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MICHAEL KAPLAN
DEPUTY SECRETARY OF STATE



ARCHIVES DIVISION
STEPHANIE CLARK
DIRECTOR

800 SUMMER STREET NE
SALEM, OR 97310
503-373-0701

NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 660

LAND CONSERVATION AND DEVELOPMENT DEPARTMENT

FILED: 05/22/2026 10:20 AM

ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Amendment to 660-21-0030 to conform with legislative direction in House Bill 4037 (2026)

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 06/25/2026 8:30 AM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT:

Ingrid Caudel
971-701-1133
ingrid.caudel@dlcd.oregon.gov
635 Capitol St NE
Suite 150
Salem, OR 97301

Filed By:

Ingrid Caudel
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 06/25/2026

TIME: 8:00 AM

OFFICER: LCDC

IN-PERSON HEARING DETAILS

ADDRESS: Department of Land Conservation and Development, 635 Capitol St NE, Basement Hearing Room, Salem, OR 97301

SPECIAL INSTRUCTIONS:

To sign up to testify, please visit: <https://www.oregon.gov/LCD/Commission/Pages/Public-Comment.aspx>

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 669-444-9171

CONFERENCE ID: 91689839211

SPECIAL INSTRUCTIONS:

Passcode: 306990

To sign up to testify, please visit: <https://www.oregon.gov/LCD/Commission/Pages/Public-Comment.aspx>

NEED FOR THE RULE(S):

In the 2026 Regular Session, the Oregon Legislature passed HB 4037. The Governor signed the law on April 7, 2026, and it became effective on June 06, 2026. The intent of the legislation is for local governments to assign lower priority to land considered for urban reserve areas due to existing topographical or other physical constraints including built constraints.

Department staff request that the commission adopt an amendment to Oregon Administrative Rule (OAR) 660-021-0030 to incorporate the term 'built constraints' and remove any references to examples of built constraints and any references to existing or planned future public infrastructure investments to conform with the legislative direction in House Bill (HB) 4037 (2026), specifically Section 25.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Laws 2026, chapter 108, Oregon Administrative Rules chapter 660, division 21, rule 0030. These regulations can be found on the State of Oregon Secretary of State website.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

The State of Oregon requires that a rulemaking notice include a "statement identifying how adoption of the rule will affect racial equity in this state" (ORS 183.335(2)(b)(F)). Racial equity is a process of eliminating racial disparities and improving outcomes for Black, Indigenous, and other persons of color (BIPOC). It is the intentional and continual practice of changing policies, practices, systems, and structures by prioritizing measurable improvements in the lives of members of BIPOC populations. The agency is required to attempt to determine the racial groups that will be affected by the rule and how the rule will increase or decrease disparities currently experienced by those groups. In this context, a disparate treatment of racial groups may be supportable if it addresses current disparities.

The proposed rule ensures that local governments seeking to comply with the determination of urban reserve areas regulations in OAR chapter 660, division 21 are aware of statutory limitations on assigning lower priority to land otherwise categorized as higher priority. The intent of the statute is to provide a long range supply of land for urbanization, which should help increase access to housing and reduce racial disparities in housing choice.

FISCAL AND ECONOMIC IMPACT:

The proposed rule amendment will likely result in minimal or no fiscal or economic impact to state agencies, local governments, or small and large businesses. The proposed rule amendment only revises existing programs and does not create or materially alter existing processes.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

DLCD is responsible for implementing and enforcing OAR chapter 660, division 21. The department is not economically affected by the proposed amendment because the amendment does not result in any material changes to the otherwise anticipated workload of the department.

The proposed amendment will not have any impact on small businesses as they are not subject to requirements in division 21.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Small businesses are not directly impacted by the standards in OAR chapter 660, division 21.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

No, DLCD did not convene a rulemaking advisory committee for this specific rule amendment. The proposed amendment is only necessary to conform Division 21 to Oregon Laws 2026, chapter 108 and provide greater clarity to local governments.

HOUSING IMPACT STATEMENT:

Description of the need for, and objectives of the rule: In the 2026 Regular Session, the Oregon Legislature passed HB 4037. The Governor signed the law on April 7, 2026, and it became effective on June 06, 2026. The intent of the legislation is local governments to assign lower priority to land considered for urban reserve areas due to existing topographical or other physical constraints in including built constraints.

List of rules adopted or amended: OAR 660-021-0030

Materials and labor costs increase or savings: The proposed amendment does not materially alter the regulatory framework, intent, or implementation of OAR chapter 660, division 21. The proposed amendment only specifies that local governments may assign a lower priority to land if the provision of urban services is not reasonable or cost effective due to topographical or other physical constraints, including built constraints.

Estimated administrative construction or other costs increase or savings: The proposed amendment does not result in any change to estimated administrative construction or other costs, positive or negative.

Land costs increase or savings: The proposed amendment does not result in any change to land costs, positive or negative.

Other costs increase or savings: The proposed amendment does not result in any change to the cost incurred by local governments or the development of housing, positive or negative.

*Typical-Single story 3 bedrooms, 1 ½ bathrooms, attached garage (calculated separately) on land with good soil conditions with no unusual geological hazards.

AMEND: 660-021-0030

RULE SUMMARY: This rule includes the process and requirements for including land within urban reserves, including how local governments should prioritize land for inclusion.

CHANGES TO RULE:

660-021-0030

Determination of Urban Reserve Areas ¶¶

(1) A city considering adopting or amending an urban reserve area (URA) shall include an amount of land estimated to be at least a 20-year supply and no more than a 30-year supply of developable land beyond the 20-year time

frame used to establish the urban growth boundary (UGB). Local governments designating a URA shall adopt findings specifying the particular number of years over which designated URAs are intended to provide a supply of land.¶

(2) Inclusion of land within a URA shall be based upon the locational factors of Goal 14 and a demonstration that there are no reasonable alternatives that will require less, or have less effect upon, resource land. Cities and counties cooperatively, and the Metropolitan Service District for the Portland Metropolitan Area Urban Growth Boundary, shall first study lands adjacent to, or nearby, the urban growth boundary for developability for inclusion within URAs, as measured by the factors and criteria set forth in this section. Local governments shall then designate, for inclusion within URAs, that land which is appropriate and satisfies the priorities in section (4) of this rule.¶

(3) Land found appropriate for an urban reserve area may consider factors including, but not limited to, whether land proposed for designation as a URA, alone or in conjunction with land inside the UGB:¶

(a) Can be developed at urban densities in a way that makes efficient use of existing and future public infrastructure investments;¶

(b) Includes sufficient development capacity to support a healthy urban economy;¶

(c) Can be served by public schools and other urban-level public facilities and services efficiently and cost-effectively by appropriate and financially capable service providers;¶

(d) Can be designed to be walkable and served by a well-connected system of streets by appropriate service providers;¶

(e) Can be designed to preserve and enhance natural ecological systems; and¶

(f) Includes sufficient land suitable for a range of housing types.¶

(4) Priority of land for inclusion in a URA. After consideration of the factors in section (3) of this rule, if land of higher priority is inadequate to accommodate the amount of land need estimate in section (1) of this rule, the next priority for inclusion shall be according to the following order of priority:¶

(a) First Priority is land within the study area that is subject to an acknowledged exception under ORS 197.732 or land that is nonresource land as defined in OAR 660-021-0010(3).¶

(A) First priority may include resource land that is completely surrounded by exception areas unless these are high value crop areas as defined in Goal 8 or prime or unique agricultural lands as defined by the United States Department of Agriculture (USDA);¶

(B) First priority land may be given lower priority compared to other nonresource land or land within an exception area if the land contains planned developments or subdivisions with a subdivision plat, as defined in ORS 92.010(18).¶

(b) Second Priority is land within the study area that is designated as marginal land under former ORS 197.247 (1991 edition) in an acknowledged comprehensive plan;¶

(c) Third Priority is land within the study area that is designated for forest or agriculture, or both, in an acknowledged comprehensive plan and is not predominantly high-value farmland or high-value forestland as defined in ORS 195.300. Higher priority shall be given to land of lower capability as measured by the capability classification system or by cubic foot site class, whichever is appropriate for the current use.¶

(d) Fourth Priority is land within the study area that is designated for forest or agriculture, or both, in an acknowledged comprehensive plan and is predominantly high-value farmland or high-value forestland as defined in ORS 195.300, except land that is predominantly made up of prime or unique farm soils as defined by the USDA NRCS. Higher priority shall be given to land of lower capability as measured by the capability classification system or by cubic foot site class, whichever is appropriate for the current use.¶

(e) Fifth priority is land within the study area that is predominantly made up of prime or unique farm soils, as defined by the USDA NRCS. A city must find that there is an insufficient amount of other land to satisfy its land need in order to include land predominantly made up of prime or unique farm soils within a UGB.¶

(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) Existing 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 investment 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.

Statutory/Other Authority: ORS 197.040

Statutes/Other Implemented: ORS 197A.245