

SENATE BUDGET COMMITTEE FIELD HEARING

“THE ENERGY INDUSTRY’S IMPACT ON HOUSING IN NORTH DAKOTA”

June 1, 2010  
Williston, ND

Thank you for this opportunity to provide testimony for this hearing. I am Mike Hynek, the Mayor of Stanley, North Dakota. I have spent my entire life in the Stanley area, with the exception of my college education. I have been Mayor for four years and am currently seeking re-election. Prior to being the mayor, I served on the city council.

My wife, Lauri, and I have two sons. Our oldest son, Blair, is a banker/farmer, is married and has given us three grandsons. Our youngest son, Joe, is a mechanic/rancher, and is engaged to be married this fall. Lauri is employed by Mountrail County as the Deputy Clerk of Court. We also have a grain farm southwest of Stanley.

Stanley is a small community in northwest North Dakota. It is located in the area which is being intensively developed for crude oil and natural gas. Both the Bakken and Three Forks formations are proving to be great producers in the Stanley area.

Prior to the oil development, our population was 1279 based upon the 2000 Census. Some estimates now have our population nearing 1800. These last estimates do not include workers’ camps and trailer parks not located in the city limits, but to which the City still provides services. These outlying locations would include an additional 600 to 700 people.

At this time there is no available housing in Stanley. Some houses and two additional apartment buildings are currently being constructed. We are

limited in expansion by our existing infrastructure.

Due to State law, Section 15 of Article X of the North Dakota Century code, Stanley is at its limit in regards to debt. This basically keeps us from improving and expanding our infrastructure.

The exploration part of oil production will go on for several more years in our area. The workers for this part of the industry are and will be housed in workers' camps and trailer parks.

The production part of the oil industry is estimated to last an additional 50 years. These are the jobs where families will actually move to Stanley and need homes. These jobs are starting to be filled and housing is becoming critical for these families.

There are two ways in which Stanley is seeking assistance. First, is infrastructure. We need an additional cell for our sewage lagoon, and sewer and water mains, along with streets, curb and gutter. Because of financial restrictions, these cannot be completed by the City.

Secondly, is housing. I would ask that the banking regulations which have recently been enacted, be revisited. Currently, because of these new regulations, it has become nearly impossible for our local community banks to loan money for housing. I visited with two local community banks and the Bank of North Dakota, all of whom said loaning money on a house in Stanley is very difficult, and if the house were to be located outside of the City, the local community banks would not even accept an application for loan. Some of the specific problems are: education and training costs for staff to maintain compliance, regulatory penalties for non-compliance, software

investment and continuous updates, regulatory guidelines for terms that do not fit with lending plan in-house, appraisals which require segregation of duties so additional staffing may be required, and mandatory escrows.

Whatever assistance that is available would be greatly appreciated. Stanley is a very bright spot in a dim economic time. With some assistance and guidance, we will overcome our challenges.

Respectfully submitted,

Mike Hynek

Mayor, City of Stanley