



HAPO Bulletin: 2026 Legislative Session

Amendments to Housing Laws (published April 24, 2026)

This bulletin outlines and summarizes changes to housing laws adopted by the Oregon Legislature during the 2026 Session. The Housing Accountability and Production Office (HAPO) will prepare more comprehensive guidance in response to questions from local governments and developers. To submit a question, please visit the following link:

<https://www.oregon.gov/lcd/HAPO/Pages/Inquiries-and-Complaints.aspx>

House Bill 4037 (2026 Session)

Clear and Objective Standards (ORS 197A.400)

Section 17 – Effective date: June 5, 2026 | Operative Date: July 1, 2026

Creates specific procedural requirements for applications subject to clear and objective standards, conditions and procedures under ORS 197A.400(1), including lands within an urban growth boundary, nonresource lands, rural residential zones, and unincorporated communities.

- The local government may provide notice of the application only to property owners within 100 feet, or 500 feet for developments of 20 units or more, of the subject property.
- The local government may not require a public hearing prior to a decision.
- The local government may provide an opportunity for local appeal only to the applicant.
- Only the applicant may appeal these decisions to the Land Use Board of Appeals.

Affordable Housing Allowed Outright (ORS 197A.445)

Section 26 – Effective date: June 5, 2026 | Operative Date: June 5, 2026

Creates a requirement for affordable housing developments within a “planned mixed-use development”, as defined in statute. Affordable housing developments within a planned mixed-use development must amend the plan to offset the loss of commercial area, where the development reduces the lands available for commercial uses to less than 80% of the amount in the adopted planned mixed-use development.

Middle Housing Land Divisions (ORS 92.031)

Section 26 – Effective date: June 5, 2026 | Operative Date: June 5, 2026

A technical fix to ORS 92.031(8) clarifying that a tentative approval of a middle housing land division approved concurrently with a standard land division expires within the same timelines established by the city or county.

Senate Bill 1521 (2026 Session)

Inclusionary Housing Authorization (ORS Chapter 197A)

Section 2 – Effective date: January 1, 2027 | Operative Date: January 1, 2028

Creates a provision in ORS Chapter 197A authorizing a city or county to adopt and apply requirements that establish the sales or rental price for new “multiunit housing” or requires the

housing to be designated for sale or rent as “affordable housing”, as those terms are defined in statute.

- A developer may pay a fee, set by the city or county, in lieu of the requirement.
- The requirement may not be applied to land use applications or building permits submitted before the requirement was adopted.
- The requirement may only apply to multiunit structures with either 20 or more units, or 10 or more units within the Portland MSA (except in the City of Portland).
- The requirement may not apply to Continuing Care Retirement Communities (CCRC) under ORS 101.020, though it may apply to conversions of CCRC to residential units.

Cities and counties are authorized to offer additional incentives to develop affordable housing for units built under this section or voluntary incentives to increase the number of affordable units or decrease the price of units generally.

Inclusionary Housing Study within the Portland MSA (ORS Chapter 197A)

Section 3 – Effective date: January 1, 2027 | Operative Date: January 1, 2028

For requirements adopted or applied under section 2 within the Portland MSA, cities or counties must offset the marginal loss in value through cash payments, property tax exemptions, or fee waivers based on an economic analysis adopted by ordinance within the previous six years. The analysis must calculate the average expected marginal loss in value of prototypical development using specified assumptions. Affordability duration requirements may not exceed the duration of a property tax exemption provided to offset the marginal loss in value, except in the City of Portland.

The adoption of an economic analysis or affordability requirements is not a land use decision and may be appealed by writ of review within seven days. A city or county that prevails is entitled to reasonable attorney fees. After adoption, the city or county is entitled to deference for the analysis and is not required to analyze each individual development. The calculation of offsets provided for an individual development application is a limited land use decision. Only the applicant may appeal such a decision, and if the city or county prevails, it is entitled to reasonable attorney fees.

Cities and counties may continue to apply existing inclusionary housing programs but must conform with the bill by the operative dates specified in the bill. On January 1, 2029, the provision is amended to also apply to housing for ownership, instead of only rental housing.

Other Amendments to Housing Laws

Section 5 & 12 – Effective date: January 1, 2027 | Operative Date: January 1, 2028

- ORS 197A.465 - Amends the inclusionary housing authorization law, repealing the majority of provisions. This law retains a prohibition on Metro to establish a required rental or sales price for a housing unit or residential building.
- Oregon Laws 2025, chapter 330, section 8 - Amends the residential design standards law (section 8, chapter 330, Oregon Laws 2025) to replace the previous “multifamily structure” term with the new “multiunit structure” definition set forth in the bill. This means the law will apply to structures with ten or more units, instead of three.