



Public Works Service Area
City of Portland
Priya Dhanapal, Deputy City Administrator



ENVIRONMENTAL SERVICES
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February 17, 2025

Representative Helm, Co-Chair
Representative Owens, Co-Chair
House Committee on Agriculture, Land Use, Natural Resources, and Water
900 Court Street NE, HR D
Salem, Oregon 97301

Dear Co-Chairs Helm and Owens and Members of the Committee,
The City of Portland strongly supports HB 3527, which would create a statewide public drinking water and sewer ratepayer assistance fund to provide much-needed relief for low-income households struggling to pay their bills. While state and federal programs like the Low-Income Household Energy Assistance Program (LIHEAP) help with energy costs, no comparable statewide or federal resources exist for water, sewer, or stormwater utility affordability. This critical gap leaves thousands of vulnerable Oregonians at risk of falling behind on their bills, experiencing financial hardship, losing access to essential services, and facing housing instability.

The Affordability Challenge: rising costs and the burden on low-income households

Our data shows that most low-income households in Portland (those in the 20th percentile) are paying over 3% of their total annual income for water, sewer, and stormwater services—exceeding the EPA’s 2% affordability benchmark. For many families, these rising costs force impossible trade-offs between paying their water bill or covering rent, food, and healthcare. While Portland’s financial assistance program helps some households, it is entirely funded through local rate revenue, which places a growing burden on other ratepayers. Without significant state and federal investment, utilities must either absorb these costs or raise rates, deepening the financial strain on those who can least afford it.

Access to affordable drinking water and sanitation services is a necessity, yet many families are forced to choose between paying for utilities and meeting other basic needs. Water and sewer rate assistance is a critical tool to help families remain housed, preventing displacement and homelessness. By creating a state-supported ratepayer assistance fund, HB 3527 offers a long-term, sustainable solution to protect low-income households, ensuring they can afford these essential services without sacrificing other necessities.

Utilities face increasing debt and financial challenges

Water and wastewater utilities across Oregon, including the City of Portland, continue to face growing past-due accounts, creating significant financial challenges. From November 2020 to May 2022, past-due water, sewer, and stormwater balances in Portland surged from \$20.5 million to over \$25.6 million. While local efforts have helped reduce outstanding arrears to approximately \$15 million, many households remain in financial distress, underscoring the urgent need for ongoing, dedicated state assistance.

Temporary relief programs established during the COVID-19 pandemic provided a glimpse of what effective assistance could look like. During Fiscal Year 2022-2023, the City successfully distributed \$1.76



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million in federal Low-Income Household Water Assistance Program (LIHWAP) funds, assisting 1,316 households in avoiding disconnection. The average assistance was \$1,339.50 per household, peaking at \$1,778.18 in June 2023. However, these programs were short-term solutions to a long-term affordability challenge. Without a permanent state-funded assistance program, thousands of vulnerable households will continue to struggle, jeopardizing their access to essential water and sewer services.

Balancing affordability and infrastructure investment

At the same time, water and wastewater utilities must make significant infrastructure investments in the coming years to modernize aging systems, strengthen climate resilience, and meet regulatory requirements. However, concerns about affordability often make it difficult for local elected officials to approve necessary rate increases, leading to deferred maintenance, disinvestment in critical infrastructure, and an increased risk of system failures.

Without reliable funding, utilities are caught between rising operational costs and an inability to secure the revenue needed for long-term resilience. A state-funded assistance program would provide financial relief to low-income households while ensuring utilities have the resources to maintain strong, resilient water systems.

Failure to address these financial constraints can have devastating consequences, particularly for vulnerable populations. As seen in Jackson, Mississippi, and Flint, Michigan, chronic underinvestment and affordability-driven cuts to water infrastructure have resulted in system failures that disproportionately burden Black, Indigenous, and low-income communities. Oregon must take a proactive approach to prevent similar crises by ensuring all residents—regardless of income or race—have access to safe, reliable, and affordable water services.

HB 3527 provides a balanced solution, helping utilities sustain critical infrastructure investments while preventing undue hardship on low-income ratepayers.

Bridging the assistance gap for multifamily renters

While single-family homeowners and renters can access direct ratepayer assistance, renters in multifamily housing face a systemic barrier to affordability relief. Unlike homeowners, multifamily renters pay for water, sewer, and stormwater services indirectly through rent, leaving them ineligible for most existing assistance programs.

This structural inequity disproportionately impacts low-income renters, communities of color, and households already at risk of housing instability. Without direct access to assistance, renters struggling to afford their water costs have no recourse for relief.

A state-funded water assistance program would provide the necessary flexibility to extend financial relief to multifamily renters, ensuring that all households—regardless of billing structure—have access to clean, affordable water services. This could be achieved through:

- Direct subsidies to landlords, requiring them to pass savings on to tenants.
- A rental utility credit program, offsetting a portion of rent costs for water-related expenses.



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- A tenant-based application system, allowing eligible renters to receive assistance even if they do not hold a direct utility account.

By addressing this systemic gap with targeted solutions, the state can help prevent disconnections, reduce financial strain on renters, and promote water affordability as a fundamental right.

Water affordability is an environmental justice issue

Access to affordable clean water and sanitation is not just a utility issue—it is a fundamental environmental justice concern. Historically underserved communities—particularly Black, Indigenous, and people of color—face greater financial hardships and worse health, housing, and economic outcomes.

According to the 2020 State of Housing in Portland report, African American, Pacific Islander, Hispanic, Latinx, and Native American households make up the majority of renters in Portland. Without dedicated assistance, these communities remain at heightened risk of displacement and financial instability.

HB 3527 provides an opportunity to address water insecurity at a systemic level, ensuring a targeted, secure, and well-funded approach to ratepayer bill relief. The bill builds on existing affordability efforts while creating a lasting, statewide safety net that prevents vulnerable families from falling behind.

Conclusion: The time for action is now

Portland strongly supports HB 3527 and commends the work of the House Agriculture, Land Use, Natural Resources, and Water Committee in advancing solutions for affordability. By establishing a permanent rate relief program, Oregon can ensure that all residents—especially those most in need—have access to safe, affordable water services.

The City of Portland urges you to support HB 3527 to establish a statewide public drinking water and sewer ratepayer assistance program. This is not just about financial relief—it is about protecting public health, preventing displacement, and ensuring water and wastewater affordability as a right, not a privilege. Thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "Priya Dhanapal".

Priya Dhanapal
Deputy City Administrator, Public Works Service
Area
City of Portland