the development of housing. We believe the 120% area median income limit is too high, and does not provide sufficient public benefit for privatization and transfers of public land. 80% AMI would be more appropriate. Section 23, lines 14-16, which allow the use of State land for market rate housing without any requirements for affordable housing, should be deleted for this same reason.

-A12 Amendment: Rezoning Rural Resource Lands for Development

This amendment would allow Eastern Oregon counties to rezone 50 acres of farm and forest land to facilitate residential development outside of urban growth boundaries. This amendment is a revised version of SB 1578, which didn't make it out of committee earlier this session. While the -A12 amendment has removed some of the problematic provisions in SB 1578 related to large ADUs and limits the eligible geography to within 5 miles of an existing UGB, other solutions are needed that more effectively balance addressing Oregon's rural housing needs while preserving forests and farmland. While we oppose the -A12 for similar reasons outlined in our [written testimony](#) on SB 1578, LandWatch also recognizes that we need to find solutions that address rural housing needs and we look forward to working with our elected leaders and other stakeholders on this important issue on the path ahead.

Thank you for your service and consideration of these comments.

Sincerely,

Corie Harlan
Cities & Towns Program Director



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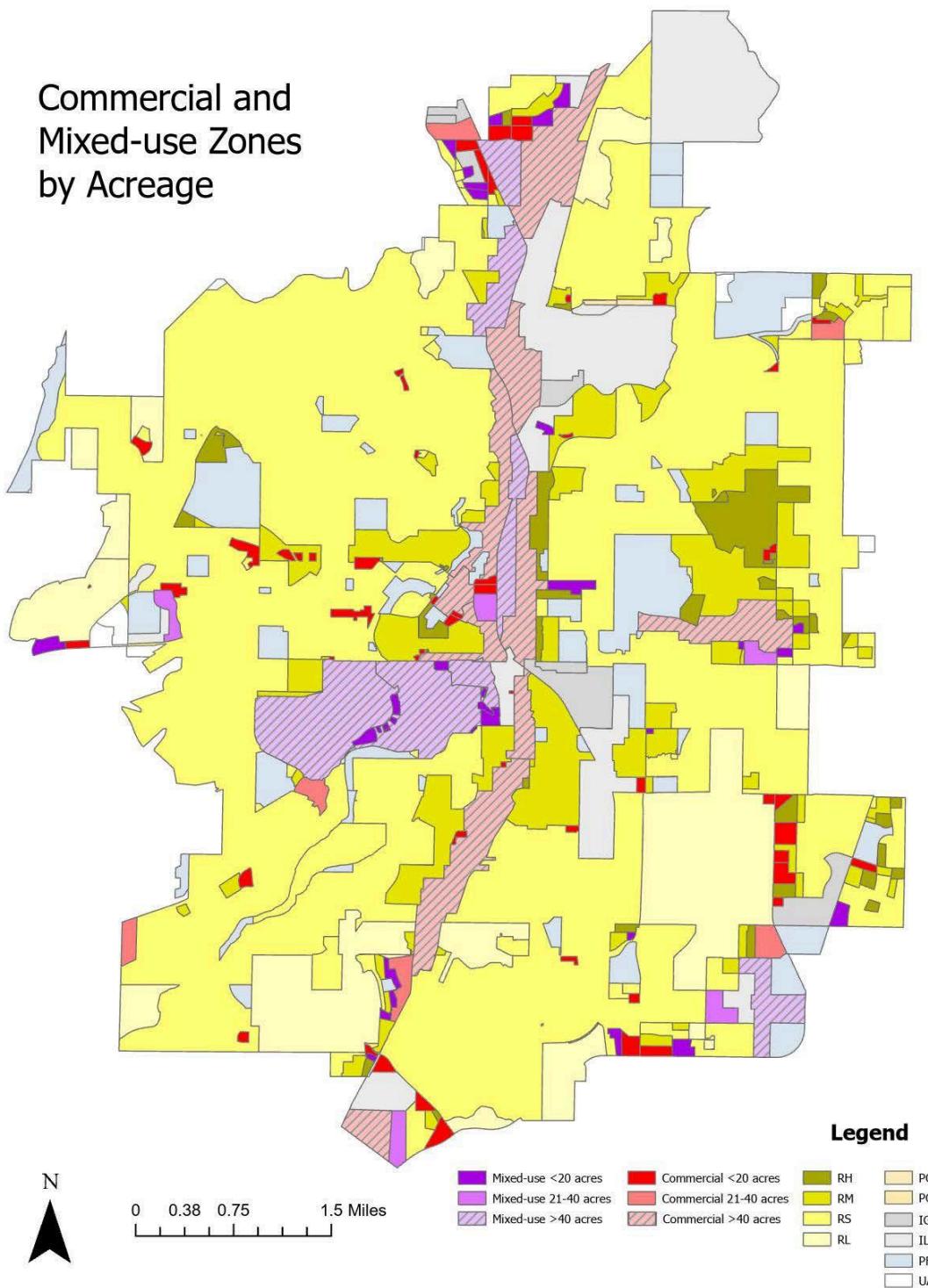


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Attachment A - Map of Bend's Commercial and Mixed-Use Zones by Acreage



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