



**April 19, 2019**

**To:** Senator Fred Girod and Representative Paul Holvey, Co-Chairs and  
Members of the Joint Ways and Means Subcommittee on Capital Construction

**Re: Support for HB 5530 (lottery bond appropriations):**  
Special Public Works Fund  
Regional Infrastructure Fund  
Housing and Community Services bonds  
Housing Acquisition Fund

**From:** Wendy Johnson, League of Oregon Cities

The biennial lottery bond bill appropriations have traditionally recognized the importance of intergovernmental cooperation between the state and cities in economic development efforts. The bill before you would again provide lottery bond funding for several funding programs that are city priorities and are essential to moving the whole state forward. That is, grants and loans for infrastructure, capital projects, and housing funded through lottery bonds should translate to significant returns on investment in both our large cities and small cities. Specifically, the League supports and prioritizes the following provisions of the bill:

**Special Public Works Funds (SPWF) Recapitalization (Section 1)**

SPWF funds provide grants and loans for infrastructure projects (e.g. water, wastewater, port, roads, rail, emergency services, airports) that support economic and community development. Disadvantaged communities may borrow at below-market rates through this fund. This primarily loan program provides crucial funding for communities; the need is great and the resources are small. Much of Oregon's infrastructure is approximately 70 years old and is failing-- upgrades are greatly needed. Thus, we strongly encourage fully funding this package at \$85 million. These are lottery bonds well spent; the process and oversight by Business Oregon is vital as well to ensuring prudent use of the funds. The LOC has data that demonstrates infrastructure needs surpass this request, so we feel confident that this request is absolutely critical and warranted.

Please note that the SPWF program money leverages the following federal matching program funds: Community Development Block Grants (CDBG), FEMA grants and Safe Drinking Water Fund grants. We can't afford to leave federal money on the table for these vital funds. Recapitalization now is crucial.

**Regional Solutions Infrastructure Fund (RIF) (Sections 2-3)**

Business Oregon manages the Regional Solutions RIF Fund and cities participate actively in the Regional Solutions program. The LOC has a representative on each of the 11 Regional Solutions teams. The program is a powerful resource to assist communities in addressing regional problems collaboratively and creatively. The League supports this funding as it makes possible crucial public-private partnership projects on high priority economic development needs. RIF is not a

fund to create community and economic development projects but instead is a fund to help get projects completed with gap funding. It is an important tool to work with other programs and funding mechanisms. Full funding at the GRB level of \$15 million is strongly encouraged as this money is spread over the state's 11 regions to meet critical needs.

**Regionally Significant Industrial Site (RSIS) Fund (Request Addition to Bill)**

There is a shortage of shovel-ready industrial sites in Oregon. Improved industrial land readiness will lead to job creation and improve local economies. We encourage a \$5 million capitalization of the RSIS loan fund to enable Business Oregon to help expand the supply and readiness of shovel-ready industrial sites.

**Brownfields Redevelopment (Section 1)**

The Brownfield Redevelopment Fund provides loans and some grants to communities to clean up and put into higher value use blighted brownfield sites. We encourage at least a \$10 million recapitalization of the Brownfield Redevelopment Fund.

**Housing and Community Services bonds/ Housing Acquisition Fund (Sections 5-7)**

Cities and the state share a goal of seeing more housing, particularly affordable housing, developed across the state. However, housing that is affordable to low income earners is hard to finance, so we strongly support the state's investment of in the development and preservation of affordable housing proposed in sections 5 through 7. Full funding of the proposed \$25 million investment with OHCS and \$15 million to the Housing Acquisition Fund is strong encouraged. Without housing, the most vulnerable Oregonians become more reliant on other state and local resources, are prevented from participating in the workforce, and inhibit robust economic development.

**Conclusion:**

While funding for housing, infrastructure and economic development needs of Oregon cities far exceed the funding levels requested, we believe the programs and investments highlighted above will indeed provide a significant return on investment and reflect the desired state commitment to core economic development and infrastructure. The LOC requests lottery funding at the requested amounts outlined above.