

ANALYSIS

Oregon Business Development Department Housing Infrastructure Fund

Analyst: Michelle Deister

Request: Acknowledge receipt of a report by the Oregon Business Development Department on awards from the Housing Infrastructure Fund for infrastructure grants that support housing development.

Analysis: The Oregon Business Development Department (OBDD) was instructed through a budget note in HB 5006 (2025) to report to the Joint Committee on Ways and Means on agency recommendations for awards from the Housing Infrastructure Fund created in HB 3031 (2025) and funded with \$10 million in lottery bond proceeds approved in SB 5531 (2025). The bond sale is expected to occur in May 2026. An associated placeholder amount of \$1 in Other Funds expenditure limitation was included in the 2025-27 legislatively adopted budget for OBDD, pending receipt of the report.

The text of the budget note reads as follows:

HB 5006 (Chapter 628, Oregon Laws 2025) Budget Note: The Oregon Business Development Department is directed to report to the Joint Committee on Ways and Means in February 2026 on the implementation of the Housing Infrastructure Fund program. The report shall include recommendations for financing awards to municipalities and tribal councils for shovel-ready infrastructure projects that meet criteria included in section 2 of HB 3031 (2025), supporting specified proposed housing developments. The report shall include information on the number of program applications and amount of requested financing, as well as prioritized recommendations for project awards. The recommendations shall include information on individual projects, including location, number of units created, other sources of funding contributed to the project, affordability covenants, and whether the housing will be for renters or owner occupied.

The Infrastructure Finance Authority (IFA), a nine-member independent board with oversight of many of OBDD's infrastructure financing programs, was given authority to create and administer the Housing Infrastructure Fund for the purpose of providing financial assistance for projects that primarily support specified housing developments meeting location and density criteria specified in the bill, including the requirement that at least 25% of funding goes to areas with populations of less than 30,000 and at least 25% of funding goes to areas with populations of between 30,000 and 50,000. Affordability restrictions on the housing supported by

infrastructure grants are 10 to 30 years in length. IFA received and approved recommendations from OBDD for project awards on January 30, 2026. OBDD's recommendations reflect the direction to fund at least the minimum for the two population groups, fund as many projects as possible, fund the highest-scoring projects, and have statewide geographic distribution.

OBDD received 31 applications requesting a combined total of \$43.2 million in infrastructure funding to support the development of 3,252 housing units. The projects approved by IFA include:

- 3.2 million in project awards to six applicants for 317 housing units for communities with populations of less than 30,000.
- \$2.5 million to two applicants for 231 housing units for communities with populations between 30,000 and 50,000
- \$4.3 million to three applicants for 174 housing units in cities with populations greater than 100,000.

The project awards were scaled based on the percentage of housing being developed with affordability restrictions. For instance, one successful applicant received 30% of the requested funding because only 30% of the housing in the supported development would be subject to affordability covenants. In other cases where less than 100% of requested funding was provided, it was because OBDD sought to distribute the remaining funding after statutory minimums to the highest-ranking remaining projects. Alternate projects were identified in the event that partially funded projects do not have viable sources of gap funding to enable project completion. A summary of applicants and awards is included in Addendum A.

Recommendation: The Legislative Fiscal Office recommends acknowledging receipt of the report.

Addendum A

OBDD – IFA HOUSING INFRASTRUCTURE PROJECT SELECTION <30,000 Population									
Applicant	Project Description	Amount Requested	Amount Approved	Total Units	Affordability Covenants	Renter/Owner Occupied	Overall Rank	Notes	
City of Dallas (Quarterdeck)	Water, wastewater, transportation, and stormwater infrastructure to access housing development	\$482,810	\$482,810	34	Yes	Rental	1	1 of 2 applications – full funding	
City of Astoria	Stormwater main and lateral for housing development property	\$550,599	\$550,599	66	Yes	Rental	3	Full funding	
Klamath Tribes	Upgrade well system to deliver water to housing development	\$129,049	\$129,049	16	Yes	Both	4	Full funding	
City of Nehalem	Transportation infrastructure improvements to access housing development	\$300,067	\$300,067	10	Yes	Owner	9	Full funding	
City of Milwaukie	Water, wastewater, transportation, and stormwater infrastructure for housing	\$3,000,000	\$1,494,765	164	Yes	Rental	5	Partial funding	
Regional Rural Revitalization (R3) – The Ridge (John Day)	Transportation, water, wastewater, and stormwater connection to housing development	\$833,800	\$284,340	27	Yes	Owner	9	Partial funding to match 30% affordability	
City of Tillamook	Wastewater main extension to connect sewer infrastructure to housing development	\$790,503	Alternate TBD	72	Yes	Rental	11	Alternate	
City of Dallas (Dallas Mill Station Apts.)	Transportation Improvement along SW Church Street	\$624,958	-	63	Yes	Rental	8	2 of 2 applications	
Regional Rural Revitalization (R3) – Miller Crossing (Burns)	Water, wastewater, and stormwater infrastructure for housing development	\$1,848,292	-	84	Yes	Rental	10	2 of 2 applications	
City of Lincoln City	Stormwater, water, and wastewater infrastructure for housing development	\$2,000,000	-	17	Yes	Owner	11		
City of Hood River	Site development for construction of water, wastewater, and stormwater infrastructure	\$1,990,660	-	42	Yes	Owner	13		
City of Independence – The Club Apts.	Transportation, water, and wastewater service extension to housing development	\$1,231,491	-	38	Yes	Rental	14		
City of Silverton	Extend water and sewer to the Westfield Affordable Housing Project	\$1,000,000	-	50	Yes	Rental	17		

OBDD – IFA HOUSING INFRASTRUCTURE PROJECT SELECTION <30,000 Population									
Applicant	Project Description	Amount Requested	Amount Approved	Total Units	Affordability Covenants	Renter/Owner Occupied	Overall Rank	Notes	
City of Sutherlin	Transportation and stormwater infrastructure improvements	\$1,200,000	-	71	Yes	Both	18		
City of Bay City	Transportation, stormwater, water, and wastewater improvements for housing infrastructure	\$796,900	-	16	Yes	Owner	19		
City of Bay City (South Lift Station)	Construction of wastewater infrastructure	\$300,000	-	100	Yes	Both	20		
City of Dayton	Waterline improvements for fire flows and waterline improvements	\$2,689,000	-	90	Yes	Both	21		
City of Warrenton	Wastewater pumpstation to serve Fort Point housing development	\$2,000,000	-	450	Yes	Both	22		
City of Hubbard	Water Master Plan, Comprehensive Plan, and Zoning Code updates; design and engineering for water and wastewater infrastructure improvements	\$1,297,029	-	543	NA	Both	23		
TOTAL	19	\$23,065,158	\$3,241,630	317					

OBDD – IFA HOUSING INFRASTRUCTURE PROJECT SELECTION									
30,000–50,000 Population									
Applicant	Project Description	Amount Requested	Amount Approved	Total Units	Affordability Covenants	Renter/Owner Occupied	Overall Rank	Notes	
City of Grants Pass	Transportation, water, wastewater, and stormwater infrastructure improvements for housing development	\$1,979,753	\$1,979,753	129	Yes	Both	2	Full funding	
City of Albany	Transportation infrastructure improvements to access housing development	\$2,000,000	\$520,247	102	Yes	Rental	6	Partial funding	
City of Tigard	Wastewater, stormwater, and transportation infrastructure improvements	\$722,515	Alternate TBD	50	Yes	Rental	7	Alternate	
City of Beaverton	Water, wastewater, and stormwater infrastructure for housing development	\$2,752,075	-	231	Yes	Rental	12		
City of Redmond	On-site water, wastewater, and stormwater infrastructure	\$2,000,000	-	30	Yes	Owner	13		
City of Medford	Excavation, site work, and installation of transportation and stormwater infrastructure	\$1,310,626	-	14	Yes	Owner	16		
TOTAL	6	\$10,764,969	\$2,500,000	231					

OBDD – IFA HOUSING INFRASTRUCTURE PROJECT SELECTION									
>100,000 Population									
Applicant	Project Description	Amount Requested	Amount Approved	Total Units	Affordability Covenants	Renter/Owner Occupied	Overall Rank	Notes	
City of Bend – Thistle & Nest	Transportation, water, and wastewater improvements	\$350,000	\$350,000	13	Yes	Owner	2	1 of 3 applications – full funding	
City of Eugene	Water, wastewater, stormwater, and transportation infrastructure	\$2,000,000	\$2,000,000	36	Yes	Owner	3	Full funding	
City of Portland	Transportation infrastructure to address connectivity issues limiting housing development	\$1,908,370	\$1,908,370	125	Yes	Both	4	Full funding	
City of Hillsboro	Water, wastewater, stormwater, and transportation infrastructure	\$2,000,000	Alternate TBD	118	Yes	Rental	6	Alternate	
City of Bend – Commerce Comm. Connect (Housing Authority)	Transportation and stormwater infrastructure improvements	\$1,093,635	-	64	Yes	Rental	7	2 of 3 applications	
City of Bend – Sugar Pine Crossing (Foundation for Affordable Housing)	Water, wastewater, and transportation infrastructure	\$2,000,000	-	387	Yes	Both	15	3 of 3 applications	
TOTAL	6	\$9,352,005	\$4,258,370	174					

Oregon Business Development Department Rogers

Request: Report on the implementation of the Housing Infrastructure Fund program as required by a budget noted accompanying House Bill 5006 (2025) by the Oregon Business Development Department.

Recommendation: Acknowledge receipt of the report.

Discussion: House Bill 3031 (2025) established the Housing Infrastructure Financing Program (HIFP) and assigned its administration to the Oregon Infrastructure Finance Authority within the Oregon Business Development Department (Business Oregon). The program is statutorily focused on financing infrastructure, such as transportation, water, wastewater or stormwater systems, or related site developments that primarily support specified housing developments. The following budget note is contained in the budget report for House Bill 5006 (2025):

Budget Note

The Oregon Business Development Department (Business Oregon) is directed to report to the Joint Committee on Ways and Means in February 2026 on the implementation of the Housing Infrastructure Fund program. The report shall include recommendations for financing awards to municipalities and tribal councils for shovel-ready infrastructure projects that meet criteria included in section 2 of HB 3031 (2025), supporting specified proposed housing developments. The report shall include information on the number of program applications and amount of requested financing, as well as prioritized recommendations for project awards. The recommendations shall include information on individual projects, including location, number of units created, other sources of funding contributed to the project, affordability covenants, and whether the housing will be for renters or owner-occupied.

A one dollar placeholder was placed in Business Oregon's 2025-27 Legislatively Adopted Budget in section 157 of House Bill 5006 (2025) for the HIFP. The Legislature authorized \$10.0 million in lottery bonds in Senate Bill 5531 (2025). Business Oregon is requesting an increase of Other Funds expenditure limitation to expend the full amount of bonds authorized in Senate Bill 5531 (2025). The bond sale is projected for May 2026. The report documents program readiness and outlines the project selection process. The Infrastructure Finance Authority (IFA) Board reviewed and approved recommended projects at its January 30, 2026, meeting, contingent on legislative approval of expenditure authority and successful bond issuance.

Program eligibility and award recommendations reflect statutory distribution requirements tied to population size. Eligible applicants included local governments, special districts, and Tribes with allowances for partnerships with housing developers or housing authorities. The legislation requires that at least 25 percent of funds support cities or Tribes with populations under 30,000 and at least 25 percent support with populations between 30,000 and 100,000, while still permitting awards to jurisdictions

above 100,000. In order to make the awards, IFA developed scoring criteria with seven categories, each having a maximum set of points applicants could earn. The maximum number of points for all seven criteria was 110 points.

IFA received \$43.2 million in requests from 31 applicants and recommended full or partial funding for 11 projects, with three alternate projects listed. Projects for the following applicants were approved: City of Dallas, City of Grant Pass, City of Bend (Thistle & Nest), City of Eugene, City of Astoria, City of Portland, Klamath Tribes, City of Nehalem, City of Milwaukie, City of Albany, and Regional Rural Revitalization (R3) (John Day). The three recommended alternates are: City of Hillsboro, City of Tigard, and City of Tillamook.



January 16, 2026

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem OR 97301

Dear Co-Chairs:

Nature of the Request

The Oregon Business Development Department (Business Oregon) submits this letter in response to the budget note included in House Bill 5006 (2025 Legislative Session), which established a \$1 Other Fund expenditure limitation as a placeholder for the Housing Infrastructure Fund created in House Bill 3031 (2025). Business Oregon anticipates \$10 million in lottery bond proceeds for this program through Senate Bill 5531, with a bond sale expected in May 2026. In February, Business Oregon will request acknowledgement of receipt of a report required by the budget note, as well as the balance of the \$10 million in limitation necessary to utilize the approved lottery bond proceeds.

Agency Action

The Housing Infrastructure Fund program recently accepted applications from municipalities and tribal councils for shovel-ready infrastructure projects that support eligible housing developments as defined in statute. Applications will be scored and ranked based on program criteria, and recommendations will be reviewed and approved by the Infrastructure Finance Authority (IFA) Board. This process ensures that funding decisions are transparent, equitable, and aligned with the program's intent to support housing development and infrastructure readiness across Oregon communities.

In accordance with the budget note, the Department will submit a report to the Joint Committee on Ways and Means in February 2026. This report will include:

- The number of applications received, and total financing requested
- Prioritized recommendations for project awards, as approved by the IFA Board
- Project-specific details including location, number of housing units to be created, affordability covenants, other funding sources, and whether the housing is rental or owner-occupied

Action Requested

In February, Business Oregon will request acknowledgement of receipt of a report required by the budget note, as well as the balance of the \$10 million in limitation to utilize the approved lottery bond proceeds.

Legislation Affected

1) Lottery Bond Authority

Lottery Revenue Bond Bill: Chapter 633, Section 8, Subsection (1-3), Oregon Laws 2025 (SB 5531)

2) Expenditure Authority

Increase in Chapter 628, Section 157, Oregon Laws 2025 (HB 5006) \$9,999,999 – Other Fund.

We appreciate your continued support and look forward to providing the requested report in February 2026.

Respectfully,

Sophorn Cheang
Director