



Oregon

Tina Kotek, Governor

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TO: Interested Persons, Local Governments, and State Agencies

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SUBJECT: **2026 Land Use Legislation Report**

Introduction

This report describes legislation passed in the 2026 Oregon Legislative Session related to state land use statutes or the land use planning programs administered by the Department of Land Conservation and Development (DLCD or department) and regulated by the Land Conservation and Development Commission (LCDC or commission). This report is also available on the DLCD website. This report summarizes each legislative measure but does *not* provide a comprehensive breakdown of each bill. Therefore, we recommend this report be used as a reference and that readers refer to the bills and their history directly for a full picture of legislative intent and law. **Please consult an attorney for legal advice about these bills.**

This report includes links to the [Oregon Legislative Information System \(OLIS\)](#) page for each bill. From those pages, readers can access bill language, measure history, and related testimony.

State law requires DLCD to notify local governments when new statutory requirements require changes to local comprehensive plans, regional framework plans, or ordinances implementing these plans.* The application of these statutory changes should be determined by local planning staff and legal counsel.

Note: Sections where the deadline for local government compliance is different from the bill's effective date are bolded.

*Oregon Law (ORS 197.646) requires that "a local government shall amend its acknowledged comprehensive plan, regional framework plan, and land use regulations implementing the plan, by a self-initiated post-acknowledgment process under ORS 197.610 to 197.625 to comply with ... a new statutory requirement." Furthermore, this statute requires that, "when a local government does not adopt amendments to a comprehensive plan, a regional framework plan and land use regulations implementing the plan as required by ... this section, the new statutory ... requirements apply directly to the local government's land use decisions."

DLCD 2025-27 Budget

The table below provides an overview of DLCD’s 2025-27 Legislatively Approved Budget, which includes the department’s budget from the start of the biennium, with changes implemented from the 2026 legislative session.

	2025-27 Legislatively Adopted	HB 5204 (2026)	2025-27 Legislatively Approved
General Fund	\$49,533,762	\$672,698	\$50,206,460
Other Funds	\$12,898,404	\$4,591,896	\$17,490,300
Federal Funds	\$14,049,024	\$4,819,369	\$18,868,393
Total Funds	\$76,481,190	\$10,083,963	\$86,565,153
Positions / Full-Time Equivalent	111 / 110.22	-1 / -1.00	110 / 109.22

Total grant funding available to local governments: \$16.8 million

HB 5204 – Close of Session Bill

Chief Sponsor(s): Representative Tawna Sanchez

Effective date: March 10, 2026

Summary: HB 5204 is the statewide budget rebalance bill for the 2025-2027 biennium. This bill includes provisions that modify agencies’ budgets, across the executive branch. The following sections apply to DLCD’s budget specifically:

- Section 212: Additional other funds expenditure limitation, \$202,013, to spend funding provided by interagency agreements with project partners.
- Section 213: Additional federal funds expenditure limitation, \$4,599,793, to spend funding from two National Oceanic and Atmospheric Association grant awards to support land and estuary preservation work.
- Section 223: Additional other funds expenditure limitation, \$4,350,409, to spend carryover funding for the Housing Accountability and Production Office and the Community Green Infrastructure grant programs.
- Sections 224-225: Net-zero technical adjustment to deposit an existing \$3.5 million General Fund appropriation, provided in SB 5528 (2025), into the department’s Housing Accountability and Production Office fund.
- Section 331: Statewide compensation plan adjustments.
 - General Fund \$1,213,237
 - Other Funds expenditure limitation \$201,631
 - Federal Funds expenditure limitation \$219,576
- Section 341: Reductions implemented to balance the State General Fund budget.
 - Elimination of one limited duration Natural Hazards Mitigation Planner position (1.00 FTE). This position was unfilled due to the loss of grant funding for the position. Reduction includes \$40,539 General Fund, which was 20% of position costs as required match, and \$162,157 other funds expenditure limitation.
 - Reduction of \$500,000 General Fund from funding provided for the department’s middle housing rulemaking under HB 2138 (2025). The department will be able

to successfully complete this rulemaking project, even with reduced funding levels.

Key Legislation

Housing and Economic Development

HB 4035 – SB 1537 (2024) One-time UGB Expansion Reforms

Chief Sponsor(s): Representative Pam Marsh

Effective date: March 6, 2026

Summary: HB 4035 modifies the one-time UGB expansion process created by SB 1537 (2024) by lowering the threshold for a city’s demonstrated need from having a higher percentage of severely cost-burdened households to having a higher percentage of cost-burdened households compared to the state average. The bill increases the maximum acreage for cities with a population of 25,000 or more from 100 net residential acres to 150 net buildable acres. It expands the eligibility of resource lands when 80% or more of the land in the surrounding quarter-mile area are resource lands and no higher-priority land applications are available. The City of Woodburn is exempted from the higher priority lands requirement.

This bill replaces the definition of “undeveloped” for the purposes of identifying internal tracts of land that may disqualify a city from participating with the requirement that the tract is no larger than 20 net buildable acres, contains no permanent buildings, has not been entitled, and is not adjacent to improved public utilities that are suitable for immediate connection.

The City of Woodburn is exempt from complying with the posting, public notice, and public comment requirements for the one-time expansion and is required to adopt a master plan meeting density and affordability requirements. No fewer than 600 units are to be developed on the site.

HB 4035 explicitly authorizes the Land Conservation and Development Commission to issue grants.

HB 4037 – Housing Omnibus

Chief Sponsor(s): Representative Pam Marsh

Effective date: June 5, 2026

Summary: HB 4037 makes a variety of land use-related changes affecting DLCD authority and local development processes, including expanding LCDC’s enforcement order authority to cities with populations of less than 10,000; directing the commission to revise urban reserve prioritization rules so local governments may assign lower priority to lands where extending urban services would not be cost effective due to built constraints; and modifying local review procedures for housing applications by limiting notice requirements to owners within 100 feet of the subject property or within 500 feet for developments of 20+ units, removing mandatory public hearings, and limiting appeals to applicants.

This bill requires LCDC to complete urban reserves rule changes by January 1, 2027, without

convening a RAC. The bill also updates requirements for developing affordable housing on commercial lands within planned mixed-use developments by requiring applicants to add back an equivalent commercial area if their proposal would reduce commercial acreage below 80% of what the adopted plan allows.

HB 4082 – Affordable Senior and Manufactured Housing One-time UGB Expansion

Chief Sponsor(s): at the request of Governor Tina Kotek

Effective date: June 5, 2026

Summary: HB 4082 allows cities and Metro to add land (up to 100 net buildable acres for cities with a population of 25,000+ and up to 50 net buildable acres for cities <25,000) to an urban growth boundary, without demonstrating housing need, specifically for affordable senior housing and manufactured dwellings. The bill prohibits Metro from conducting hearings to review or select petitions under this process and requires a determination of substantial compliance within 120 days. The concept plans required by this legislation must subject at least 80% of dwelling units, excluding manufactured dwellings and prefabricated structures, to affordability restrictions of at least 30 years for households earning at or below 120% AMI, and the non-manufactured housing must be designated as housing for seniors with accessibility standards meeting Type B requirements for at least 80% of the units.

HB 4084 – Joint Permitting Council

Chief Sponsor(s): at the request of Governor Tina Kotek

Effective date: June 5, 2026

Summary: HB 4084 establishes the Joint Permitting Council, which is comprised of state agency and economic development representatives appointed by the Governor who are tasked with administering a fast-track permitting program. Qualifying projects must exceed the following capital investment thresholds:

- \$100 million for a project within the UGB of a metropolitan service district
- \$50 million for a project that is not located within the UGB of a metropolitan service district or a nonurban county
- \$25 million for a project within a nonurban county

Projects must also advance job creation or growth in GDP through a target industry cluster, as defined by Business Oregon. There is a program limit of 15 fast-tracked projects. The council is required to provide annual reports to the governor and the Department of Administrative Services on these projects.

This bill requires state agencies to publish a comprehensive catalog of available permits related to economic development and report to the governor on permitting delays, opportunities to expedite permitting, applicant feedback, and fee relief for delayed permits within 120 days of the measure's effective date.

The legislation expands eligibility for the enterprise zone program by allowing businesses engaged in an identified priority industry or those who are otherwise ineligible if certain criteria are met.

HB 4084 prevents any qualified property of an authorized business in an enterprise zone with an operating data center from entering into a written agreement with the enterprise zone sponsor to:

1. Extend the period during which the qualified property is exempt from taxation beyond the allowable three years;
2. Agree to flexible hiring timelines; or
3. Approve alternative performance criteria.

Data center properties are prohibited from being authorized as an eligible business firm prior to 90 days after the adjournment of the 2027 legislative session.

HB 4108 – City of Eugene Voluntary Noncontiguous Annexations

Chief Sponsor(s): Representative Fragala

Effective date: January 1, 2027

Summary: HB 4108 allows the City of Eugene to annex certain noncontiguous land without holding a public hearing or sending it to a public vote when all owners of the land submit a petition for annexation and the land is:

- Within the city’s urban growth boundary;
- designated residential or mixed use;
- connected to receive water, wastewater, and stormwater services; and
- accessible by public road.

Resource Lands

HB 4153 – Farm Stores

Chief Sponsor(s): Representative Breese-Iverson

Effective date: January 1, 2027

Summary: Creates a new “farm store” use permitted on lands zoned for exclusive farm use (EFU) or mixed farm and forest land under ORS 215.213(1)(r) and ORS 215.283(1)(o). A farm store may be established as a permitted use as long as the following qualifications are met:

1. The farm store sells farm products produced by the farm operating the farm store;
2. The farm store does not use more than 10,000 square feet of one or more permanently enclosed structures; and
3. The tract on which the farm store is located is:
 - a. At least 80 acres with at least 45 acres employed for farm use as defined at ORS 215.203(2)(a);
 - b. At least 40 acres but fewer than 80 acres with at least 25 acres employed for farm use as defined at ORS 215.203(2)(a);
 - c. At least 20 acres but fewer than 40 acres with at least 15 acres employed for farm use as defined at ORS 215.203(2)(a); or
 - d. Fewer than 20 acres if at least 10 acres are employed for farm use or the farm store operates as part of a farm unit that has earned at least \$10,000 in gross farm income over the preceding two years. A “farm unit” means all parcels that a

single farm operation farms, regardless of whether the operation owns or leases the parcels.

A farm store may not be used in conjunction with a psilocybin-producing fungi crop or marijuana crop. Activities that may occur under a farm store permit include:

1. **Retail sales:** A farm store may sell farm and process farm retail products produced in the local agricultural area, as well as non-farm related items. Non-farm related retail items must take place inside permanent farm store structures and may not take up more than 25% of the floor area.
2. **Food service:** A farm store is allowed to sell beverages and food that is prepared for immediate consumption. To support this, a farm store can have on-site kitchen facilities licensed by the Oregon Health Authority (ORS 624.010 – 624.121), but the kitchen facilities may not function like a café or drive-through dining establishment.
3. **Agri-tourism:** A farm store may not be used for lodging or as a dwelling, but may be used to host agri-tourism activities including:
 - a. Farm tours
 - b. Educational exhibits or classes
 - c. Crop mazes
 - d. Play structures
 - e. Farm-to-table meals
 - f. Animal petting and feeding exhibits
 - g. Hay or tractor rides; or
 - h. Other seasonal or holiday events

Farm stores may use temporary structures or mobile vending units in conjunction with agri-tourism activities. There is no limit on the number, duration, or scale of agri-tourism activities permitted in conjunction with a farm store.

Because the farm store use is located in ORS 215.213(1)(r) and ORS 215.283(1)(o), local governments are required to offer farm stores as a permitted use on EFU lands. A local government with jurisdiction over a farm store can adopt into their land use codes siting standards relating to access/egress/parking, traffic management, noise management, hours of event operation, sanitation and solid waste. A county may not apply more restrictive standards than are provided in statute.

HB 4130 – Farm Use Definition

Chief Sponsor(s): Representative Boshart Davis

Effective date: January 1, 2027

Summary: Expands the definition of “farm use” found at ORS 308A.056 to include land under certain farm processing facilities and adjacent lands used in conjunction with such a facility as eligible for the special farmland tax assessment program. This bill does not change the definition of “farm use” found in ORS 215.203 and OAR 660-033-0020.

EFU landowners seeking special assessment are required to file an application with the county assessor on or before April 1 of the first assessment year during which assessment is sought. EFU landowners seeking special assessment are required to include in their application:

1. All information reasonably required to demonstrate that the land the owner seeks special assessment for is used in conjunction with a processing facility as defined at ORS 308A.056.
2. An affidavit or affirmation of the applicant that all statements made in the application are true.

Non-EFU landowners seeking special assessment are required to include in their application:

1. Information demonstrating that the processing facility meets the definition provided at ORS 308A.056
2. Signature of anyone with a vested legal interest in the property;
3. Documentation proving the signor's interest in the property, if the the person's authority to sign is not a matter of public record; and
4. An affidavit or affirmation of the applicant that all statements made in the application are true.

Operations interested in applying a special assessment to processing facilities and their adjacent lands used in conjunction with the processing facility may do so beginning for property tax years that start on or after July 1, 2027.

HB 4031 – Solar Siting Acceleration

Chief Sponsor(s): Representative Lively

Effective date: June 5, 2026

Summary: Amends ORS 469.320 to exempt an energy facility from needing an Energy Facility Siting Council (EFSC) site certificate if the energy facility produces power from a renewable energy source, qualifies for certain federal renewable energy tax credits, and submits a land use application to the local government with jurisdictional authority over the facility on or before December 31, 2028. Instead, qualifying applications will be processed at the local level by county government.

HB 4076 – Land Use Exceptions for Energy Projects Using Existing Interconnection

Chief Sponsor(s): Representative Lively

Effective date: June 5, 2026

Summary: HB 4076 requires the Energy Facility Siting Council (EFSC) to approve an exception to statewide land use planning goals when a power generating facility will deliver electricity to the grid using an existing energy facility's surplus interconnection, will not exceed the existing energy facility's interconnection capacity, and will not require new transmission lines more than two miles away from the existing facility's site boundaries.

Local governments may justify an exception to statewide land use planning goals to allow for the development of a renewable energy facility on agricultural lands if the proposed facility will use an existing energy facility's point of interconnection that is not being utilized, will not exceed the existing energy facility's interconnection capacity, and will not require new transmission lines more than two miles away from the existing facility's site boundaries. In its justification for an exception, a county is required to adopt findings addressing:

- A. The availability of nonresource lands suitable for the proposed use;

- B. The availability and use of existing infrastructure, access and rights of way;
- C. Public health and safety;
- D. Compatibility with surrounding agricultural and rural uses;
- E. A mitigation plan to address potential impacts to surrounding land uses, farm practices and water resulting from the construction or operation of the facility; and
- F. Compliance with local, state or federal requirements.

Ocean and Coastal

SB 1525 – Blue Economy Task Force

Chief Sponsor(s): Senate Interim Committee on Energy and Environment

Effective date: June 5, 2026

Summary: The bill creates a Task Force to study Oregon’s blue economy sectors, economic development plans and strategies, and identify opportunities to support the growth of sustainable blue economy businesses while maintaining the health of Oregon’s coastal ecosystems. Task Force members will be legislatively appointed and will represent a range of interests including business, tourism, environmental, finance, labor, and academia. Representatives from Oregon’s federally recognized Tribes, and the chair of the Ocean Policy Advisory Council (OPAC) or the chair’s designee will also serve as members of the Task Force.

The Task Force is responsible for studying and reporting on the existing state of Oregon’s blue economy sectors and identifying opportunities for the state to facilitate or enhance these sectors while preserving and protecting Oregon’s coastal ecosystems. This may include recommendations for legislation. State agencies will support the Task Force in this work and, to the extent permitted by law, furnish information and advice that members consider necessary to carry out their duties. The Task Force’s final report is due to the Legislative Assembly and to OPAC by September 15, 2027. The Task Force is repealed on December 31, 2027.

SB 1525 also gives the Oregon Ocean Science Trust the ability to create and maintain a 501(c)(3) nonprofit organization.

Contact Information

If you have questions or comments about the report or other legislation, please contact:

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