

ANALYSIS

Department of Forestry Mass Timber Tech Hub

Analyst: April McDonald

Request: Approve the submission of a federal grant application to the U.S. Economic Development Administration in the amount of \$8,000,000 over a five-year period for growing Oregon's mass timber industry.

Analysis: In October 2023, the U.S. Economic Development Administration (USEDA) designated the Pacific Northwest Mass Timber Tech Hub, recognizing Oregon and Washington as centers of excellence in mass timber design and manufacturing. The federally designated Tech Hub is a consortium of Pacific Northwest mass timber industry leaders including public research universities, state agencies, local governments, and numerous private sector partners. This federal funding opportunity aims to leverage the region's wood products research and development expertise, as well as the density of architectural, engineering, and construction firms, and invest in materials science to position mass timber as a viable and sustainable construction alternative. USEDA designated Tech Hubs are now eligible to apply for implementation funding of up to \$70 million for each of the 5-10 designated Hubs.

The Department of Forestry (ODF) seeks permission to apply for \$8 million from the USEDA to support a Tech Hub component project that aims to make the region's mass timber manufacturing more globally competitive in ten years. The Department's proposal is focused on increasing regional fiber supply, extending benefits to tribal partners, and strengthening supply chain transparency and accountability. The grant opportunity includes a five-year period of performance and a requirement of 10% in matching non-federal funds. ODF intends to retain \$3.5 million for project implementation and will sub-grant the remainder to Sustainable Northwest and the Washington Department of Natural Resources, who will provide their portion of the match requirement. The Department will meet the matching funds requirement through the work of two General Fund supported positions in the agency's Federal Forest Restoration program who will provide management and technical oversight of grant implementation.

The application deadline is February 29, 2024. No additional position authority is necessary for grant implementation, and if successful, ODF will request additional Federal Funds expenditure limitation from the legislature, corresponding to the amount of the federal award.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Joint Committee on Ways and Means approve the request.

Department of Forestry Filimoehala

Request: Authorization to apply for a grant of \$8,000,000 from the U.S. Economic Development Administration Regional Technology and Innovation Hub Program for Pacific Northwest Mass Timber Tech Hub.

Recommendation: Approve the request.

Discussion: The Department of Forestry (ODF) is requesting authorization to apply for a grant of \$8,000,000 from the U.S. Economic Development Administration (EDA) that would be utilized to support the Pacific Northwest Mass Timber Tech Hub (PNW Hub). The EDA Tech Hubs program aims to strengthen U.S. economic and national security with investments in regions across the country with assets and resources with the potential to become globally competitive in the technologies and industries of the future—and for those industries, companies, and the good jobs they create to start, grow, and remain in the United States. The PNW Hub exists as a collaborative effort between public research universities, state agencies, local governments, and additional private sector partners, to advance mass timber construction as a sustainable building solution.

The grant would support efforts to make globally competitive mass timber manufacturing in 10 years by increasing regional fiber supply, extending benefits to tribal partners, and strengthening supply chain transparency and accountability. Grant funds are available over the 5-year granting period. ODF does not anticipate the need for additional positions to support the work.

ODF submitted a 10-day notice of intent to apply for the grant on February 13, 2024. The grant requires a 10 percent match that would be met through the use of existing General Fund resources within the Federal Forests Restoration program. If awarded, ODF anticipates returning before the committee to request additional Federal Funds expenditure limitation.



Oregon

Tina Kotek, Governor

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February 15, 2024

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

RE: Approval to Apply - US Economic Development Administration (EDA) Pacific Northwest Mass Timber Tech Hub Program

Dear Co-Chairs:

Nature of the Request

The Oregon Department of Forestry (ODF) is requesting legislative approval to apply for federal funding under the [US Economic Development Administration's \(EDA\) Pacific Northwest Mass Timber Tech Hub Program](#). The application deadline to apply for Phase 2 is February 29, 2024.

Agency Action

The source of the grant opportunity and purpose of the grant: The US Economic Development Administration (EDA) designated the Pacific Northwest as Mass Timber Tech Hub in October 2023. The designation recognizes Oregon and Washington as a center of excellence and affords an opportunity to seek up to \$70 million in implementation funds. The PNW Mass Timber Tech Hub builds on a decade of pioneering work to advance mass timber construction as a sustainable low-carbon building solution. The EDA recognized Oregon's strength in this area with a \$41.4 million Build Back Better Regional Challenge. The National Science Foundation awarded the University of Oregon an NSF Regional Innovation Engine phase 1 grant for \$1 million to advance the mass timber ecosystem. In Phase 2 the University of Oregon can compete for up to \$160 million over 10 years.

The PNW Tech Hub is a consortium that includes Oregon State University, University of Oregon, Oregon Department of Forestry, Washington State University, Washington Dept. of Commerce, Washington Department of Natural Resources, City of Seattle, Port of Portland, Business Oregon, Sustainable Northwest, and numerous private sector partners. Oregon State University is the lead applicant.

This grant request is a component project of the PNW Mass Timber Tech Hub as designated by the US EDA. The agency seeks permission to apply for a component project.

Economic Development Administration (EDA), U.S. Department of Commerce. Funding seeks to strengthen U.S. economic and national security through place-based investments in regions with the assets, resources, capacity, and potential to become globally competitive Tech Hubs, within approximately ten years, in the technologies and industries of the future, and for those industries, companies, and the good jobs they create to start, grow, and remain in the United States.

The amount being requested and timeframe of the grant period: \$8,000,000 over five years (October 1, 2024, to September 30, 2029).

The grant application deadline: February 29, 2024.

A description of any state match or maintenance of effort (MOE) requirements, or confirmation that no match or MOE is required: a 10 percent non-federal match is required.

The source of funding the agency plans to use to satisfy any state match or MOE requirements: The agency match will be met through the existing Federal Forests Restoration General Fund.

A description of the impact, if any, the match or MOE will have on budgeted services and performance measures: Meeting the match requirements will have a negligible impact on budget services and performance.

An estimate of additional positions, FTE, and expenditure limitation needed if the grant application is approved: No additional positions will be requested. In addition, the agency would seek Federal Funds limitation in the amount of \$1.6M for the 2023-25 biennium, and additional Federal Funds limitation will be needed in the 2025-27 biennial budget.

A description of how the grant supports the agency's mission and goals: The PNW Mass Timber Tech Hub aims to make Oregon and Washington globally competitive for mass timber manufacturing in ten years. The agency seeks authority to submit a proposal focused on increasing regional fiber supply, extending benefits to tribal partners, and strengthening supply chain transparency and accountability.

Forests provide renewable, low carbon building alternatives and support research and development to use restoration byproducts in mass timber construction projects.

The effort would also support expanded ODF Federal Forest Restoration partnerships and use of the Good Neighbor Authority on key landscapes to accelerate the pace and scale for forest restoration.

How does the grant impact equity and the anti-racism efforts: The pursuit of equity and the addressing structural inequities has been a cornerstone of the agency's efforts to develop the mass timber industry. The goal of the proposed project is to create a team and partnerships that represent a diversity of perspectives, cultures, races, ethnicities, genders, and lived experiences, to yield a better understanding of challenges, stimulate more innovative ideas and practices, and produce results that are more likely to gain traction in society and produce meaningful impact. The mass timber sector faces challenges; construction labor shortages, an aging and shrinking logging workforce, and difficulties for mass timber manufacturers in attracting and retaining young skilled workers in rural communities. This presents an opportunity to diversify the workforce, highlighting career opportunities to those who have not traditionally considered them.

The principal mechanism for ensuring that equity is embedded in the planning and execution of the Tech Hub activities will be the Equity Oversight Committee (EOC) that was created by Oregon Mass Timber Coalition in 2023 under the BBB-RC award (ODF is a founding member). Its purpose is to help guide public investment toward robust urban and rural community benefits, inclusive workforce development, transparency, and strategic public contracting opportunities. Under the Tech Hub, we will expand EOC membership to include representation from Washington, and we will solicit appropriate tribal representation to prepare for planned work with those sovereign nations. Sustainable Northwest's well-established relationships with tribal forest owners in the region will be a key asset in this work.

What happens once the grant funding is exhausted: This is a five-year program of work with an eye toward program sustainability. In year four, the team will carefully evaluate which aspects would be needed beyond year five and if philanthropic or public funding sources exist. Those not deemed necessary or fundable will be allowed to sunset.

Action Requested

The department requests legislative approval to apply for federal funding opportunity through the US Economic Development Administration (EDA) Pacific Northwest Mass Timber Tech Hub Program to accelerate the pace and scale for forest restoration.

Senator Elizabeth Steiner, Co-Chair

Representative Tawna Sanchez, Co-Chair

RE: Approval to Apply - US Economic Development Administration (EDA) Pacific Northwest Mass Timber Tech Hub Program

February 15, 2024

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Legislation Affected

Chapter 453, section 4(5), Oregon Laws 2023, for the Department of Forestry

Sincerely,

A handwritten signature in blue ink, appearing to read "James Short", is positioned below the word "Sincerely,".

James Short

Chief Financial Officer, Oregon Department of Forestry

c: Legislative Fiscal Office
Chief Financial Office
Board of Forestry
Governor's Office