

## **HB 3138 – Regional Rural Revitalization (R3) Consortium**

Burns, Lakeview, and John Day cities coordinated from 2021 through 2023 to prepare a new intergovernmental agency called Regional Rural Revitalization (R3). This agency facilitates public-private developments and joint efforts between rural Oregon cities to address chronic infrastructure, housing, and government innovation deficiencies. The R3 approach was developed as a regional initiative designed to include other rural Oregon communities facing similar challenges.

**HB 3138 Grant to R3 – \$30 million:** Appropriates moneys to Oregon Department of Administrative Services to provide a grant to the Regional Rural Revitalization Strategies Consortium to plan for and develop housing. HB 3138 is a bipartisan bill sponsored by Representatives Gomberg (D), Owens (R), G. Smith (R), Helfrich (R), Marsh (D), Evans (D), Gamba (D), and Wright (R). This bill is a pilot program to provide funding for planning, infrastructure, capital equipment, and predevelopment costs for housing. This legislation authorizes R3 to award grants and loans to capacity builders and developers of housing and to enter into public-private partnerships for housing development. Housing supported with moneys appropriated under this section may be located in any area of Oregon, except for within the urban growth boundary of a city with a population greater than 50,000.

**R3 Consortium:** An intergovernmental agreement between Burns, Lakeview, and John Day designed to be expanded to include other cities. The R3 adopting ordinances were ratified first by Burns and Lakeview in March 2023 under ORS 190.010. These founding parties created opportunities for future membership in other small cities by amending the intergovernmental agreement. **Membership in R3 is not required to receive access to HB3138 funds.** R3 will coordinate with the League of Oregon cities, Association of Oregon Counties, and other stakeholders to develop an investment methodology for HB3138 and additional local, state, and federal funds as these are appropriated and received.

In addition to HB3138, an FY24 CDS request for capacity building has been submitted to create a federal lands access program in Mitchell. This federal funding was requested through the Small Business Administration Financial Services and General Government (FSGG) for capacity building to encourage traded-sector industry growth in rural small cities, particularly in emerging industries, the recreation economy, and the natural resources/stewardship economies. These CDS funds will be used for targeted capacity building to assist with strategic readiness, capital project management, due diligence, and entrepreneurial startup activities.

*HB3138 is a product of the R3 Consortium, a multi-year collaboration between small cities to create a rural agency specializing in public-private housing developments and other critical community facilities and infrastructure.*

## Regional Rural Revitalization (R3)

HB 3138

HB 3138 is designed to support small communities statewide in providing support for the construction of needed housing through a local government consortium (R3) serving rural communities. The bill will provide grants and loans for creating the building and development capacity to address the barriers for housing in rural Oregon. It will provide the opportunity to enter into public-private partnerships and joint efforts to develop housing on the ground in communities where economies are suffering and social needs are going unaddressed due to the lack of housing.

**A BI-PARTISAN BILL AND STRATEGY** to support this effort was developed by Representatives Gomberg (D), Owens (R), Smith (R), Helfrich (R), Marsh (D), Evans (D), Gamba (D), and Wright (R). All communities in Oregon need housing but this bill will address the unique and complex challenges that rural areas of the State face such as:

- Very limited technical, financial, and human capacity to plan and accelerate, housing production
- Lack of housing to attract and sustain a workforce and local businesses
- Distance from development resources
- High construction costs that cause difficulty in gaining private investment
- Local outdated building code regulations that restrict innovations in housing construction

\*In some communities vacation properties negatively impacting housing supply

**A REGIONAL APPROACH** was initially developed in Eastern Oregon through R3 to bring small jurisdictions together to develop joint efforts between rural Cities to address underlying chronic infrastructure issues, needed expertise and deficiencies in government systems to accommodate housing development. R3 will provide a regional approach in each portion of the state to create a support system for rural communities tailored to addressing their unique needs.

**PARTNERSHIPS FOR SUCCESS** will be developed with public and private partners in forming Special Operations Teams matched to the local challenges present. Private partners can include Design and Engineering firms; Capital Finance Providers; Housing Development firms; Strategic Planning firms; Land Use Planning Consultants and Project Management firms as well as other needed technical assistance providers. Public partners will include the League of Oregon Cities, the Association of Oregon Counties as well as state agencies who can provide assistance.

**OPPORTUNITIES FOR LEVERAGE** will be provided by developing and designating the R3 consortium as a potential system for the delivery of federal resources for housing development in rural Oregon. The Oregon iSector will provide connections to the Housing Innovation Partnership which includes a wide range of public, private and civic sector organizations focused on reducing Oregon's housing deficit.

**HB 3138 BUDGET** is 30 million to implement regional approaches and distribute funds to local governments in each portion of the state in cooperation with AOC, LOC and other partners in creating housing in rural Oregon communities in each portion of the State.

DRAFT