Potential Evaluation Considerations and Metrics for LOCAL INFRASTRUCTURE PROJECTS TO SUPPORT HOUSING

In response to Senate Bill 1537 (2024), Section 16

DECEMBER 2024

DCLD
Department of Land Conservation & Development

ECOnorthwest

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Land Conservation
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Table of Contents


2
3

Executive Summary

SECTION ES

Potential Evaluation Considerations and Metrics for Local Infrastructure Projects to Support Housing

in response to Senate Bill 1537 (2024), Section 16

The need to accelerate housing production has led to more legislative requests to fund housing-related infrastructure. Minimal structure exists to evaluate those requests today. Applicants submit a general form, and decisions are made within a tight timeline as part of the legislative budget negotiation process based on the information provided and legislators' priorities. State agencies review adopted funding requests to verify that projects have the necessary documentation and are ready for funding, but issues can arise when projects are not clearly defined or cannot meet required funding timelines or criteria.

In 2024, the Legislature took initial steps to improve the project selection process. As part of that work, it directed the Department of Land Conservation and Development (DLCD) to provide "a list of key considerations and metrics the Legislative Assembly could use to evaluate, screen and prioritize proposed local infrastructure projects that facilitate and support housing within an urban growth boundary" (UGB) by the end of 2024.

This report responds to the legislature's directive, offering a framework of considerations and metrics to evaluate legislative funding requests for housing-related infrastructure projects. The framework focuses primarily on two criteria–readiness and housing relevance–but recognizes that legislators may consider many other factors as they prioritize projects. DLCD developed the framework with support from consultants at **ECOnorthwest** and **Consor Engineering** and input from legislators and legislative staff, state agency staff, representatives from local governments, housing developers, and advocacy organizations. The evaluation framework is summarized below.

Stage 1: Evaluating readiness for funding and alignment with legislative intent.

INFRASTRUCTURE READINESS:
Is the infrastructure project timely to fund in this biennium?

HOUSING RELEVANCE:
Will the infrastructure project enable production of needed housing within a UGB?

INFRASTRUCTURE READINESS

- **Metrics evaluate whether projects are likely to be feasible** as proposed and meet required timelines for state bond funding (the most common source of funding for legislative appropriations). Criteria include availability of other funds needed to complete the project, sufficient design and permitting progress to ensure project viability and avoid delays, consistency with adopted plans, and the applicant's administrative and fiscal capacity to manage the funds.
- **Projects may rate high, medium, or low on each metric**. Those that rate high on most or all criteria are very likely to be able to meet funding requirements. Those that rate medium have potential to address remaining requirements within the time available. Those that rate low on one or more of the criteria face potential barriers that may prevent them from accessing or utilizing funds appropriated within the time frames required, and they may need a different funding mechanism or more time and technical assistance to be successful.

HOUSING RELEVANCE

- **The framework considers three categories of infrastructure projects** as relevant to housing production: projects needed for specific housing development, projects that will support housing development in a planned growth area, and projects that address a system-level issue impacting housing development.
- **Projects within these categories are rated based on housing impact** (how well the housing aligns with local or statewide housing needs) and housing development readiness (how quickly housing could be built following the completion of the infrastructure project). High ratings indicate clear evidence of impact or readiness; medium ratings indicate that the situation is more complex or nuanced and that assessing impact or readiness requires judgment or additional information; and low ratings suggest that funding the infrastructure project is less likely to have a meaningful impact on near- to midterm production of needed housing, though the project may be important for other reasons.

Stage 2: Additional factors that could be considered as part of legislative decisions and prioritization at legislators' discretion.

These factors could be used to prioritize funding requests for projects that meet readiness criteria and are relevant to housing production. Relevant criteria are not defined in detail in this framework, but could be developed as a follow-up to complement the criteria related to housing.

LEVERAGE: Will funding help secure other grants or bridge funding gaps?

RELATIVE VALUE: How do expected results compare to the amount requested?

EQUITY: How are benefits (and burdens) distributed?

COBENEFITS: How would this investment support other state and local goals and priorities?

The legislature retains discretion for how (and whether) to implement the framework and suggested considerations. Additional work is needed to further detail considerations beyond infrastructure readiness and housing relevance and to operationalize the framework for use if so desired. The framework may also need to be updated as jurisdictions begin to implement new approaches to planning for housing under the new Oregon Housing Needs Analysis (OHNA) system, which will offer clearer metrics related to housing impact and relevance.

The framework is not intended to replace or de-emphasize funding programs administered by state agencies. Agency funding and technical assistance programs—which offer more accountability and support than is possible within a legislative appropriation process—will continue to play a critical role in helping applicants prepare projects for funding, especially in less-resourced communities with little staff capacity. Ideally, legislative funding can complement agency programs, offering additional support to urgent or high-priority projects and ensuring open access to funding for communities throughout the state.

Overview & Purpose

SECTION 1

The 2024 Legislature directed the Department of Land Conservation and Development (DLCD) to provide an evaluation framework for housing-related infrastructure funded by direct appropriations as part of Senate Bill (SB) 1537 (2024), Section 16.

The bill directs the framework to include **"a list of key considerations and metrics the Legislative Assembly could use to evaluate, screen and prioritize proposed local infrastructure projects that facilitate and support housing within an urban growth boundary"** (UGB). The legislative deadline is December 31, 2024. This report offers a draft framework for considerations and metrics in funding local housing-related infrastructure projects consistent with this legislative direction. Infrastructure projects that are addressed in the proposed framework include water, sewer, stormwater management, and transportation, or a combination of these services and facilities.

Unlike established agency programs, the current process for funding infrastructure with direct appropriations operates without the benefit of consistent definitions, review considerations, and documentation. Applicants submit a general form applicable to all capital funding requests to the legislature, the Legislative Fiscal Office (LFO) organizes and reviews the requests, and legislators and their staff evaluate the projects based on the assembled information and the legislators' priorities. Decisions are made within a tight timeline as part of the legislative budget negotiation process. Staff from Business Oregon and the Department of Administrative Services (DAS) Capital Finance group generally work with those selected for appropriations after the session to verify that projects have the necessary documentation and are ready for funding. Sometimes issues arise when projects are unable to meet the timelines or criteria for funding or are not clearly defined.

During the 2024 session, the Legislature undertook an effort to improve this process by identifying considerations and information that could inform the evaluation and selection of infrastructure projects that would facilitate housing production. While this initial effort was a meaningful step, it was limited by the lack of time and capacity inherent to legislative sessions. Section 16 of SB 1537 (2024) was intended to build upon this initial effort and to allow for more in-depth analysis and discussion.

The considerations and metrics in this framework offer a starting point to expand on the existing application process for legislative funding requests. The framework offers a **standardized set of evaluation criteria with which legislators can assess infrastructure project readiness and connection to housing** to ensure that funding is effectively and efficiently spent.

This draft framework provides information to support legislative decision-making while allowing legislators to express their priorities; it is not meant to direct or constrain legislators' decisions. As a result, while the framework provides ratings for two key factors (infrastructure readiness and relevance to housing), it **does not establish an overall rating, ranking, or prioritization system.** This is reflected in the two-stage organization of the framework, which is illustrated below.

Framework overview

The preliminary evaluation framework is organized in two stages:

STAGE 1: Evaluating projects for alignment with legislative intent and readiness for funding.

- **INFRASTRUCTURE READINESS:** Is the infrastructure project timely to fund in this biennium?
- **HOUSING RELEVANCE:** Will the infrastructure project enable production of needed housing within a UGB?

STAGE 2: Additional factors that could be considered as part of legislative decisions and prioritization at legislators' discretion.

- **LEVERAGE:** Will funding help secure other grants or bridge gaps?
- **RELATIVE VALUE:** How do expected results compare to the amount requested?
- **EQUITY:** How are benefits (and burdens) distributed?
- **COBENEFITS:** How would this investment support other state and local goals and priorities?

Stage 1 considerations related to infrastructure project readiness (page 6) and relevance to housing production (page 10) are more detailed and have the benefit of more extensive review and input from experts and practitioners. Detailed criteria for Stage 1 considerations are included in Appendix A. Stage 2 considerations related to leverage, relative value, equity, and cobenefits are more general and would benefit from additional focused attention in collaboration with relevant agencies and interested parties to further detail the relevant metrics and appropriate evaluation systems for these considerations.

The framework does not replace or de-emphasize funding programs administered by state agencies. Those programs offer more structure and monitoring, time for review and evaluation, and specialized applicant support than can be offered during a legislative appropriation process. The framework draws on key considerations and criteria from state agency funding programs (among other inputs) to highlight those that affect readiness and suitability for legislative funding. By aggregating commonly used criteria for project readiness, the framework is designed to increase the accountability and measurability of legislative appropriations through a more standardized, systematic approach to review and evaluation.

SECTION 2

Who and What Informed This Framework?

DLCD prepared this framework with support from consultants at ECOnorthwest and Consor Engineering. DLCD also consulted a variety of state, local, and private sector experts and practitioners to inform this framework, including:

- **An interagency workgroup hosted by DLCD**, including representatives from DLCD, the Department of Environmental Quality, Oregon State Fire Marshal, Oregon Department of State Lands, Oregon Health Authority, Oregon Department of Transportation, Oregon Department of Consumer & Business Services (Building Code Division), Business Oregon, and Oregon Housing and Community Services (see summary of the workgroup process and findings in **Appendix B** for details).
- **Focus groups and other discussions with interested parties,** including representatives from cities, counties, and special districts; housing providers; and advocacy organizations (see engagement summary in **Appendix C** for details).
- **Interviews with legislators and legislative and agency staff** involved with recent similar legislative appropriations, including staff at the Department of Administrative Services Capital Finance division and Legislative Fiscal Office (key findings included in **Appendix C**).

Most of the input from these groups focused on the infrastructure readiness and housing relevance considerations and metrics captured in Stage 1 of this draft framework.

In addition, DLCD and ECOnorthwest researched **case studies** of other frameworks for evaluating capital investments, such as the Higher Education Coordinating Commission's scoring rubric for evaluating funding requests, Oregon Housing and Community Service's Oregon Centralized Application (ORCA), San Luis Obispo Council of Governments' Housing and Infrastructure Regional Framework, and Boston Streets Infrastructure Prioritization Project. (See **Appendix D** for details).

Preliminary Evaluation Framework

SECTION 3

This evaluation framework assumes that applicants will generally be local jurisdictions (cities, counties, or special districts), though they may be applying in partnership with developers or other entities.

Stage 1 Considerations

Stage 1 considerations are intended to objectively assess whether a project can successfully be funded through a legislative appropriation in the active biennium and whether the project aligns with the legislative intent of facilitating housing production. The goal is not to eliminate or disqualify projects from consideration for funding but rather to identify those projects that are less ready or less relevant to housing production. With eyes open, legislators can then decide which projects to fund, as there may be other reasons for a project to proceed to funding despite not meeting all the proposed Stage 1 metrics. This section summarizes the approach to evaluating Stage 1 considerations; additional detail is available in Appendix A.

Infrastructure Readiness: Is the infrastructure project timely to fund in this biennium?

WHY THIS MATTERS

Most direct appropriation projects receive funding from state bonds; the remainder are funded by the state general fund. To be able to receive bond funding within a given biennium, projects must meet specific timing requirements. Projects that are further along in planning, design, permitting, and securing other funding sources are more likely to be able to meet these timelines. Projects that cannot meet the required timelines may require extensions that add time and cost for the state or may be unable to receive the approved funding at all. Projects that are not clearly defined may need clarifications or updates to project descriptions in future biennia to allow the project to move forward, creating delays and additional work for legislators and applicants. Projects are also more likely to be successful if they are consistent with adopted infrastructure plans and if other impacted system components will be able to handle any increase in demand.

While there are exceptions, the general requirements that impact timing for bond funding include:

- **Any additional funds needed to complete the project must be secured before bonds are issued.** In recent sessions there have been two rounds of bond issuance during the biennium, typically 7 and 19 months after the legislative decision. If other funds (beyond those appropriated) are not adequately secured in time, the project

may not be able to move forward to bond issuance. Projects that can be scaled if needed—so a portion of the project can be completed with the amount of funding requested as an appropriation—have an alternative pathway to being approved for bond issuance because there will still be a project if other funding falls through.

- **Funds requested must be expended within 3 years of bond issuance**, meaning within 4–5 years of funding approval. If project expenditures extend beyond this time frame, the state's bonding costs likely increase. Projects must be close to ready for construction to be completed within this time frame.
- **Any needed property must be identified in advance** of bond issuance; bond funds cannot be used for site selection.

Additional details regarding timelines for legislative appropriations are included in Appendix C, based on interviews with relevant legislative and agency staff.

POTENTIAL EVALUATION SYSTEM

The proposed evaluation system intends to distinguish between projects that will most likely meet the state's timing requirements for funding and reach completion with minimal delay, those that would benefit from or require additional review to confirm their readiness or viability, and those that are likely to encounter significant delays or face obstacles to accessing or utilizing funding from a legislative appropriation.

Determining readiness in detail generally requires a review of project-specific files and details that may not be possible or appropriate for legislative staff during the legislative session. The recommended framework differentiates between projects that meet a straightforward readiness test and those that may require more substantive review and consideration of project-specific context, potentially outside of the legislative session. Note that **all readiness considerations in this section relate to the infrastructure project itself**, not to the future housing development that would benefit from the infrastructure; housing development readiness is addressed in the following section.

1. **High readiness:** Low-risk projects with a high likelihood of being able to meet timing requirements for funding and proceed with minimal delay. Projects that have applied for funding through state agency funding programs (e.g., Business Oregon or DEQ), passed first-round review, and received a conditional award would generally meet this standard. Additionally, these projects will have the necessary land use entitlements and regulatory permits, or they are at least in the final stages of approval.

2. **Medium readiness:** Projects that would benefit from additional review to confirm readiness and/or viability, or projects that have work in progress that will need to be completed prior to funding. In many cases, projects at a "medium" readiness level will be able to meet requirements for funding in time, but risk of delays or issues that could impact viability remain.

3. **Low readiness:** Projects with substantial uncertainty that require additional review to determine the ability to meet timelines for funding within the biennium or to identify alternative pathways to project funding.

POTENTIAL INFRASTRUCTURE-READINESS METRICS

Key metrics to evaluate infrastructure project readiness include:

- **Funding sufficiency:** Other funds needed to complete the project (if any) will be available within the required timelines. (Note that match or leverage is not a requirement related to readiness and is instead included as a Stage 2 consideration.)
- **Project design and permitting progress:** Design and permitting have advanced sufficiently to provide reasonable cost estimates and to identify and resolve potential issues that could delay or derail the project.
- **Site selection and control:** The location for the project has been determined and the appropriate entity has rights to build the project in that location.
- **Plan consistency:** The project is consistent with applicable planning documents (e.g., system plans, public facility plans, and/or capital improvement plans).
- **System-level functionality:** The relevant infrastructure system is not limited by other broader capacity or compliance issues (unless those issues will be resolved by the proposed project).
- **Fiscal and administrative capacity:** The entity receiving the appropriation has the authority to spend and manage project funding and the capacity to track and record expenditures.

Potential definitions and criteria for High, Medium, and Low Readiness on each of these metrics are included in **Appendix A.**

All of these metrics are similarly important to establishing readiness. A rating of "low" on any of these criteria could be a cause for concern and could indicate that the project will struggle to successfully access or expend funds awarded to it, even if other ratings are "medium" or "high." If none of the criteria are rated as "low," more "high" ratings indicate that the project is better positioned for funding. However, many projects will have a mix of "high" and "medium" ratings, which is not necessarily a cause for concern as long as there are no "low" ratings. Projects with low infrastructure readiness could still be included in an appropriation, but legislators would have advance notification that the project would have a higher risk of needing an extension or legislative fix to refine the project description in future biennia if selected for funding.

What about small and under-resourced communities?

Small communities may face challenges demonstrating infrastructure project readiness due to limitations around staffing, resources, and access to additional funding. This framework does not exclude or eliminate projects that are less able to demonstrate readiness; however, it recognizes that the funding timelines for legislative appropriations are relatively inflexible, and projects that are not ready within those timelines may not be possible to successfully fund through an appropriation, regardless of need or importance.

There are several possible ways to address this challenge:

1. **Continue to support agency programs:** In some cases, small or under-resourced communities that are unable to achieve "high" or "medium" readiness on their own may be more successful in obtaining and using funding through agency programs that offer more support and technical assistance to prepare projects for funding. This highlights the on-going importance of agency programs as a way to fund projects in small or under-resourced communities. The legislature could direct additional funding toward existing programs (or new ones) that better support small and under-resourced communities.

2. **Continue to support technical assistance:** The 2024 legislative session included funding for Business Oregon to support local governments in planning and securing funding for infrastructure to support housing production. This program (or similar pathways that can fund the design, analysis, or other preparation work needed to get projects ready for construction funding) can help jurisdictions prepare for a variety of funding opportunities, including legislative appropriations, grants, etc. Ideally, this program or similar ones could provide a supportive track for small or under-resourced communities to achieve readiness for funding so those that "graduate" from the program would automatically be able to achieve "high" readiness ratings across most or all metrics.

3. **Fund design and permitting work:** Because bonds can be used to fund design and permitting for planned capital projects, in a few cases, it may be appropriate for the legislature to fund this work (in addition to or instead of funding construction) to advance projects to readiness for construction.

4. **Fund low-readiness projects and accept the risks:** The legislature can select projects for funding even if they rate "low" on the readiness criteria. This could lead to delays in use of the funding or other challenges with project implementation, but the legislature may decide in some cases that the potential benefits are worth the risk.

Housing Relevance: Will the infrastructure project catalyze the production of needed housing within a UGB?

WHY THIS MATTERS

SB 1537, Section 16 calls on DLCD to provide ways to evaluate local infrastructure projects that facilitate and support housing within an urban growth boundary. The state is in the process of rolling out the Oregon Housing Needs Analysis (OHNA)—a new system of planning for housing needs that will increase focus on housing production and equitably addressing housing needs at the local level. Infrastructure is a key component of supporting housing production. Infrastructure funding also competes with many other funding priorities in the state budget. Given the competition for scarce resources and the scope of the state's housing challenge, broad support exists to allocate funds to projects that are the most likely to meet urgent housing needs and support near-term housing production.

POTENTIAL EVALUATION SYSTEM

The evaluation system would identify projects that have a clear nexus to housing production and those that are more likely to advance the production of needed housing in the near term.

1. **High Relevance:** Projects that rate "high" on housing relevance have a clear connection with the legislative intent to direct funding to projects that address urgent housing needs and support near-term housing production.
2. **Medium Relevance:** Projects that rate "medium" likely align with legislative intent to support housing production, though they may have more nuance in development readiness and/or whether the resulting housing will address unmet housing needs.
3. **Low Relevance:** Projects that rate "low" on housing relevance may provide some benefit to housing production but exhibit less of a direct nexus to unmet needs, or housing development may be inhibited by other issues beyond the scope of the infrastructure project.

Projects identified as having medium or low housing relevance could still be included in an appropriation, especially since these projects may meet other legislative objectives beyond supporting housing production.

POTENTIAL HOUSING RELEVANCE METRICS

Key considerations for establishing an infrastructure project's relevance and importance to supporting production of needed housing include:

- **Nexus to housing:** How does the infrastructure project support production of needed housing?
- **Housing impact:** Why is the housing that could be supported by this infrastructure project important to meeting local or statewide housing needs?
- **Housing development readiness:** How quickly could housing development follow completion of the infrastructure project?

The available information and relevant metrics to capture these considerations differ based on whether the infrastructure is linked to a specific development proposal, will provide service or increase capacity to a planned growth area, or will increase system capacity overall. The potential metrics and indicators, identified below and in Appendix A, vary between these contexts.

Nexus to housing

- **Site-specific:** Infrastructure project is required to serve a residential or residential mixed-use development within an urban growth boundary
- **Planned growth area:** Infrastructure project provides capacity or improves ability to accommodate growth (including infill or redevelopment) in an area within an urban growth boundary planned for residential or residential mixed-use development
- **System capacity:** Infrastructure project addresses a system-level capacity limitation or compliance issue that is impacting or likely to impact housing development within an urban growth boundary

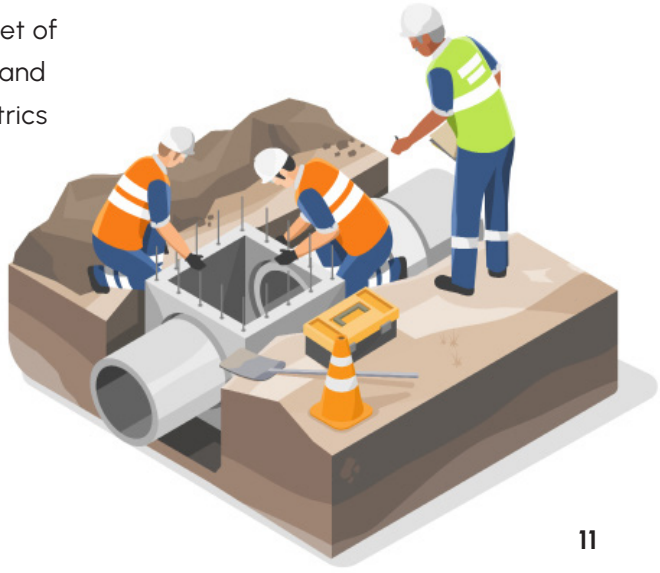
Housing impact

- **Site-specific:** Extent to which housing development includes income-qualified affordable housing units and/or aligns with local housing needs (e.g., housing type, characteristics, location, timing, and/or scale of development)
- **Planned growth area:** How the infrastructure project will help meet local housing needs (including housing type, characteristics, location, timing, and/or scale of development)
- **System capacity:** Severity of the capacity/compliance constraint on housing development

Housing development readiness

- **Site-specific:** Progress on development permitting and entitlements; progress on other predevelopment activity; availability and capacity of other infrastructure
- **Planned growth area:** Progress on completing and adopting local plans and zoning that support housing development in the area; progress identifying and addressing potential development barriers; developer interest/activity; availability and capacity of other infrastructure
- **System capacity:** Evidence of pending or potential residential development activity that depends on or could benefit from the proposed system improvement

Among these metrics, the nexus to housing is the most basic aspect of housing relevance. Beyond this, legislators may decide how to weigh the timeliness of the housing development compared to the impact of the housing development for projects that rate highly on one set of indicators and lower on the other indicators. Potential definitions and criteria for High, Medium, and Low Relevance for each of the metrics listed above are included in **Appendix A**



Stage 2 Considerations

Considerations identified as part of Stage 2 would be additional factors for legislators to consider in making decisions among projects. At this stage in the framework's development, it is only expected that projects can qualitatively respond to the categories in Stage 2. In the future, DLCD hopes to have the opportunity to expand on these considerations, to enable comparative evaluation of proposed projects, and to include quantitative and qualitative components.

Leverage: Will funding help secure other grants or bridge gaps?

WHY THIS MATTERS

Many grant funding programs require matching funds to show local commitment or prioritize projects that leverage other funding sources. This information is already collected for legislative capital project funding requests. Although it may be desirable for legislative funding to provide the "last dollar" needed to close funding gaps and allow the project to move forward, combining multiple funding sources can be challenging and may not be necessary for smaller projects.

POTENTIAL METRICS

- **Percent of project** funds requested
- **Committed or identified** matching funds and source(s), if any

Relative Value: How do expected results compare to the amount requested?

WHY THIS MATTERS

With limited funds, legislators may be interested in identifying projects where a relatively small amount of additional funding will have a large impact in terms of the amount of housing produced. However, the range of geographic factors, construction costs, and project types would complicate the comparison of projects across the state. Some may have a more immediate impact (e.g., site-specific projects), while others may have an impact that continues over time (e.g., system capacity projects).

POTENTIAL METRICS

- **Proportion of system** improved by investment
- **Proportion of total** households increased by investment
- **Funds requested per** unit expected
- **Total infrastructure project** cost per unit expected
- **Other cost efficiency** benefits (e.g., reductions to operating and maintenance costs, efficiencies in delivering other projects)

Equity: How are benefits (and burdens) distributed?

WHY THIS MATTERS

Infrastructure and development can meaningfully impact quality of life, economic opportunity, and health outcomes. Considering equity is critical when making infrastructure investments to ensure that benefits and burdens are equitably distributed, especially considering underserved and marginalized communities that have historically been negatively impacted by major infrastructure decisions.

POTENTIAL METRICS

The following list is illustrative rather than exhaustive:

- **Distributional equity and environmental justice** (e.g., benefits and impacts to historically underserved or underinvested communities; encouraging housing in areas that are not subject to disproportionate environmental, public, health, or natural hazards)
- **Geographic equity** (e.g., distribution of resources statewide)
- **Affirmatively furthering fair housing** (e.g., increasing economic and/or racial integration, or increasing access to opportunity for low-income households)
- **Equitable engagement** (e.g., projects that emerged from or are supported by engagement with underrepresented communities)
- **Anti-displacement** (e.g., projects that help prevent or mitigate displacement risks, or where displacement risks have been identified and mitigation measures are being implemented)
- **Asset building** (e.g., projects that provide opportunities for lower-income households to build assets)
- **Equitable contracting** (e.g., projects that will use COBID-certified contractors, pay prevailing wages, or provide other opportunities for apprenticeships or employment to historically underrepresented groups)

Cobenefits: How would this investment support other state and local goals and priorities?

WHY THIS MATTERS

Though housing is at the forefront of current discourse, Oregon's goals and priorities are broad and interrelated. Some of these goals and priorities are reflected in Statewide Planning Goals, other legislation or executive orders, or agency plans. The priorities may result from federal requirements or serve other important policy goals such as improving public health or addressing the concerns of underrepresented or underinvested communities. These priorities can also result in savings to state and local governments or their residents, through more resilient infrastructure or energy efficiency. Where funded projects can concurrently support statewide goals and housing production, state funds can potentially "feed two birds with one scone." Many statewide goals are also reflected in or align with local goals.

While the framework in this report is designed with evaluation rather than prioritization in mind, it will be possible to incorporate considerations related to the other topics listed below into a future framework. Such considerations are not included in the framework due to insufficient time for analysis and public discussion.

POTENTIAL METRICS

The following list is illustrative rather than exhaustive:

- **Economic development** (e.g., workforce housing benefits, employer attraction or retention, job creation, alignment with other economic development plans and strategies, multiplier effects)
- **Environmental protection** (e.g., protection or enhancement of air and water quality and/or Goal 5 resources)
- **Efficient urbanization** (e.g., supports infill/redevelopment, aligns with approved growth management plans)
- **Energy** (e.g., improves energy efficiency, reduces greenhouse gas emissions)
- **Resilience** (e.g., reduces risks from natural hazards or climate change, or improves the long-term durability of infrastructure; avoids mapped natural hazards such as landslides, tsunamis, and slopes of 25 percent or greater, or is designed to mitigate these hazards)
- **Transportation** (e.g., improves transportation safety, multimodal transportation options, and/or travel time reliability)
- **Public health and safety** (e.g., reduces the exposure to heat, the risk of air or water pollution, or vehicular crashes; addresses regulatory compliance issues impacting public health or safety)

SECTION 4

How Could this Evaluation Framework be Implemented?

If the legislature chooses to adopt this framework or something similar, it should consider several factors to operationalize and integrate it with the legislative process.

1. Collecting information from applicants

Today, as noted previously, applicants fill out a brief form to make capital funding requests of the legislature. Projects seeking funding for infrastructure could be asked to provide additional information related to infrastructure readiness; those seeking funding specifically for infrastructure to support housing could be asked to provide additional information related to housing relevance. This information could be collected through an additional application form or an online form or survey.

- **For Stage 1 metrics**, applicants could rate the readiness and housing relevance of their proposed projects as high, medium, or low on the various indicators based on the additional detail and definitions provided in **Appendix A**. High ratings in many cases could be substantiated by attaching key forms or documents (see below for more on this). Medium and low ratings would need to offer an opportunity for additional explanation of why the proponent believes the project will be successful or will support housing production even though certain criteria have not been met.
- **For Stage 2,** aside from the leverage information that is already captured in the capital projects form, applicants might simply provide qualitative responses to the other factors, highlighting whatever elements of the project are salient.

2. Timing for supporting documentation

The information collected could include documentation to support high or medium ratings (see **Appendix B** for additional detail on the the materials that agencies require as part of applications for funding). It could become cumbersome for applicants if all documentation is required up front; however, given the tight time frame of the legislative session, requesting additional information during the session may not be possible. If supporting documentation is not collected until after appropriation decisions are made, some projects may turn out to be less ready or less relevant than initially indicated.

3. Compiling information on proposed projects

The Legislative Fiscal Office or other legislative staff would need to compile and distill the information provided by applications for legislative consideration. If information is submitted in an online form, the compilation process can be more streamlined, as applications will already be entered into a single spreadsheet. Note that it may not be realistic for LFO or other legislative staff to review supporting materials in any detail as part of the evaluation process during the legislative session, but the presence or absence of supporting documents may in itself help confirm the rating that the applicant has indicated.

4. Summarizing ratings

Because all indicators are generally equally important for a given Stage 1 consideration (i.e., infrastructure readiness, housing relevance), it may make sense to simply summarize the number of high, medium, and low ratings for each Stage 1 consideration, with brief notes based on the information submitted.

5. Using ratings and Stage 2 considerations in selecting projects

The legislature could prioritize projects with high Stage 1 ratings, including those with all high or mixed high and medium ratings. They could also choose to prioritize projects with low ratings based on Stage 2 considerations. Alternatively, the legislature could simply refer to the Stage 1 ratings and Stage 2 considerations as contextual information within a less structured evaluation based on legislative priorities.

Conclusion

SECTION 5

This framework offers a starting point to more systematically evaluate which projects may be suitable for legislative appropriations in support of housing production. The legislature retains discretion for how (and whether) to implement these considerations, metrics, and frameworks. Proposed Stage 1 criteria to measure infrastructure readiness and housing relevance have been developed through discussion with multiple experts and practitioners. However, more research and engagement is required to round out the Stage 2 criteria, including how best to evaluate cobenefits related to other policy objectives. This framework could provide a model for efforts to establish evaluation metrics for other state policy goals over time.

Appendix A

Potential Infrastructure Readiness Indicators

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Infrastructure Project Funding Sufficiency	***Additional funding sources are committed or already available:*** ✓ Grants & loans (if any) have been approved for funding. ✓ Local bond measures (if applicable) have been approved by voters ✓ Other local funds (if any) are held in reserve or will be readily available based on historic trends; audited financials can be provided	***Additional funding is likely to be approved and available within 12-18 months:*** ✓ Grant & loan applications (if applicable) have been submitted; the project meets eligibility criteria, and the programs are not highly competitive ✓ Local funding source (if applicable) is currently in place or is expected to be adopted within a specified time frame and does not require voter approval. **— OR —** ***It is possible to scale the project to fit within the amount requested for appropriation if other funding is ultimately not available or insufficient.*** *(This would allow the scaled-down project to move forward with state funding if necessary.)*	***Additional funding sources have been identified, but timing or sufficiency is uncertain:*** ✓ Grant & loan applications (if applicable) have not yet been submitted, or programs are highly competitive ✓ Local funding source insufficient, requires voter approval, or has not yet been evaluated in detail or discussed by the jurisdiction's elected officials.

Potential Infrastructure Readiness Indicators

continued

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Infrastructure Project Design and Permitting	*Infrastructure project is fully or mostly designed and permitted:* ✓ Design is 60% or more complete ✓ Cost estimates meet Class 1 or 2 criteria* (e.g., bid estimates) ✓ State and/or federal permits have been approved or are not required ✓ Local permits have been approved, or permitting is in progress and a Land Use Compatibility Statement (LUCS) is available ✓ All required local, state, and federal permits have been approved	*Infrastructure design and permitting are in progress, but additional steps are pending:* ✓ Design is in progress, and more than 30% but less than 60% complete ✓ Permitting in progress; discretionary or complex reviews and approvals (including those listed under low readiness and conditional use permits or other Type III local land use reviews) are complete or not required. ✓ Cost estimates meet Class 3 criteria* (e.g., budgetary or control estimates)	*Infrastructure design and permitting are in early phases or are complex:* ✓ Project still in conceptual planning or early design ✓ Remaining approvals could be complex or challenging, such as: ◆ Water rights/new water source ◆ DEQ review for major changes to a discharge permit ◆ Goal exception/UGB expansion or zone change/ plan amendment ◆ Cultural resources impacts ◆ Soil remediation ◆ Modifications to a state highway ◆ Historic or scenic area reviews ◆ Floodplain and wetland impacts ✓ Cost estimates meet Class 4 or 5 criteria* (e.g., rough order of magnitude, planning level, or feasibility study estimates)

Potential Infrastructure Readiness Indicators

continued

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Infrastructure Site Selection and Control	Site is owned/controlled by the applicant (e.g., easement or owned outright), or the entity that owns/ controls the site has provided written support for the project	Site has been identified but is not yet owned/controlled by the applicant	Site has not yet been identified, or site selection is still in progress (note: site selection must be paid for with other funds)
Infrastructure Plan Consistency	Project is identified in a recent (e.g., adopted or updated within last 10 years) capital improvement plan, master plan, or system plan	Project is identified in an older master plan or system plan; project is of a size or type that is excluded from the master plan or system plan but is not inconsistent	Project is not consistent with the applicable plan; substantive updates to the master plan or system plan would be required
System-Level Functionality	No additional capacity or compliance issues beyond those addressed by the proposed project; all connected facilities have adequate capacity	No additional capacity or compliance issues beyond those addressed by the proposed project; some capacity limitations or other issues in connected facilities but not immediate constraints, or other projects are planned in the near term to address related constraints	Compliance/capacity issues will remain after completion of the proposed project
Fiscal and Administrative Capacity	Entity receiving appropriations has the authority to spend and manage project funding (all funding, not just appropriations) and the administrative capacity to track and record expenditures. One way an applicant could show this is based on having completed similar projects, with or without state funding.	Entity receiving appropriations has the authority to spend and manage project funding, but the capacity to track and record expenditures has not been identified or is uncertain	Uncertain that the entity receiving the appropriations has the authority to spend and manage project funding and/ or the capacity to track and record expenditures

*Cost estimate classifications are based on AACE (Association for the Advancement of Cost Engineering) International Recommended Practice publications.

Potential Housing Relevance Indicators — SITE-SPECIFIC PROJECTS

Potential Metrics		High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Nexus to Housing	**Infrastructure project will serve residential development**	Development is entirely residential or residential mixed-use where more than half the floor area of the project will be residential	Development includes a residential component in the current phase, but it represents less than half of the floor area of the project/phase	Development is planned to include residential development in later phases but does not include a residential component in the current phase
	Infrastructure project is needed for development	Infrastructure project is required as a condition of approval for the development and/ or is included in a development agreement	Infrastructure project has been identified as a requirement to serve a specific proposed development as part of a pre-application conference or similar process, but it has not yet been formalized as a condition of approval or in a development agreement	Infrastructure improvement will improve capacity or functionality of a facility impacted by a proposed development, but the development is not contingent on the infrastructure improvement

Potential Housing Relevance Indicators — SITE-SPECIFIC PROJECTS

continued

Potential Metrics		High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Housing Impact	**Affordability and Housing Need Alignment**	Proposed development is for income-qualified affordable housing approved for funding through OHCS (letter of intent) **— OR —** Proposed development is eligible for local financial incentives (e.g., tax abatement, tax increment financing incentives, System Development Charges reductions or waivers, etc.) based on its affordability, housing type, characteristics, or location **— OR —** Expected housing will offer affordability levels, housing types, characteristics, or locations identified as gaps in an adopted Housing Production Strategy or other adopted housing strategy or action plan	Proposed development is seeking funding for affordable housing through OHCS but has not yet received a letter of intent **— OR —** The housing type, characteristics, location, timing, and/or scale of the proposed development are important to meeting local housing needs and differ from recent development trends, but needs are not documented in an adopted housing strategy or action plan	Proposed development is entirely market rate and will not be eligible for state, federal, or local support based on its affordability **— AND —** The housing type, characteristics, timing, and/or scale of the proposed development are not yet known or are similar to recent development trends

Potential Housing Relevance Indicators — SITE-SPECIFIC PROJECTS

continued

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Housing Development Readiness	***Development is committed and faces no remaining discretionary approvals or other barriers**** ✓ All required development permits and approvals secured, or development application(s) in progress with no discretionary approvals outstanding ✓ Any wetland and floodplain impacts are fully permitted, or none present on-site ✓ No mapped natural hazards on site or, if natural hazards present, specific mitigation measures accounted for in development design ✓ **Environmental Contamination:** No soil contamination identified or suspected, or any soil contamination has been mitigated ✓ **Annexation** is not required prior to housing development (including sites in urban unincorporated areas inside a UGB) or a final annexation agreement is available	***Development is actively working toward approvals and/or addressing other potential barriers*** ✓ Development applications are in progress with discretionary approvals outstanding (excluding zone change/plan amendment/UGB adjustment) ✓ Resources on the site have been inventoried and assessed (including wetland delineation if applicable), and permits are under review ✓ Mapped natural hazards present on-site, but specific mitigation measures not yet determined or not incorporated into development design ✓ **Environmental Contamination:** Soil remediation is ongoing ✓ **Annexation** is required prior to development, and draft annexation agreement is available, or other materials showing interest from both property owner and city	***Development is in preliminary stages and/or faces complex approvals or likely barriers*** ✓ No development application submitted to date; zone change/ plan amendment required prior to development ✓ Wetlands are present on site but have not yet been delineated ✓ Presence of natural hazards on-site not known or, if present, not mapped ✓ **Environmental Contamination:** Soil contamination has been identified or is suspected, but a remediation plan has yet to be approved ✓ **Annexation** is required prior to development; property owner has not petitioned to annex and/ or city has not shown interest in approving annexation *Note: site must be located within a UGB.*

**Note: affordable housing projects that have received a letter of intent / conditional funding letter from the ORCA process would be considered to have high development readiness, without the need to address the specific items below, as the review process leading to that letter from OHCS covers many of the same considerations.*

Potential Housing Relevance Indicators — SITE-SPECIFIC PROJECTS

continued

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Housing Development Readiness	✓ **Other Infrastructure:** No other infrastructure needs identified, or other funding has been secured to cover those needs; projects will be built by development or are programmed in the 5-year CIP ✓ **Other Predevelopment Activitiy:** Developers have lender and/or investor letters of interest; other predevelopment activities are complete (e.g., environmental, soil, and/or geotechnical investigations; site and/or building designs; market studies)	✓ **Other Infrastructure:** Other infrastructure needs are expected to be addressed within the time frame of the proposed infrastructure project or shortly thereafter ✓ **Other Predevelopment Activitiy:** Developers are working on other predevelopment activities (e.g., environmental, soil, and/or geotechnical investigations; site and/or building designs; market studies)	✓ **Other Infrastructure:** Development impacted by compliance issues/moratoria not addressed by proposed infrastructure project ✓ **Other Predevelopment Activitiy:** Property owners/ developers have not initiated other predevelopment work

Potential Housing Relevance Indicators —

PROJECTS SERVING A PLANNED GROWTH AREA (INSIDE UGB)

Potential Metrics		High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Nexus to Housing	**Infra-structure project will serve residential develop-ment**	Area served/planned growth area meets at least one of the following criteria: ◆ Zoning for at least half of the area served (by acreage) allows residential uses outright without a ground floor commercial requirement ◆ An adopted planning document identifies at least half of the area (by acreage or by projected future development floor area) for residential development ◆ At least half of the area served (by acreage) is included in an adopted Climate Friendly Area or Metro Town Center or Regional Center	Area served/planned growth area not clearly defined or the "high relevance" criteria are not met, but proponent has other evidence that project is expected to serve future housing development	Proponent asserts that the project will serve future housing development but does not have evidence available to demonstrate this
	Infra-structure project is needed for develop-ment	Improvement will provide service or increase capacity where service is currently unavailable or insufficient to accommodate estimated residential development potential	Improvement will improve service (e.g., reliability, efficiency, safety, livability) to the planned growth area or offer other benefits that support growth in the area	Improvement will connect to or be located in a planned growth area, but there is no evidence of direct benefits or support for growth in the area

Potential Housing Relevance Indicators —

PROJECTS SERVING A PLANNED GROWTH AREA (INSIDE UGB)

continued

Potential Metrics		High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Housing Impact	**Housing Need Alignment**	Funding the proposed infrastructure project will accelerate housing development and/or enable housing or mixed-use development where housing types, characteristics, location, timing, and/or scale are important to meeting local housing needs *Potential future criterion: Project is needed to provide adequate development-ready land to meet 6- or 8-year OHNA Allocated production target (note: this analysis will not have been completed as of the 2025 legislative session)*	Zoning and any adopted plans for the area served by the proposed infrastructure project allow for and support housing types, characteristics, or locations that are important to meeting local housing needs **— AND —** Planned development in the area is consistent with the jurisdiction's comprehensive plan, including but not limited to a Housing Capacity Analysis or Housing Need Analysis adopted within the last 6 years (for Metro jurisdictions) or 8 years (for non-Metro jurisdictions)	No local planning efforts have identified the area to provide housing capacity, or Housing Capacity Analysis or Housing Need Analysis are more than 6 years old (for Metro jurisdictions) or 8 years old (for non-Metro jurisdictions)

Potential Housing Relevance Indicators —

PROJECTS SERVING A PLANNED GROWTH AREA (INSIDE UGB)

continued

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Development Readiness	***Planning is complete and development is ready to begin permitting*** ✓ **Local planning:** Local plans are complete and adopted, including zoning and infrastructure funding tools ✓ **Environmental Resources:** Environmental resources in the area (if any) have been inventoried and mapped (including wetland determination and local wetland inventory, if applicable) ✓ **Environmental Contamination:** No soil contamination identified or suspected, or any soil contamination has been mitigated ✓ **Other Infrastructure Needs:** No other infrastructure is needed to enable housing development, or other funding has been secured to cover those needs (e.g., projects are covered by a development agreement or are programmed in the 5-year CIP)	***Planning is underway or there is uncertainty about addressing the remaining hurdles*** ✓ **Local planning:** Local plans are underway and nearly complete, and infrastructure needs and funding tools have been identified; zoning/densities still to be determined ✓ **Environmental Resources:** Resource mapping is available but not field verified ✓ **Environmental Contamination:** Soil remediation is ongoing ✓ **Other Infrastructure Needs:** Other needed projects can likely be paid for with existing/adopted infrastructure funding tools and can be completed within the time frame of the proposed infrastructure project or shortly thereafter	***Planning work is limited or out of date, or there are likely barriers that have yet to be addressed*** ✓ **Local planning:** Local planning is in early stages, and infrastructure and funding needs are still being refined; or previously adopted area-specific plans are more than 12 (for Metro jurisdictions) or 16 (for non-Metro jurisdictions) years old ✓ **Environmental Resources:** Limited or out-of-date resource mapping data ✓ **Environmental Contamination:** Soil contamination has been identified or is suspected, but a remediation plan has yet to be approved ✓ **Other Infrastructure Needs:** Development impacted by compliance issues/moratoria not addressed by proposed infrastructure project, or other infrastructure gaps have been identified; timing to address them is unknown

Potential Housing Relevance Indicators —

PROJECTS SERVING A PLANNED GROWTH AREA (INSIDE UGB)

continued

Potential Metrics	High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Development Readiness	✓ **Annexation** is not required prior to housing development in the planned growth area (note: this includes areas within cities as well as urban unincorporated areas, provided they are within a UGB and development is consistent with county regulations) ✓ **Development Activity:** Developers are engaged in predevelopment activities for residential development (e.g., pre-application conferences; site acquisition and consolidation; environmental, soil, and/or geotechnical investigations; site and/or building designs; market studies) and have provided letters of support	✓ **Annexation** is required prior to development; developer/property owner(s) have filed a petition to annex; there is Council support for annexation ✓ **Development Activity:** Developers or property owners have expressed interest in development, but there is no documentation of development activity or letters of support	✓ **Annexation** is required prior to development; developer/property owner(s) have not filed a petition to annex and/or Council do not support annexation ✓ **Development Activity:** No recent indicators of development interest in constructing needed housing

Potential Housing Relevance Indicators —
SYSTEM CAPACITY PROJECTS

Potential Metrics		High Readiness Indicators	Medium Readiness Indicators	Low Readiness Indicators
Nexus to Housing and Housing Impact	**Residential development**	There is an existing moratorium on development, and the jurisdiction or service provider will be able to approve housing development upon completion of the project	Capacity limitations or compliance issues have not prevented housing development but are expected to limit development within 5 years	Capacity limitations or compliance issues may impact housing development in the mid- to long term (e.g., in 5-10 years)
Development Readiness	**Development activity**	Housing development application(s) have been submitted that are on hold pending resolution of the system capacity issue this project will address	Housing development inquiries (e.g., pre-application conferences or letters of support from property owners) show interest in development when capacity issues are addressed	No recent indicators of development interest/activity in constructing needed housing

Appendix B

OREGON
Department of Land Conservation & Development

To: Madeline Phillips, Public Facilities Planner, DLCD
Palmer Mason, Inter-Agency Coordinator, DLCD

From: Clark Worth, Principal, Consor Strategic Planning & Communications
Jeff Fuchs, PE, Principal Engineer, Consor
Isaac Estrada, Project Coordinator, Consor Strategic Planning & Communications

Re: SB 1537 Section 16 Interagency Infrastructure Work Group: Technical Memorandum

Introduction

Oregon has a pressing need for more housing and has adopted an ambitious goal to develop 36,000 units of new housing every year. Every community has a role in meeting the demand. An important role for cities is providing the timely infrastructure investment needed to support housing development.

Section 16 of SB 1537 directed the Department of Land Conservation and Development (DLCD) to give the Oregon Legislature a set of considerations and metrics for evaluating and prioritizing direct appropriations to fund infrastructure investments that support housing.

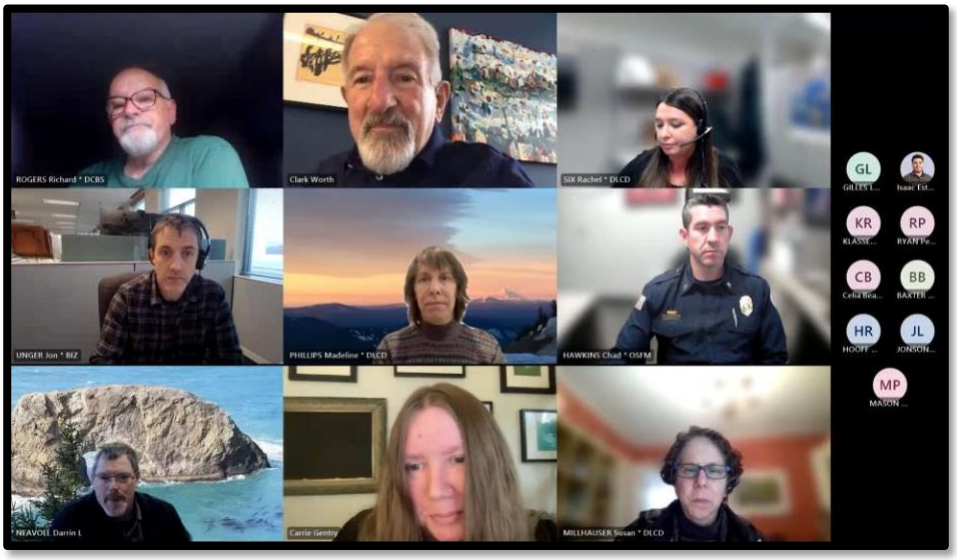
This Technical Memorandum summarizes the contributions of an Interagency Infrastructure Work Group convened by DLCD in mid- to late 2024 to advise on the funding considerations and metrics, including input from agencies in meetings and via questionnaire responses. It also includes feedback from expert peer reviewers on a draft framework and case study examples of housing development projects in Oregon that illustrate the housing development cycle and the role of infrastructure.

Interagency Work Group Overview

The Work Group included participants from nine state agencies with functions and expertise related to infrastructure development:

- Department of Land & Conservation (DLCD)
- Oregon Department of Transportation (ODOT)
- Oregon Business Development Department (OBDD) aka “Business Oregon”
- Oregon Health Authority (OHA)
- Oregon Department of Environmental Quality (DEQ)
- Oregon State Fire Marshal (OSFM)
- Oregon Housing & Community Services Department (OHCS)
- Department of State Lands (DSL)
- Department of Consumer and Business Services (DCBS), Chief Building Official

The Work Group met five times over four months. The Group convened virtually for convenience and to boost participation. Attendance was excellent. Some agencies assigned multiple staff to attend Work Group meetings.



In addition to the Work Group meetings, the review process also included an online questionnaire completed by the agencies, case studies of current housing development projects in three cities, and peer review of the draft framework and potential funding criteria by a panel of infrastructure and housing development experts.

Work Group Highlights

Topics and key questions for the five Work Group meetings are shown below along with meeting-by-meeting discussion highlights.

Interagency Infrastructure Work Group

Meeting/Date		Topics/Key Questions
Meeting 1	*August 13, 2024*	➢ Orientation ➢ How does your agency interface with infrastructure? ➢ Who at the Legislature will use the framework and how? ➢ What kind of housing units are included? What scale of project? ➢ Where do projects get stuck? What are the potential stumbling blocks or roadblocks? ➢ What are opportunities to streamline the housing development process? ➢ Overview of Infrastructure Questionnaire

Discussion Highlights

- A few state agencies do not believe they interface directly with housing projects; others get involved at various stages.
- Some funding criteria are shared across several agencies.
- Agencies report applicants are experiencing some roadblocks.
- Agency involvement in the early project review stages is recommended to avoid later delays for applicants.
- A key success ingredient for applicants is a workable funding plan, with reliable cost estimates.

The optimal sequence of applications/approvals isn't always clear to applicants (or agencies).

Meeting 2 *August 27, 2024*

Topics/Key Questions

- Is the questionnaire meant for only one submission per agency, or can more than one submission be made?
- Is your agency involved in permitting or other components of the development process?
- Preliminary responses to questionnaire
- Project evaluation criteria

Discussion Highlights

- It's important for agencies to provide criteria and expected outcomes to improve applicants' chance for success
- The OHCS uniform application (ORCA) provides a comprehensive set of criteria that may be used for other agencies.
- Business Oregon has 10 Key Performance Indicators gauging project readiness. Some application requirements that Business Oregon asks for include permitting status, estimated cost and funding plans, phasing, if the application is for a compliance project, and explicitly municipal infrastructure expansion projects.
- The State Fire Marshal reported that 50 of the larger fire departments in Oregon handle their own standard review for the development process – no state involvement

Meeting 2.5 September 17, 2024

Topics/Key Question

- Questionnaire: findings and observations
- Will the Legislature's direct appropriations carry through to the next biennium if a project isn't complete?
- Discussion: How to define project readiness

Discussion Highlights

- Consensus: There is not any "tried and true" project evaluation method: There are challenges defining "shovel-ready" projects – no clearcut definition or content. However, there are commonly shared readiness indicators recognized by multiple agencies.
- Consider the opportunity cost. What is the impact when projects that aren't ready get funded?
- A key evaluation question is whether the project is ready, funded, and if the newly requested funds would be supplemental.
- Smaller communities are at a disadvantage related to readiness due to resource availability and economies of scale. It might help if the state invested in infrastructure master plans and project feasibility studies for these communities.
- Consider existing housing stock. Wouldn't it be possible to invest a much smaller amount to bring substandard housing up to contemporary standards?
- Direct appropriations usually carry on from one legislative cycle to the next they don't expire.
- Vacant sites are often not viable for development due to wetlands and other environmental issues.
- These issues will be discussed at the September 18 Considerations Webinar

Meeting 3	*October 22, 2024*	**Topics/Key Questions** ➢ Preliminary results of public engagement (focus groups) ➢ Were professional organizations or non-profit organizations around social justice or environmental justice involved during this process? ➢ If any developers will forgo profits to support low-income housing, are developers committed to those special requirements? ➢ At what stage will the Framework be used? ➢ What are the most critical elements related to readiness and relevance to housing to include I the draft framework? ➢ Review draft framework ➢ Discussion: Key considerations for infrastructure investments that support housing; How the framework supports or streamlines work done by participating agencies ➢ How can the criteria be adapted to small communities (less than 10,000)? What key data will small cities have available?

Discussion Highlights

- Non-profit, social/ environmental justice and advocacy agencies should be invited to participate in the review.
- 4 focus groups were completed with local governments, interest groups, lobbyists, and developers. Discussions centered around the definition of "ready" projects (e.g., land use/zoning, control of site, other funding in place, jurisdiction approval, consistency with Public Facilities Plans or applicable service providers, expression of developer commitment, and community engagement.
- If a project does not meet the criteria, it wouldn't necessarily be immediately disqualified. The intent is to give the Legislature a better perspective on project readiness before approval.
- Users of the framework and considerations will most often be legislative staff and applicants who are not subject matter experts. The criteria need to be accessible to lay persons.
- How can the criteria be adapted to small communities (less than 10,000)? Will the criteria work for small communities that lack a Housing Needs Assessment?
- It was noted that in-fill projects could possibly rise to the top of prioritization and become project ready easily.
- Early collaboration, clear environmental criteria, and user-friendly tools to streamline infrastructure planning and support housing development were key areas in which the framework could support Work Group agencies.

Meeting 4	*November 19, 2024*	**Topics/Key Questions**
		➢ Review draft framework and criteria.
		➢ Discussion:
		  ○ Key statements of certification, analysis, or other documents that help a project show consistency with the framework
		  ○ How the framework could support projects be more ready for a program path
		  ○ Setting the bar at the right level
		➢ Could Legislature make determination for applications not ready, especially small communities, to be referred for state technical support?
		➢ Should the housing relevance indicators place more emphasis on affordable housing (not just the total number of units)? How is it possible to ensure all levels are provided – Lower, middle, workforce?
		➢ Is the draft framework resonating? Are we hitting the mark on criteria, detail, etc.?
		➢ Update on peer review process and case studies.

Discussion Highlights

- The draft Framework is currently in public review:
  - Infrastructure Readiness Indicator
  - Housing Relevance Indicators. Agencies may comment through Nov. 25.
- Current /accurate cost estimates are a key to gauging readiness.
- Consider equitable geographic distribution for infrastructure funding. Small, rural communities are capacity-challenged and may not be able to check all boxes. (Business Oregon has a distressed Communities Index)
- Agencies already have their own review processes and readiness criteria: will the framework lead to more "ready" projects?
- Business Oregon definition of distressed communities: https://www.oregon.gov/biz/reports/pages/distressedareas.aspx
- DEQ's metrics to define distressed and small communities: https://www.oregon.gov/deq/wq/cwsrf/Pages/cwsrfEJ.aspx
- The housing relevance indicators should place greater emphasis on affordable housing, not just the total number of units. It is important to ensure that housing is provided across all levels, including lower, middle, and workforce housing.
- The Housing Development Cycle infographic accurately depicts the stages, but the elapsed time period (3-5 years) assumes an experienced developer.
- There's a desire for a one-page summary of the framework and indicators to create accessibility for applicants and legislative staff.
- Agreement that there are continued conversations this group could have to facilitate successful housing production statewide. Generally, there was interest in continuing to meet, on similar topics, beyond the scope of the SB Section 16 directive 1537.

Work Group Conclusion

The Work Group's deliberations culminated in their review of the draft Framework and project evaluation considerations. Overall, Work Group members concurred the draft framework is workable with some recommended refinements. The most frequent recommendation was to develop a simple, concise (1-2 page) version of the evaluation criteria.

The Work Group review and conclusions are generally consistent with feedback contributed through peer review by members from the Expert Panel.

Questionnaire

Early in the Work Group process, the consultants surveyed participating agencies to identify their issues and priorities for project review. Agencies' roles are typically infrastructure funding or regulatory compliance-or sometimes both. Agencies represented in the Work Group were questioned on their experiences in the development process. Seven agencies responded to the ten questions: Department of State Lands, Business Oregon (Oregon Business Development Department), Department of Environmental Quality, Oregon Housing and Community Services, DCBS (Building Codes Division), State Fire Marshal, and Oregon Department of Transportation.

Results of the questionnaire highlighted some of the differences among state agencies, their development-related responsibilities, and outlook.

Timing

Agencies are involved at one or more stages of development. A few are involved at every stage:

- Conceptual Design
- Design
- Permitting
- Construction

Key Ingredients in Applications

- Clear descriptions of project and current status
- Robust alternatives analysis
- Cost and available funding
- Written plan that explains need and options
- Engineering design plans
- Organizational capacity of borrower

What's Missing Most Often?

- Alternatives analysis
- Address compliance issues
- Project phasing
- 60% design (when costs are known)
- Clear, funded plan to build infrastructure
- Applications for state/funding environmental funding
- Early coordination with Regional Solutions Team

Expert Panel/Peer Review

Five professionals with experience in housing development and infrastructure were enlisted to provide feedback on the draft framework and funding criteria developed by DLCD. Expert Panel members included:

Joe Miller, Consor Engineering

- Project Manager at Consor
- Specializes in master planning for community water, wastewater, stormwater systems
- Prior experience at HDR engineering in water and wastewater

Cassera Phipps, Clean Water Services

- Principal Planner at Clean Water Services
- Former Senior Planner at City of Beaverton

Sarah Radcliffe, Habitat Portland

- Director of Government Relations for Habitat Portland
- Supported in responses by Leigh Armstrong, Senior Construction Project Manager

Gauri Rajbaidya, AIA, SERA Architects

- Principal Architect at SERA
- Board member at Rose CDC
- Extensive portfolio of affordable housing and community development projects

Julio Rocha, LRS Architects

- Senior Associate at LRS Architects
- Portfolio of multi-family housing projects

Panel members were given an overview of SB 1537 Section 16 and asked to review the draft framework prepared by DLCD and consultants. The framework is a tool to screen projects for legislative funding consideration the potential criteria included both Infrastructure Readiness Indicators as well as Housing Relevance Indicators. Participants were asked to give an example of an actual project, then responded to questions using an online survey tool.

The Peer Review was intended to supplement the Work Group's professional insight and feedback on the potential criteria outlines in the draft framework, along with insights gathered through statewide public comment. Reviewers generally supported the framework and readiness criteria, and recommended refinements.

Overarching Comments from Reviewers

1. The certainty (or uncertainty) of infrastructure funding and timing is a major challenge. SB 1530 requirements include hidden costs (e.g., prevailing wage).
2. There's often a need for infrastructure master planning to precede project planning.

3. Infrastructure improvements serving a housing development (e.g., major arterial, wastewater pump station) often serve a much wider area – yet the cost burden must be shouldered by the housing development – making it unaffordable.

Key Documents or Evidence of Project Readiness Identified

- Pre-application conference notes
- Ownership/control of project site
- Wetland delineation
- Master plans, CIP, Comprehensive Plan
- Project Charter
- Grant/loan funding received or committed
- Developer qualifications

Recommended Refinements to The Framework

- Adapted to urban/rural settings
- Flexibility in annexation timing
- Longer planning horizon – up to 10 years
- Appropriate level of design – high readiness requires costly schematic design
- Better clarity of readiness criteria
- Recognize potential for public/private partnership projects
- Consider project phasing
- Consider special circumstances (e.g. disasters)

Housing Development Case Studies

Consor engineers completed case studies of multi-family housing development projects underway in three Oregon cities. The three cities – Prineville, Tualatin, Warrenton – were chosen to represent a range of geographic regions, in urban/rural settings, and city sizes and variety of demographic profile. A goal for the case studies was to pinpoint challenges confronting each housing project in larger and smaller communities.

The case studies were completed in close collaboration with planning and development staff from the three cities who verified the information.

Results from the three cities revealed:

- All three communities have large-scale multi-family housing projects underway. Projects ranging from 116 to 328 units are profiled in the case studies. For one city (Prineville) this is their largest-ever multi-family housing development.
- All of the projects profiled in the case studies include all or a portion of units devoted to affordable housing.
- Two of the projects (in Prineville and Tualatin) are under construction. Work is expected to begin soon for Warrenton's project.
- All of the projects have taken years of planning – up to 10 years – to reach their current stages of readiness. A major challenge for these communities has been getting water-sewer-stormwater-transportation infrastructure in place that is necessary to support density housing.
- All three cities have taken steps to support infrastructure improvements that serve the new housing developments. In fact, none of the housing projects would be feasible without significant support from the cities to fund off site utilities.
- SB 1530 passed during the 2024 Oregon Legislative Session allocated $90 million for infrastructure projects supporting housing development. To date, Prineville is the only one of the three cities to receive funding through that bill's appropriations.

Case study details are included on the following pages.

OREGON
Department of Land Conservation & Development

CASE STUDY – Prineville, Oregon

Jurisdiction: City of Prineville, Oregon

City Contact: Josh Smith, Planning Director, jsmith@cityofprineville.com, (541) 447-2367.

City Staff available for permit review: **Planning** 1 **Engineering** 2 **Building** 0*
*Crook County provides Building Permit services for Prineville

Case Study Development: The Reserve at Ochoco Creek

Private Developer: The developer is Creations Northwest, LLC

Background

The City of Prineville (2024 estimated population 12,114) is a fast-growing, small city located on the Crooked River in Crook County (elevation 2,868) at the foot of the Ochoco Mountains. Prineville is located 45 minutes northwest of Bend and approximately 3 hours from Portland.

An estimated 19% of the population in the UGB lives outside the city limits. Prineville has experienced steady growth, adding 36% to its population since 2000. In contrast, Crook County and the state experienced population growth of 15% and 21% respectively. (US Census and PSU Population Research Center).

According to Prineville's 2109 Housing Needs Assessment, Prineville has adequate land available to meet their housing needs well beyond the 20-year window. The HNA projected a need for 1,021 units over the next 20 years compared with the City's current estimated capacity of more than 10,000 units.

Reserve at Ochoco Creek and Ochoco Mill Apartments

The Reserve at Ochoco Creek is a proposed multi-family development (328-unit apartment complex) located on the east side of Madras-Prineville Highway (US 26), north of Gardner Road. The 22-acre site is currently zoned General Residential (R2). In 2022, the development received approval for a Property Line Adjustment, a Boundary Adjustment, Type II Conditional Use, and Preliminary Plan Set and Design Review.

Ochoco Mill Apartments is a second 312-unit apartment complex being developed by North Peak Development as part of a larger 76-acre master planned mixed-use development. The project is located south of NE 3rd Street (US 26) between Willowdale Drive and SE Combs Flat Road. The 11.2-acre site is zoned multi-family. The development was approved by the City of Prineville January 2023 and a permit extension was granted in January 2024.

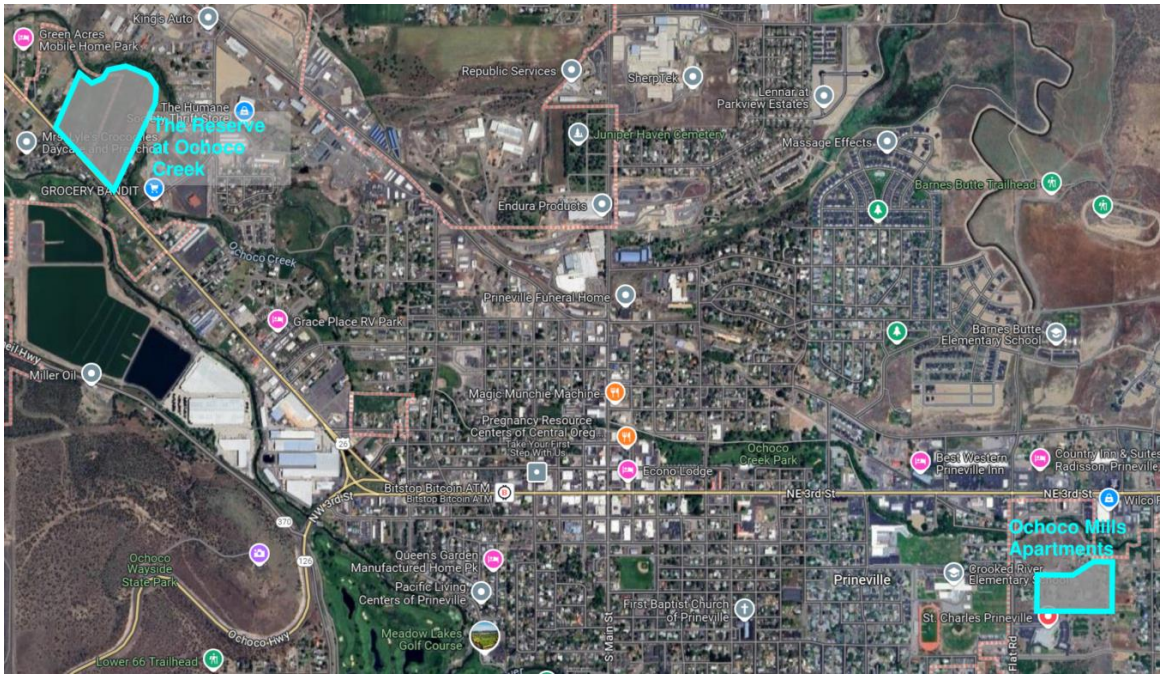


Figure 3 *– The Reserve at Ochoco Creek and Ochoco Mill Apartments, Prineville Oregon*

Current Status

The Reserve at Ochoco Creek is currently under construction. Construction of Ochoco Mill Apartments has not yet begun.

For both projects, the City agreed to use an existing $2 million state grant obtained under SB 1530 to build off-site water and sewer improvements needed to serve the developments. In September 2024, the Prineville City Council awarded a $277,252 construction contract to extend water and sewer service in Madras-Prineville Highway (US 26) to The Reserve at Ochoco Creek development. Infrastructure improvements were completed in late 2024. This is the first of four infrastructure projects that will be constructed with SB 1530 funding to provide services to new multifamily housing development projects.

City infrastructure plans funded by SB 1530 for Ochoco Mill Apartments are being developed.

Challenges and Opportunities

For Prineville, the biggest challenge identified by the City is the overall cost of the development projects and supportive infrastructure, and the cost of financing development.

To address that challenge, in December 2023 Prineville created a multi-family housing grant for multi-family housing projects with more than 11 units. The grant program, which lasts from January 2024 through

December 2025, provides tax reimbursements for City property taxes on eligible land and improvements for ten years, beginning when the first building receives its Certificate of Occupancy.

Other grant requirements include proximity to existing recreational facilities or construction of new parks or recreational facilities within the new development and a requirement that ten percent of the units must rent for less than 30% of the Area Median Income as determined by Oregon Housing and Community Services.

In addition to Prineville's multifamily housing grant program, the City has also incentivized developers of multi-family developments by offsetting the cost of off-site utility improvements needed to serve the development. By using an existing $2 million state grant obtained under SB 1530 to build four off-site water and sewer improvements needed to serve multi-family housing developments.

Additional Information

Status of Planning Documents

Infrastructure Master Plans:
https://www.cityofprineville.com/cd/page/master-plans
Water Master Plan – Updated in 2023
Wastewater Facility Plan – Update in 2024
Stormwater Master Plan – Updated in 2011
Transportation System Plan – Updated 2013 (currently being updated)

Engineering Standards for Development:
Standards and Specifications – Updated 2013

Housing Needs Assessment
https://www.cityofprineville.com/sites/default/files/fileattachments/Planning%20Commission/meeting/packets/14341/first_draft_chapter_7_update_2019.pdf
Approved in 2019

City Permits for Multifamily Developments
Pre-Application
Design Review – Site Plan for Multifamily, Commercial, and Industrial Developments
Public Work and Engineering permits.
Building Permits

CASE STUDY – Tualatin, Oregon

Jurisdiction: City of Tualatin, Oregon

City Contact: Kim McMillan, Community Development Director and Steve Koper, Planning Manager kmcmillan@tualatin.gov, (503) 691-3036 and skoper@tualatin.gov, (503) 691-3028.

City Staff Available for Permit Review: Planning 4 Engineering 4 Building 7

Case Study Development: *Plambeck Gardens*

Private Developer: Community Partners for Affordable Housing (CPAH), a non-profit community housing development organization that develops housing, provides resident services, and with the passage of the Supportive Housing Services measure, provides case management and rapid rehousing services. CPAH has 11 properties providing 526 homes to people with low incomes, with 277 more that will be completed by 2027. Contact: Jilian Saurage Felton https://www.cpahoregon.org/

Background

The City of Tualatin's estimated 2024 population is 28,000. It is a dynamic, vibrant suburban community located in Washington County on the Tualatin River (elevation 123 feet) just 12 miles south of Portland and 30 miles north of Salem at the intersection of I-5 and I-205.

Tualatin's population is well-educated, increasingly diverse, and involved in community and school activities. There are excellent educational opportunities available to residents through the Tigard-Tualatin School District and numerous colleges and universities within easy commuting distance. In the most recent satisfaction survey, 84 percent of residents rated the overall quality of life in Tualatin as "excellent" or "good." Residents enjoy community amenities such as award-winning parks, unique shopping and dining establishments and a low tax rate.

In 2004, the Basalt Creek Planning Area, south of Tualatin was brought into the Portland Metropolitan Urban Growth Boundary. Metro Code Title 11 requires a city to adopt a concept plan –a long-range plan that identifies lands for residential and employment uses, along with the transportation and other public facilities necessary to support the mix of uses. For an area brought into the Urban Growth Boundary, this is an interim step until a city amends its adopted comprehensive plan and applies it to that area.

After many years of work by staff and consultants and a joint planning effort for the area between Tualatin and Wilsonville, the Basalt Creek Concept Plan was adopted by the Tualatin City Council in August 2018. In 2019, Tualatin City Council voted to approve the Basalt Creek Comprehensive Plan update.

While developing the Comprehensive Plan Update for Basalt Creek, Tualatin prepared master plans to provide the Plan Area with water and sewer service. Tualatin purchases potable water from the City of Portland and manages the water with a series of pipelines, pump stations, and reservoirs. The water system will be extended there as development occurs.

Sanitary sewer from Tualatin is conveyed to wastewater treatment plants owned and operated by Clean Water Services, a regional sewerage agency that serves most of urban Washington County. Because Basalt Creek is at a lower elevation than the rest of Tualatin, the City worked with Clean Water Services to build two regional wastewater pump stations that will serve the Basalt Creek area. The Plambeck Gardens development will be served by the first of those pump stations.

Figure 4 *-- Plambeck Gardens, Tualatin, Oregon*

Plambeck Gardens

Plambeck Gardens is the first multi-family housing development and the second residential development in the Basalt Creek Plan Area. This 116-unit affordable housing development is located at 23500 SW Boones Ferry Road. The project includes offsite sewer and water improvements needed to serve the development. The development is located west of and adjacent to the first housing development in Basalt Creek, a single-family residential subdivision called Autumn Sunrise.

The Plambeck Gardens project is funded in part with funds from Washington County's allocation of the 2018 voter-approved Metro Affordable Housing Bond.

Of the 116 units, 47 are open to residents at 30% of Area Median Income (AMI) or below, of which eight have project-based vouchers, and 69-units to residents at 40-60% AMI or below. More than half of the units are two-bedroom or larger to offer options for Tualatin families. (Source; Washington County)

Current Status

https://www.tualatinoregon.gov/planning/ar-22-0001-plambeck-gardens-apartments

The City has been working with CPAH on the project since 2020. Plambeck Gardens received land use approval in 2022. Infrastructure improvements to support the project broke ground in 2023. Water and sewer services have been extended to the site.

Challenges and Opportunities

Plambeck Gardens presented the developer and city with a host of challenges due to its location and timing. Financing and funding required the developer to prove utilities would be extended to the site, which was costly.

The City partnered with the developer to extend water service to the site. City Council appropriated $1.1 million in ARPA funding to build a new water main from Norwood Road to the development. Water service to the Basalt Creek Area is also dependent on a new 1-million-gallon reservoir and a transmission main replacement project to increase flow and provide service.

The City also hired a consultant to develop alternatives for providing sanitary sewer service to the Plambeck Gardens development. The preferred alternative involves close collaboration between the developers of Autumn Sunrise housing, Clean Water Services, the City, and the Plambeck Gardens developer.

To provide gravity sanitary sewer service and avoid building a third pump station in Basalt Creek, Autumn Sunrise needed to build the infrastructure for the outer phases of their project so sewer pipes would reach the Plambeck Gardens site. Clean Water Services also needed to modify the design of their pump station to serve Plambeck Gardens.

To serve the property and surrounding properties, the City and Clean Water Services also spent approximately $5.1-million on sewer improvements that needed to be completed before Plambeck Gardens could be developed.

Additional Information

Status of Planning Documents

Basalt Creek Planning Area

https://www.tualatinoregon.gov/planning/basalt-creek-area-planning

Infrastructure Master Plans:
https://www.warrentonoregon.us/publicworks/page/engineering-standards-master-plans
Water Master Plan – Updated in 2023
Sewer Master Plan – Update in 2019
Stormwater Master Plan – Updated in 2019
Parks Master Plan – Updated 2018
Transportation System Plan – Updated 2014 (new updated in process, expected completion in 2025)

Housing Needs Assessment
https://www.tualatinoregon.gov/sites/default/files/fileattachments/planning/project/42091/ord_1450-20_part_2_exhibits_to_exhibit_2_including_hna.pdf
Approved in 2019

City Permits for Development
https://www.tualatinoregon.gov/communitydevelopment/etrakit-online-permits-and-land-use-cases
Land Use Approval
Public Work and Engineering permits.
Building Permits

OREGON
Department of Land Conservation & Development

CASE STUDY – Warrenton, Oregon

Jurisdiction: City of Warrenton, Oregon

City Contact: Matthew Ellis, Planning Director, mellis@warrentonoregon.us, (971) 286-2022.

City Staff available for Permit review: **Planning** 1 **Engineering** 2 + consultants **Building** 1

Case Study Development: Fort Point Community

Private Developer: The current property owner is Fort Point Land Partners, LLC and the developer is Mission Development Group, LLC.

Background

The City of Warrenton (2024 estimated population is 6,462) is a small, low-lying (elevation 7 feet), coastal city located in Clatsop County at the northwestern tip of Oregon. It is bordered by the Pacific Ocean on the west and the Columbia River on the north. It was platted in 1889 and incorporated as a city under the laws of Oregon in 1899. The City of Warrenton was named for D.K. (Daniel Knight) Warren, as an early settler. Clara Cynthia Munson, elected Mayor of Warrenton in 1913 was the first woman mayor in Oregon. The city is an active, rural community with a small-town feel. Warrenton is located 6 miles from Astoria and approximately 1.5 hours northwest of Portland.

Fort Point Development

Fort Point is a proposed Planned Unit Development located on NW Ridge Road near the entrance to Fort Stevens State Park. The project is a 450-unit Planned Unit Development that includes a mix of 218 attached multi-family apartments, 20 to 30 duplex townhouses, and 212 to 220 single-family houses.

The City has been working with the developers of the Fort Point Planned Unit Development since 2017. The project received its first approval as a PUD Preliminary Plat in December 2017. In 2021, the PUD Plan was modified and approved again by the City Planning Commission, which extended the deadline for development. In 2022, time extensions were again granted due to the pandemic and increased cost to finance off-site improvements. In 2023, the project received approval to increase residential units in the project from 316 to 450.

Current Status

The 2023 approval was only for the Preliminary Planned Unit Development Plan. Subdivision and Plat will be approved through separate submittal processes. Final development plans including stormwater, utilities, and transportation will be approved by the Public Works Department after other land use approvals have been received.

The next step for the Fort Point project is to apply for and obtain approval of their Final PUD Plan. Under the 2023 approval, they have until September 2026 to submit for subdivision approval.

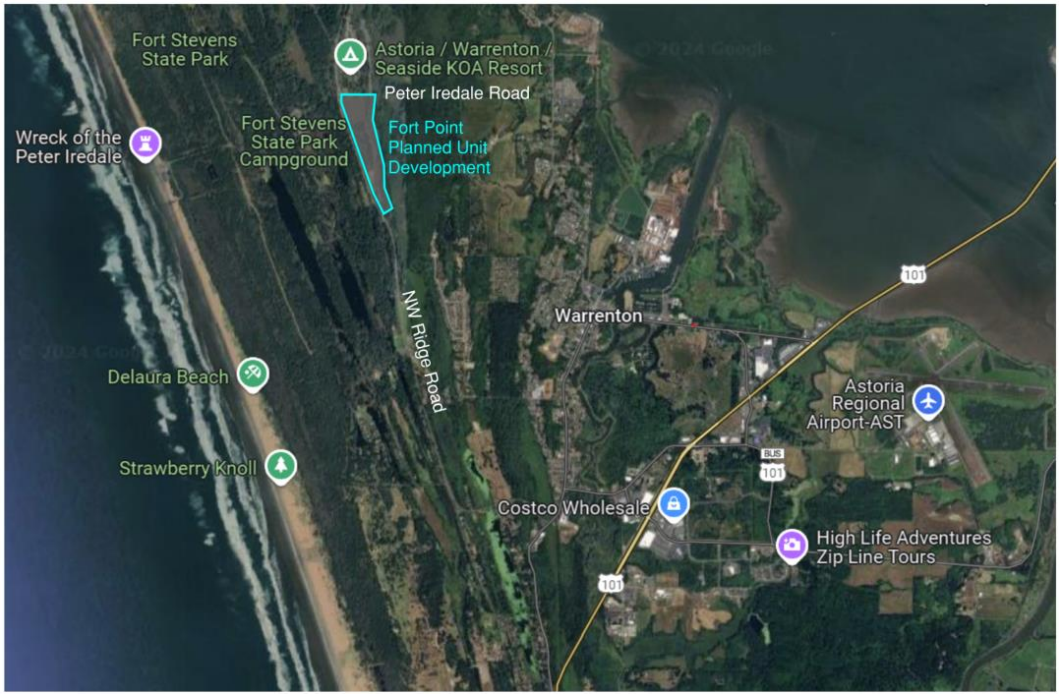


Figure 5 *-- Fort Point Planned Unit Development, Warrenton Oregon*

Challenges and Opportunities

The City of Warrenton, like many similarly sized cities, has limited capacity in their existing wastewater treatment plant (WWTP) to accommodate growth in the community. The City has worked with the developer to limit the initial phase of the housing project to 44 connections, to avoid exceeding the capacity of their WWTP.

Meanwhile the City is currently planning to upgrade and expand their WWTP for around $35 million. Voters recently passed a bond measure for $12.5 million, which will be repaid by user rates and possibly future grant funding (if available). The City Council also enacted a significant rate increase and they expect additional rate

increases in coming years. Limited sewage treatment capacity continues to be Warrenton's biggest obstacle to building more housing.

The Fort Point development also needs to complete approximately $1.1 million in utility improvements, including a new sewer main between the development and the WWTP. The City recently appropriated $250,000 ARPA funds to help the development construct offsite utility improvements.

Additional Information

Status of Planning Documents

Infrastructure Master Plans:
https://www.warrentonoregon.us/publicworks/page/engineering-standards-master-plans
Water Master Plan – Updated in 2018
Sewer Master Plan – Updated in 2002
Wastewater Facilities Plan – Updated in 2008
Parks Master Plan – Updated in 2010

Housing Needs Assessment

Approved in 2019

https://www.warrentonoregon.us/sites/default/files/fileattachments/city_commission/meeting/packets/3781/ws_4.23.19.pdf

City Permits for Planned Unit Developments (PUD)

Preliminary PUD Plan Approval
Final PUD Approval
Subdivision/Plat Approval
Public Work and Engineering permits.
Building Permits

Environmental Permits

Developers are also responsible for obtaining any necessary state and federal permits that may be required for construction near wetland areas, streams or waterways, or if hazardous materials are present on the property. The following agencies should be contacted to determine if state or federal permit regulations apply:

Oregon Department of State Lands (DSL)
Department of Environmental Quality
US Army Corps of Engineers
Environmental Protection Agency (EPA)
Oregon Department of Transportation

National Marine Fisheries
Oregon Department of Fish and Wildlife
US Fish and Wildlife Services

Housing Development Cycle

As a complement to the case study examples, the infographic below illustrates how infrastructure design and construction typically fit within the overall development process for housing. It depicts the four stages of housing development: 1. *Pre-Development;* 2. *Design;* 3. *Construction;* and 4. *Project Completion*. The total elapsed time for a typical multi-family housing project is around 3 to 5 years from inception to completion.

DLCD Department of Land Conservation & Development

SB 1537 Interagency Infrastructure Work Group

Appendix C

ECOnorthwest

DATE:	December 20, 2024
TO:	Madeline Phillips and Palmer Mason, DLCD
FROM:	Becky Hewitt and Celia Beauchamp, ECOnorthwest
SUBJECT:	Engagement Summary from Focus Groups and Interviews

Introduction

ECOnorthwest conducted interviews and attended focus groups and Inter-agency webinars hosted by DLCD to gather input on considerations for evaluating infrastructure projects. This memorandum summarizes findings and insights from that engagement.

Focus Groups

DLCD and ECOnorthwest held four virtual focus groups with local government representatives, housing providers/developers, and advocacy organizations across Oregon. The participants highlighted barriers to infrastructure readiness, funding gaps, and practical challenges that inhibit housing production. This report synthesizes participant feedback to ensure the framework reflects the realities of infrastructure and housing development.

Infrastructure Readiness and Timing Considerations

- The time required for infrastructure project design and construction varies depending on the scale and type of project, but **3 to 5 years total for design and construction** is common for many mid-size and larger public sector projects (e.g., pump stations and force mains). Participants noted 12-18 months for design, siting, easements, and approvals, and 18-24 months or more for construction, with lead times on equipment or larger projects sometimes requiring longer. Some noted that smaller projects could be completed within 1-2 years.
- Several local government participants noted that **project design often occurs only after development interest is clear or funding is secured, but this can contribute to development stalling.**
  - One city noted they have historically avoided speculative designs, as conditions and regulations can change, requiring costly re-permitting. However, developers may not go through the permitting process if there's no clear path to delivering the infrastructure.
  - Another city noted that they would not advance design for needed infrastructure past about 20 percent until development agreements are in place, since they haven't wanted to spend money on design for projects that may not move forward.

- **It takes time to get funding agreements in place** once an appropriation (or other grant) is awarded so that the jurisdiction can start getting reimbursed for project costs, which can increase challenges with meeting the required timelines.
- Several local government participants noted having encountered **unexpected delays in delivering infrastructure projects due to regulatory issues**. Examples included:
  - NOAA (National Oceanic and Atmospheric Administration) approvals to discharge to the bay can take up to 1.5 years due to sensitivity around oyster harvesting.
  - Recent FEMA BiOp (Biological Opinion) adds uncertainty for floodplain developments.
  - SHPO (State Historic Preservation Office) often requires repeated back-and-forth communication, which can delay projects.
  - NEPA (National Environmental Policy Act) reviews led to a stalled timeline on a project due to unexpected cultural discoveries.
  - Issues related to siting some project components in an EFU (Exclusive Farm Use) zone stalled a project to expand a wastewater treatment facility despite it being 80% designed. The project had to be substantially revised, and legislative changes were needed to allow it to move forward even with the modifications.
  - One local government participant noted that the land use compatibility statement doesn't necessarily flag state/federal permitting issues, so these can be a problem even if local land use approvals are not an issue.
- One housing developer noted that if utility lines need to be extended across adjacent properties where roads and rights-of-way are not yet in place, **negotiating easements with adjacent property owners can create challenges**.

Housing Development Readiness and Impact Considerations

- Several local government participants noted a **need for funding for larger-scale projects that enable development in a broad area** (including areas recently brought into a UGB and system-wide capacity projects), even though it will take time before housing is built in that area, and there is often little information about what housing will be built there.
- Both public- and private-sector participants noted that the **larger projects are often difficult for private developers to take on**.
  - One private developer noted a willingness to pay back a portion of the investment over time, but challenges with taking on the cost up front.

- One local government participant noted that the SDC credits for developers who build infrastructure beyond what they need typically don't fully compensate the developers.

- **The availability of detailed information about future housing development varies.**
  - Special districts have less information about the planned development that their larger facilities will serve. They can coordinate with the cities about timing and plans and review city zoning but have little control over those plans or the type of housing that will be built.
  - Small cities may not have comprehensive data on projected housing capacity for a given area, since they may not have a Housing Needs Analysis (HNA) or Buildable Lands Inventory (BLI).
- **Willingness to invest in pre-development before infrastructure is available varies** with development scale.
  - For large-scale developments, private developers noted working on planning and permitting for housing development even before there was a clear path to delivering trunk-line infrastructure to the area.
  - For smaller projects, developers noted being less willing to invest heavily in pre-development until they know it is going to be ready to build within the next 2 years.
- **Enabling jurisdictions to proactively invest in infrastructure to support development could accelerate timelines** for both market rate and affordable housing.
  - Horizontal development (including building infrastructure) within a new subdivision can take at least a year before a builder would put in a permit to build homes.
  - One affordable housing developer stated that building on a site where horizontal development (including infrastructure) is done could cut development timelines in half.
  - Another noted that building infrastructure even for an infill site could add 18-24 months to the development timeline.
- **Affordable housing can be particularly impacted by infrastructure gaps.**
  - Much of the funding for affordable housing can only be used for on-site infrastructure costs, not for off-site improvements. When a project triggers off-site improvement requirements, it's often unclear who is going to pay for that. Some larger jurisdictions are investing in sites and getting them ready with infrastructure, while other jurisdictions are not able to take this on.
  - Several affordable housing developers have been given land that lacks infrastructure, which is inhibiting development.

- Other factors that can impact housing development readiness include:
  - State/federal wetland permitting (DEQ and Army Corps) can take 1-2 years to get permits for mitigation.
  - Some sites may need multiple infrastructure improvements (e.g., road, water, and sewer). Funding just one component may not be enough.
  - For sites that are owned by the public sector, they will often need to go through an RFP process and select a developer.

Prioritization Considerations

- Several participants noted **concerns about leverage/matching funds** as an evaluation criterion.
  - Some noted that not all jurisdictions have equal ability to provide a local match.
  - Some noted that the definition of match should be broad enough to encompass SDC reductions/waivers and other incentives that reduce costs, rather than only looking at direct funding.
- Several participants noted the importance of **supporting many types of housing**, including market rate, workforce, and affordable housing.
- Several participants recommended **comparing project cost to the number of units expected**. However, some noted the challenges with estimating the number of units for certain types of projects that are not tied to a particular development.
- Some noted that the **number of housing units produced** should be considered relative to overall housing needs along with additional housing context.
- One participant raised **asset building and energy efficiency** as potential prioritization criteria.
- Several noted **concerns about housing density** as a prioritization criterion.

Other Comments and Condisderations

- Several participants noted concerns that **smaller jurisdictions might miss out on funding opportunities** through appropriations, due to a lack of awareness, not knowing how to access the funding or when to apply, etc.

Interviews with Legislative and Agency Staff Involved with Legislative Appropriations

In collaboration with DLCD, ECOnorthwest conducted interviews with existing agency representatives and individuals familiar with the existing legislative appropriations process, including the Legislative Fiscal Office (LFO) and the Department of Administrative Services (DAS) Capital Finance. These interviews provided insight into the existing funding process, critical requirements, and areas for improvement. The interviews addressed funding stages from application intake to how projects are presented at the legislative session to final approval. This section summarizes the existing legislative appropriations process and potential areas for improvement from the perspective of those interviewed.

Existing Legislative Appropriations Process

Overview of Projects and Funding Sources

- Capital project requests can be for a wide range of project types, including infrastructure, community centers, schools, etc. because of how flexible the funding is. However, they must meet the definition of a capital project (vs. operations or maintenance) to qualify for bond funding.
- The number of project requests has increased in recent sessions, up to several hundred projects.
- Capital project awards are typically funded by Lottery Revenue Bonds or by the state's General Fund, except for State-owned projects and community college-owned assets, which are typically funded through other General Fund bond programs.
    - Lottery Revenue Bonds and the General Fund have different requirements, but because of the way the budget and legislative process work, they are pooled together to form the available resources that legislators can choose to allocate to projects.
    - Projects under about $1.5 million are typically funded with General Fund grants rather than bonds. Beyond this, there are no specific thresholds for what size of project would use which funding source.

Capital Requests and Project Selection Process

The current process includes:

- Applicants fill out a capital project information form (CPIF), which LFO uses to gather basic information on capital requests. Requests come in during the legislative session. For a long session, they are typically due at the end of March or early April.

- LFO compiles the requests into a spreadsheet. LFO does not rank or evaluate the projects, simply organizing the information submitted. LFO tries to group projects by type, though this is challenging based on the wide range of projects that get submitted.
- LFO presents projects to legislators, starting with subcommittee members and leadership, in multiple large meetings. Due to the number of projects, they can't go through all the projects line by line and often make a first cut to narrow the list based on the projects that those legislators are interested in funding.
- Hearings occur towards the end of April.
- Bond bills and appropriations from the General Fund are typically finalized near the end of the session because they are typically working within whatever resources are remaining after other budget priorities have been determined.

Timing Requirements

The timing related to bond funding includes:

- **Appropriations and Project Awards:** Funds are appropriated in July, once the legislation is approved at the end of the session. DAS Capital Finance will send a grantee notification letter to each entity that was authorized to receive lottery bond funds to provide them with the agency's contact information, high-level bond information, and a template of the grant agreement.
- **Bond sales:** DAS Capital Finance issues lottery bonds two times per biennium. (This is a relatively new practice within the last several biennia; previously bonds were issued just once during the biennium.) Most of the bonds authorized during the legislative session are sold in the spring of the second year of the biennium (e.g., spring of 2027 for the 2025-2027 biennium). A smaller subset is sold in the spring of the first year (e.g., spring of 2026 for the 2025-2027 biennium).
  - LFO determines which bond issue the funded projects will go into.
  - Projects assigned to the first bond issuance can often be deferred to the second one if they are not ready in time for the first issuance. Projects that are not ready for the second issuance would have to be reauthorized in the following biennium, at the discretion of the legislature.
- **Preparation for bond sales:** In winter (e.g., December or January) prior to the bond sale, DAS Capital Finance starts the process to verify readiness for bond issuance and get the grant agreement signed. (Additional detail regarding key factors related to readiness is summarized below.)
- **Timing for expenditures:** Bonds generally work on a reimbursement basis. Recipients have a window between the appropriation and 3 years following the bond sale to expend bond funds.

- For projects where costs will be incurred before the bonds are sold (e.g., where construction will start during the biennium, prior to bond sale), applicants can sign an intent declaration that allows for reimbursement of costs incurred after the legislation is approved (up to 60 days before the intent declaration was signed) but before the bond is issued. Without a signed intent declaration, the limit is expenses incurred 60 days prior to bond issuance.
- Recipients need to spend bond funding within 3 years for the bonds to maintain tax-exempt status according to IRS regulations. If funds are not spent within 5 years the state must repay the IRS for excess interest, increasing costs.
- The project does not have to be completed within the 3-year period, but the portion funded through legislative appropriations must be spent within that window, and the project must eventually result in a capital asset.
- Expenses must be submitted for reimbursement within 18 months after the project is complete or placed in service, and no more than 3 years after the expenses have been paid.

For projects funded with General Fund grants, funds are available much more quickly and are not subject to the timing rules above. Grants are typically administered by state agencies; each agency has its own rules for how they administer the grants. Typically, grant funding is given to recipients up front, and they must report back on how they're spending it, but this depends on the specific agency rules.

Key Readiness Requirements for Bond Funding

Key factors that are important prior to bond issuance include:

- Recipients must have most or all of the other funding needed to complete the project available / secured prior to bond issuance. In the winter prior to bond issuance, DAS Capital Finance checks on the status and the plan to secure any funding that is not yet lined up.
- If some of the funding remains uncertain, DAS Capital Finance looks for whether they can scale the project back if they don't get the remaining funding, so that the bond funding will still deliver some kind of capital asset.
- Recipients must have a spending plan for how they will spend the bond proceeds within 3 years, based on the timing requirements noted above.

Bond Funding Eligibility

Eligible expenditures for bond funding include:

- Land acquisition costs (however, the site needs to be identified to include land cost as part of the capitalized value of the project, and bond funds may not be used for site selection)
- Acquisition of buildings, machinery, and equipment
- Construction costs
- Design, survey, permitting, and inspections associated with the capital project

Unallowable costs include:

- Overall accounting/overhead that's not directly linked to the project
- Pollution remediation unless required to undertake the project

Expenditures must also be consistent with the legislation. This is important if the legislation specifies that the funding is for a specific type of infrastructure or for a specific project component (e.g., land or construction only).

Possible Areas for Improvement

Areas where an evaluation framework or additional information could be useful to complement the existing process, based on input from LFO and DAS Capital Finance, include:

- A way to **categorize** projects during the application process. A method to sort and filter types of projects into specific categories so that projects could be more easily compared.
- A set of **definitions** for key terms to provide greater consistency in how things are characterized and considered among funding requests (e.g., what constitutes a "shovel-ready" project).
- A clearer **understanding of timing requirements** by both legislators and applicants so that problematic projects are less likely to get funded.
- A vetting **process prior to the legislative session** to elevate a shorter list of priority projects related to a given topic or type of need, similar to the process in use by the Higher Education Coordinating Committee (HECC).

Appendix D

ECOnorthwest

DATE:	November 4, 2024
TO:	Madeline Phillips and Palmer Mason, DLCD
FROM:	Becky Hewitt and Celia Beauchamp, ECOnorthwest
SUBJECT:	Case Study Summary: Investment Prioritization Frameworks

Executive Summary

Existing and recent funding evaluation and infrastructure prioritization efforts, tools, and mechanisms used across the state and in other states can offer lessons learned for the current effort to provide a framework for consideration of legislative appropriations for infrastructure projects to support housing. A review of four example frameworks highlights a wide range of approaches to prioritization to suit different needs.

- **Oregon Housing Community Services' Oregon Centralized Application (ORCA)** provides a non-competitive process for allocating state and federal affordable housing funding throughout Oregon. Noteworthy elements include:
  - The process for funding combines a focus on project readiness with built-in support for applicants to achieve readiness.
  - Key indicators of housing development readiness include plans, environmental reports, permitting, site control, zoning conformance, and financing commitment.
  - Core values include centering equity and racial justice, serving the whole state, and maximizing resources for affordable housing production. One way these values are operationalized is through funding set-asides for culturally specific organizations, Tribal Nations, and projects in rural areas.
- **Oregon's Higher Education Coordinating Commission (HECC)** uses an evaluation process and scoring rubric to prioritize state capital funding for projects related to public universities. Noteworthy elements include:
  - The process includes a points-based system scored by HECC employees, followed by a review by the HECC to provide a recommendation to the legislature for funding. Review and scoring take place prior to the legislative session.
  - Scoring is based on alignment with HECC's *Strategic Capital Development Plan* and other state priorities, including equitable outcomes for underserved populations, leverage, safety, and efficiency.
  - Scoring for leverage is adjusted based on context, including project type and rural communities.

- **The San Luis Obispo Council of Governments (SLOCOG) Housing and Infrastructure Regional Framework** created a regional understanding of infrastructure needs to support housing production aligned with housing allocations. Noteworthy elements include:
  - SLOCOG developed a regional inventory of infrastructure projects that are barriers to housing production in areas where other infrastructure capacity is available. The inventory drew from jurisdictions' information on projects in adopted plans and areas with clusters of planned housing development.
  - SLOCOG explored additional potential metrics to further prioritize projects, including nexus to housing production, cost per potential unit served, and other barriers that could inhibit development.
  - Partners were unable to reach a consensus on prioritization and ultimately shifted to identifying funding sources rather than further prioritizing projects. This underscores the challenges of reaching an agreement on an objective scoring system to allocate funding.
- **The Boston Streets Infrastructure Prioritization Project** established a new system for prioritizing planned street projects based on equity, safety, and alignment with transportation goals. Noteworthy elements:
  - The new system overcomes the inequities of the prior system, which was largely based on resident requests, and disproportionately served areas with more political influence.
  - Specific prioritization metrics vary between project types while linking to the core considerations around equity, safety, and transportation goals.
  - A dynamic tool allows staff and City leadership to screen projects based on threshold criteria and then overlay other considerations to choose among potentially eligible projects.

While none of these frameworks perfectly align with the context of the legislature selecting projects for appropriations from among requests, they can provide insights into potential approaches to project filtering and prioritization.

Introduction

ECOnorthwest reviewed examples of other funding evaluation and infrastructure prioritization efforts, tools, and mechanisms in use across the state and in other states to identify how others have approached similar tasks and potential lessons learned for the current effort to provide a framework for consideration of legislative appropriations for infrastructure projects to support housing. The case studies cover varying infrastructure types, overall goals, and outcomes. The examples analyzed include:

- Oregon Housing Community Services (OHCS)'s Oregon Centralized Application (ORCA) for affordable housing funding
- Higher Education Coordinating Commission (HECC)'s capital project scoring rubric
- San Luis Obispo Council of Governments (SLOCOG)'s Housing and Infrastructure Regional Framework (Framework)
- Boston, MA Streets Infrastructure Prioritization Project

Each project summary includes the following key components:

- **Overview**: What is this framework? Who uses it, and for what purpose?
- **Evaluation process, considerations, and metrics**: What is the process for allocating funding or prioritizing investments? What are the key considerations that inform decision-making? What metrics or indicators are used?
- **Relevance**: What aspects of the approach, framework, considerations, or criteria are potentially relevant to the current effort to develop a framework for consideration of legislative appropriations for infrastructure projects to support housing? What lessons may be applicable to this effort?

Case Studies

Oregon Centralized Application for Affordable Housing

Source: Oregon Housing and Community Services Affordable Rental Housing Division, Oregon Centralized Application (ORCA) Manual, Version 1.2, May 28, 2024. Retrieved from https://www.oregon.gov/ohcs/rental-housing/housing-development/oregon-centralized-application-orca/Documents/how-to-apply/orca-manual.pdf.

Overview

The Oregon Centralized Application (ORCA) is the process whereby sponsors and developers of affordable housing projects apply to receive funding through Oregon Housing and Community Service (OHCS) programs. The ORCA is not a competitive process; instead, projects move forward to funding as they are ready. Projects can move quickly if all due diligence and construction planning are complete, but OHCS works with applicants to get projects ready for funding. Evaluation focuses on readiness and ensuring consistency with OHCS's values and policy objectives.

Evaluation process, considerations, and metrics

The application process includes:

1. **Intake**: an early assessment of project funding requests generally during the concept stage of project planning through which potential applicants are matched with technical assistance and financial support for predevelopment and/or capacity building if needed.
2. **Impact assessment**: provides information for OHCS to review project readiness as well as alignment with policy priorities. Key metrics used to evaluate both readiness and policy alignment are summarized below.
3. **Financial eligibility:** includes a detailed review of progress towards readiness and compliance with key financial requirements. Key factors checked at this stage are summarized below.
4. **Commitment**: a final check on readiness before funding is awarded.

Funding allocations and the process are informed by the following values:

- Maximize resources for affordable housing production
- Center equity and racial justice, including providing funding set-asides for culturally specific organizations and Tribal Nations
- Serve the whole state, including providing funding set-asides for rural communities

- Center tenants' needs building design and funding strategies
- Provide a predictable process that is clear and flexible, supporting projects that are ready to move forward

Key Considerations Related to Readiness	Key Considerations Related to Equity and Policy Alignment
• **Architectural plans** (conceptual, then 95+% complete) • **Construction costs** (conceptual, then more detailed, then final) • **Development team eligibility** (based on a prequalification registry) **and capacity** • **Environmental reports** (Phase I or II Environmental Site Assessments) • **Financial viability** (demonstrated through increasingly detailed proformas and a market study / appraisal) • **Infrastructure availability** • **Permitting** (submitted, not necessarily approved) • **Site control** (demonstrated by a deed, option agreement, or similar) • **Zoning conformance** (based on a form signed by the municipality) • **Lender and investor commitment**	• **Location factors**, including housing availability, displacement risk, environmental justice, and neighborhood amenities and resources • **Affirmatively furthering fair housing** • **Tenant engagement** and alignment with community needs • **Organizational DEI** commitments • **Equity and Racial Justice** strategy implementation • **Contracting** with Minority, Women, and Emerging Small Businesses (MWESB) • **Resident services plans** to meet tenant needs

Relevance

There are aspects of the ORCA process and framework that could inform the framework for infrastructure to support housing, including:

- A focus on project readiness prior to committing resources, with support for applicants to achieve readiness
- Values that center equity and racial justice, serving the whole state, and maximizing resources for affordable housing production
- Indicators of housing development readiness, including plans, environmental reports, permitting, site control, zoning conformance, and financing commitment
- Use of a pre-qualification process for applicants (primarily developers) to ensure capacity, a track record of success, and legal good standing

HECC Capital Project Rubric

Source: Higher Education Coordinating Commission Funding and Achievement Subcommittee, November 8, 2023, Docket Item 3.0—Public University Capital Rubric. Retrieved from https://www.oregon.gov/highered/public-engagement/Documents/Commission/Funding-and-Achivement-Subcommittee/2023/7-November-8/3.0%20%20-%20%20Public%20University%20Capital%20Rubric.pdf.

Overview

Oregon's Higher Education Coordinating Commission (HECC) coordinates policy and funding for the state's higher education and workforce training, including advising policymakers, authorizing new programs and degrees, and overseeing financial aid. As part of this work, HECC is charged with developing and administering a framework or process for reviewing university capital requests. HECC uses an evaluation process and scoring rubric to prioritize funding from state general obligation and state-backed debt-financed projects related to universities.

Evaluation process, considerations, and metrics

Projects are prioritized if they demonstrate the following characteristics:

- A capital renewal approach that repurposes existing space.
- Operational cost savings along with safety and security.
- Public-private and multi-party collaborations.
- Leveraging of private resources and institutional funds.

The HECC's principles are operationalized through the Capital Project Rubric, a points-based scoring system to prioritize projects. Scoring is based on:

- Alignment of a proposed project with the Strategic Capital Development Plan, including:
  - Space renewal, workforce, or completion priorities
  - Addressing deferred maintenance issue
  - Supporting research and economic development
  - Collaboration with interested parties
- Other values considered important to achieving state priorities:
  - Leveraging institutional resources
  - Advancing student success for underserved populations
  - Meeting life, safety, and code compliance needs of mission-critical items and/or improving facility security
  - Operational savings, efficiency, and sustainability

- Projects identified as top priorities within the university's existing master plan

A grading team composed of HECC employees is responsible for conducting the scoring process. Each set of scored criteria has clear guidelines for evaluation and scoring. Once projects are submitted and prioritized based on scores, the list of prioritized projects is presented before the Commission.

Relevance

Noteworthy aspects of this system include:

- Projects are evaluated and scored by a body with relevant technical expertise prior to coming to the legislature for funding.
- Projects are evaluated based on how well they align with the state's priorities, including those captured in a specific strategic plan for capital investments and broader state priorities.
- A metric related to equitable outcomes based on benefits to underserved populations is built into the scoring criteria.
- Leverage is included as a consideration; however, scoring is adjusted based on project type (new construction or major renovation) and for rural communities so that scoring is more nuanced based on context. The evaluation also notes that external funding "should not inappropriately determine institutional or state priorities."

SLOCOG Housing and Infrastructure Regional Framework

Sources: San Luis Obispo Council of Governments and San Luis Obispo County, Housing and Infrastructure Regional Framework and related materials, including overview website, August 2023 report, May 2023 Housing Efficiency Analysis Story Map, and March 2022 Transportation Efficiency Analysis Story Map.

Overview

The San Luis Obispo Council of Governments (SLOCOG) Housing and Infrastructure Regional Framework (the Framework) is a planning toolkit developed by the seven cities, the County of San Luis Obispo, and SLOCOG to address the region's growing housing and infrastructure needs. The Framework inventories infrastructure barriers for housing production, identifies available grant funding options to meet infrastructure needs, and informs regional housing planning.

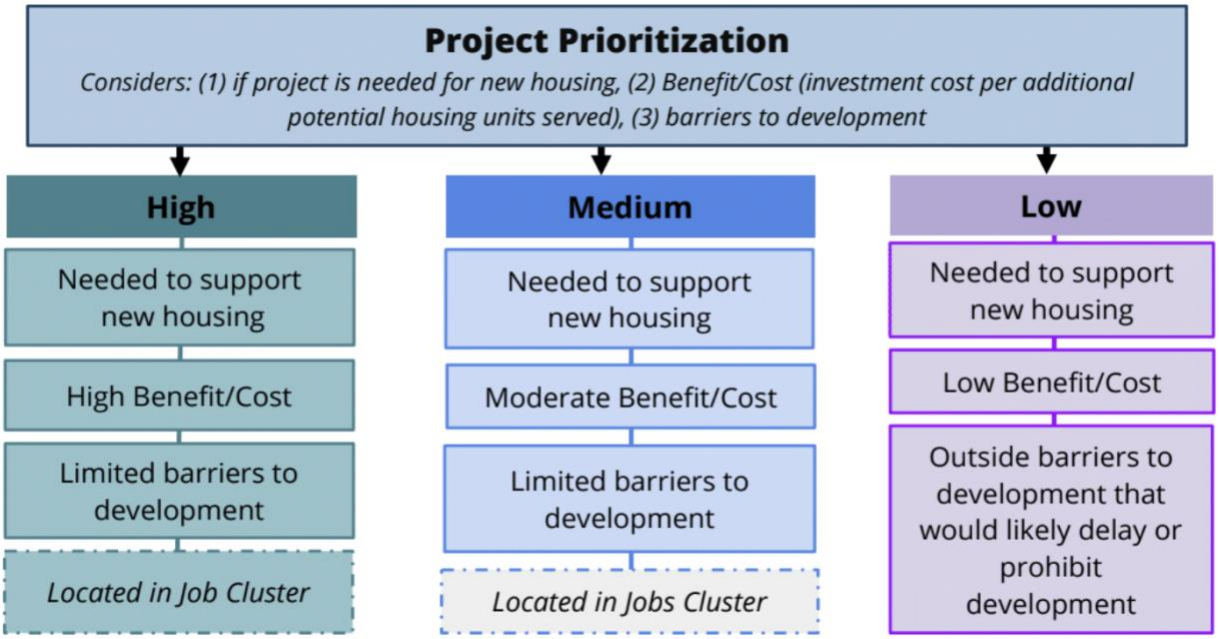
Evaluation process, considerations, and metrics

The most relevant components of the Framework include efforts to create an inventory of planned infrastructure projects that are barriers to housing production in "Housing Efficient Areas." The Housing Efficient Areas were identified based on transportation access, water, and wastewater capacity. The transportation evaluation included identifying:

- Transportation efficient locations based on proximity transit, bikeways, and highway interchanges;
- Clusters of proposed or planned residential development from multiple jurisdictions, considering the number of planned units and expected timing for development; and
- Where planned transportation projects are required for new housing development in the residential development clusters, as well as projects that would improve an area's transportation efficiency.

The ability of water and service districts in the region to provide capacity for additional housing units was added as a second component to identify housing-efficient areas. Infrastructure projects located within a Housing Efficient Area were highlighted and mapped at a regional scale. Additional information regarding hazard risk, sensitive habitat, and other considerations was provided for context but not used to eliminate projects from the list.

SLOCOG conducted initial work to prioritize the identified projects. Transportation projects were evaluated separately from water/sewer projects, because transportation project timing is often more flexible relative to the timing of housing development, whereas housing generally requires adequate water and sewer infrastructure. The initial prioritization focused on nexus to housing production, benefit/cost (cost per potential unit served), and the presence of other barriers that could inhibit development, as shown in the following diagram.



Source: San Luis Obispo Council of Governments and San Luis Obispo County, Housing and Infrastructure Regional Framework Report, August 2023, page 19.

Other considerations noted that were not included in the initial framework include housing type (e.g., multifamily housing, based on findings that this housing type was more likely to provide low- and moderately-priced units) and jobs-housing balance.

Ultimately, SLOCOG did not finalize this prioritization framework, because there was not specific funding available to allocate to prioritized projects. However, other work by SLOCOG identified potential funding opportunities that could support the identified projects.

Relevance

Noteworthy aspects of this effort include:

- Consideration for how infrastructure needs and capacity relate across different infrastructure systems, including ensuring that projects highlighted can support development where other infrastructure systems have capacity, and that there are not other barriers that would inhibit development.
- Highlighting infrastructure projects of importance for housing systematically across multiple jurisdictions, starting from existing project lists.
- A tentative high / medium / low ranking system factoring in elements related to relevance (projects needed to support housing), readiness (other barriers to development), and cost per unit.
- Challenges with establishing a comprehensive prioritization system that is responsive to both local context and broader goals.

Boston Streets Infrastructure Prioritization Project

Sources: City of Boston Streets Cabinet, "Projects to Improve Safety on Boston's Streets" website, accessed 11/4/24; and Harvard Kennedy School Government Performance Lab, "Boston, MA Streets Infrastructure Prioritization" website accessed 11/4/24, and 2021 project feature.

Overview

The City of Boston, MA identified a long list of transportation project needs as part of developing a citywide transportation plan in 2017, then needed to prioritize and sequence those $70 million of projects for construction. In the past, the City had often prioritized based on resident requests, but that tended to over-emphasize certain neighborhoods. The City took a different approach following the completion of its transportation plan, prioritizing and sequencing projects to align with citywide goals (e.g., advancing mobility, improving public safety, and promoting social equity). The City created a dynamic project analysis tool that linked citywide goals to prioritization considerations and specific metrics and allowed for comparison among projects based on a range of characteristics. The tool allows for filtering projects based on screening criteria and overlaying other considerations to aid in prioritizing. The tool also provided data in a consistent format for different types of projects that had previously been led by different city departments and allowed the City to evaluate projects comprehensively.

Evaluation process, considerations, and metrics

Each year, the City determines its capacity to take on new projects and then prioritizes projects from its citywide transportation plan (and neighborhood plans). A Streets Cabinet, which oversees the City's Public Works and Transportation Departments, recommends projects to the City's Budget Office and the Mayor for potential inclusion in the Mayor's proposed budget, which is then reviewed and approved by the City Council.

The key considerations focus on safety, equity, and achieving the transportation mode priority established in the citywide transportation plan. Projects in identified high-crash locations and those in areas with high social vulnerability (based on income, race/ethnicity, language, education, and age) are generally prioritized, though specific prioritization metrics vary between different types of projects. For example:

- Bridge maintenance projects are selected based on need (e.g., age and structural condition) as the key safety consideration.
- Sidewalk reconstruction projects are prioritized based on key streets with heavy foot traffic, social vulnerability, and sidewalk conditions.
- Small-scale safety projects are prioritized based on location near sensitive places (e.g., hospitals, community centers, parks, and schools); crash history; and concentration of children, older adults, and people with disabilities.

Relevance

The Boston Streets Infrastructure Prioritization Project provides an example of creating a holistic evaluation system to bring equity, consistency, and alignment with established goals to an infrastructure prioritization process that had been inequitable and unpredictable. It also shows that different project types can be prioritized based on different combinations of metrics to focus on those that are most relevant to that project type while still tying into an overall framework and the same core considerations.

Conclusion

None of the example frameworks are perfectly aligned with the context of the legislature selecting projects for appropriations from among requests. However, all provide insights into how project filtering and prioritization could work. The key takeaways include:

- Many prioritization efforts tie evaluation metrics to established goals or values. Some differentiate scoring criteria or relevant metrics based on project type or other context factors.
- A focus on equity is a common feature of recent prioritization efforts. Approaches include set-asides for those who have historically had less access to resources, additional support and assistance with applications, and linking evaluation and/or scoring criteria to goals or values that include equity.
- Providing additional technical assistance and time for applicants who need more support can improve equitable access to funding opportunities while ensuring projects are successful when funded.
- Review by staff with relevant technical expertise prior to the legislative session allows for more in-depth scoring and prioritization.
- Establishing consensus around an objective scoring system to prioritize infrastructure funding can be challenging.
- When evaluating infrastructure investments for housing, considering gaps and efficiencies across multiple infrastructure systems can make it clear where a single investment can have most impact to support housing production.

These findings can inform efforts to bring more consistency, transparency, equity, and structure to the process of evaluating legislative appropriations for housing-related infrastructure.