

Senator Conrad

Senate Budget Committee Field Hearing

“The Energy Industry’s Impact on Housing in North Dakota”

June 1, 2010

Lyn James, Mayor

City of Bowman, North Dakota

Good afternoon Senator Conrad, Congressman Pomeroy, and members of the Senate Budget Committee.

Thank you for the opportunity to speak about housing issues here in oil country.

Although the exploration has slowed in Bowman County, oil production is going strong, and it is projected that it will continue for more than twenty years. Production brings long term jobs to a community, which in turn creates a need for permanent single family housing, as well as multi-family units. As we look back over the past twenty to thirty years, and as we look forward to the new development of our communities, we are aware that many local taxpayers have less than enthusiastic support for municipal development of the infrastructure needed to foster new housing such as streets, curb and gutters, water and sewer mains, etc. The City of Bowman and other cities in western North Dakota have been and are now struggling with the need for expanding that infrastructure in order to accommodate new development. Oil is not the only energy industry driving the demand for housing. Bowman County is also seeing activity in wind energy, pipeline projects, and proposed uranium and coal development.

The City of Bowman offers a real estate tax exemption up to \$150,000.00 per year for two years to individuals who build new housing. This exemption was passed by the ND Legislative body in 2009. Presently there is nothing in place for the developer who steps up and takes on the risk of all development costs.

After visiting with some local developers and our Economic Development Director, I found that one of the topics brought up on each occasion was a “public/private partnership.” The local government entities have their hands full taking care of the day to day needs of communities serving the energy industry. There are terrific burdens on the existing infrastructure in the impacted areas, and insufficient funding available to keep up with those burdens. The state of North Dakota worked with oil impacted counties during the last legislative session to help bring more funding back to the areas affected by oil exploration and production. Although the adjustments to gross production tax paid back to counties and cities was appreciated, it was not enough, and more work will need to be done during the next legislative session. We would like to see the Federal Government make an investment in oil country by offering loan guarantees to the private developers. It would seem to be a safe investment in growing the local, state and national economy by minimizing the risk to the developers and local governments. We are well aware that there are many housing programs available through USDA, ND Housing Finance, etc. Unfortunately, they are geared toward low to moderate income housing. There does not seem to be any programs available for market rate housing. It would be helpful if there were some sort of programs available to developers that could buy down interest on their speculative ventures.

It would also be extremely helpful to the municipalities if there were some sort of assistance for infrastructure projects. As I stated previously, local government budgets are stretched to the limit, and the taxpayers are not receptive to sharing the burden of new development. I believe that developers would step forward to build the needed housing in our communities if there were programs to assist them, as well as something to assist the local government with infrastructure.

The Bowman City Commission looks forward to working with Federal, State and other local governments in order to find solid solutions to these housing problems and challenges in western North Dakota.

Respectfully submitted,

Lyn James, President, Bowman City Commission

