

Fund Infrastructure to Support Housing

Continued investment in infrastructure is critical to support needed housing, community public health, livability, economic development, and environmental protection. Oregon's existing infrastructure is in serious need of upgrade and repair, and local water and wastewater providers face new and emerging and costly challenges that require additional investment.

Nearly \$100 Million Invested in 2024

In 2024, the Legislature passed HB 1530, which included \$94.9 million in direct grants to cities for site-specific infrastructure investments to support needed housing in projects across 47 communities. In addition, the passage of HB 4134, Housing Oregon's Workforce (HOW), added another \$7.1 million to four cities for infrastructure, increasing the total infrastructure funding to more than \$100 million in 51 cities. **Cities were instrumental in securing this funding**, identifying prior to the session more than \$900 million in unmet infrastructure needs that would eventually lead to housing development. Projects ranged from roads, to water supply, and water treatment upgrades, but were beyond the capacity of many large and small cities to finance.

New and Emerging Challenges

Cities have limited tools to address the rising costs of the infrastructure necessary to support the development of needed housing and address the following needs:

- Seismic upgrades to better ensure that some of the critical components of water systems will be able to withstand a Cascadia earthquake (e.g. system backbone; lines to hospitals; reservoirs/storage, and firefighting);
- Stormwater upgrades to withstand extreme rain and other severe weather events due to climate change;
- Additional water supply storage to combat persistent drought and declining snowpack; and
- New and more stringent water quality and permit requirements, including stormwater.

Full Funding for Housing Production

Need Outpaces Housing Development

Oregon needs to build 36,000 homes per year to meet the state's current need. Continued investment is critical to ensure that attainable housing is available to all Oregonians. Housing production and infrastructure go hand in hand, without infrastructure, we cannot build the needed housing. While continuing to invest in infrastructure related to housing, we also need to continue investing in housing production strategies that have been successful, including:

- Publicly supported affordable housing and related services;
- Affordable homeownership;
- Permanent supportive housing;

- Affordable modular and manufactured housing;
- Middle housing types; and
- Moderate-income workforce housing development.

Give Code Updates Time to Work

For years, local jurisdictions have faced changes to state regulations and updates to local code, adding challenges for staff who are already stretched thin. Most of the changes have come without implementation funding, stressing already thin local budgets. The LOC's 2024 "State of the Cities" report found that more than one-third of Oregon's cities have adjusted staffing and service delivery due to limited budget revenue. This number is expected to grow to more than 50% before the end of this fiscal year, which has led to delays in or hasty implementation that does not benefit communities. It is critical we focus on our joint goal that all Oregonians have access to safe and affordable housing. The state should pursue limited or no large-scale local code update packages this legislative cycle, giving time for local jurisdictions to implement and gauge the impact of previous updates.

A Sustained, Coordinated Investment is Needed

The League of Oregon Cities membership identified housing development, in conjunction with infrastructure, as a top legislative priority for 2025-2027. The LOC will advocate to maintain and increase state investments to support the development and preservation of a range of needed housing types and affordability, including: publicly supported affordable housing and related services; affordable homeownership; permanent supportive housing; affordable modular and manufactured housing; middle housing types; and moderate-income workforce housing development. In addition, the LOC will seek opportunities to address structural barriers to production of different housing options at the regional and state level.

Proposed Legislative Action

The LOC will advocate for a comprehensive infrastructure package to support increased water, sewer, stormwater, investments. This includes funding for system upgrades to meet increasingly complex regulatory compliance requirements, capacity and economic development, deferred maintenance, seismic and wildfire resiliency improvements. The LOC will also champion direct and programmatic infrastructure investments that support a range of needed housing development types and affordability to meet housing production goals.

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