

Field Hearing Testimony
Presented by Mayor Ward Koeser
City of Williston
June 1, 2010

Thank you, Senator Conrad, for holding this hearing on affordable housing issues in Williston today. I believe that it is the most critical issue facing our community at this time and I believe that the only way we will be able to successfully address the challenge is by partnering with the state and federal government.

The Williston region has been impacted by oil development since the 1950's. An oil boom then followed by a bust was followed by an oil boom and bust in the 1980's and now the oil boom we are presently experiencing. During each boom experienced, a shortage of housing for oil field workers has put tremendous stress on the city of Williston. Oil booms are very difficult to plan for and their impacts can create lasting scars on a community. The oil boom and bust of the 80's left the city of Williston with over \$20,000,000 in special assessment deficiency debt, largely created when developers walked away from infrastructure projects financed by special assessment bonds.

Williston's population is now estimated to be between 14 and 15 thousand people. The impact of this boom has seen thousands of workers from around the country travel to Williston looking for work. With the nationwide recession America is now experiencing, workers come here looking to begin a new life and a new career. Most of them are good people, many times down on their luck, simply wanting a chance to start over. Their challenge, once they arrive here, is finding affordable housing.

For the past several years the City Commission of Williston has been diligently working to facilitate and provide incentives for affordable housing of all types. Tax breaks, low and no-interest loans, and sales of city owned property at reduced prices have all played a role in encouraging developers and builders to invest in our community. Although we have been successful with 160 housing units permitted already in 2010 alone, the demand has greatly outpaced the supply. The demand for affordable housing increases monthly as people come here looking for work.

One major concern of ours is that after 2010 we will need additional lots developed with infrastructure, i.e. water, sewer, streets. Experts believe that a community should have about two years of inventory of lots ready to build on where we presently have less than 50 lots available. This has caused us to intensify efforts to attract developers who can purchase raw land, develop the infrastructure, and have lots available for sale. This has been a challenge as the cost of developing infrastructure has doubled in the past four years from roughly \$20,000 per lot to roughly \$40,000 per lot. At the same time, credit has tightened dramatically making it difficult for developers to secure loans.

The city approached the governor of North Dakota requesting assistance and is presently working out details of a plan whereby the state would share in some of the risk in developing raw property. This pilot program requires the developer to purchase the land and install the underground infrastructure, about half of the cost of development, and then the city special assesses the installation of the above ground infrastructure with the state sharing 50% of that risk. This amounts to the developer assuming about 50% of the total risk, the city assuming about 25% of the risk and the state assuming 25% of the risk. We believe that this plan will be helpful in attracting developers to invest in our community and will help keep the price of lots affordable.

Now for the role of the federal government. The greatest challenge we face when it comes to housing is to provide affordable housing for the workers. If the federal government could provide additional Community Development Block Grant dollars that could assist with the installation of major infrastructure, I believe that the cost of the lots could be reduced, thereby making the housing more affordable. The low to moderate income requirements of the CDBG program may also need to be adjusted to accommodate oilfield incomes in our community. As we are providing jobs for many displaced workers from around the country, I believe that this proposal may provide unemployed workers a chance to begin a new career.

The other area that we need assistance with is financing of home purchases. Since the meltdown of the banking industry in 2008, it has become substantially more difficult for home buyers to finance new homes. I am uncertain of what could correct this problem but a review of banking regulations might find some rules that could be adjusted to loosen up the credit situation. Also, if HUD provided a good home loan guarantee

program easily accessed by home buyers, more people moving to Williston would be able purchase a home.

A unique idea would be for the Labor Department, which tends to focus on unemployment numbers, to develop a program whereby unemployed people in other parts of the country could receive assistance with moving costs to come to North Dakota where there are an excess of jobs waiting to be filled.

In January of this year, Job Service estimated that the Williston Service Area had about 475 job openings. Now, less that five months later they estimate that there are about 1100 job openings. And, keep in mind that many job openings in the oilfield are not listed with Job Service. During that same period, hundreds of workers became employed in our community. The oil industry is a very volatile industry with great fluctuations in workforce demands. For a community to adjust to these fluctuations requires a great deal of planning and support from the state and federal government. Thank you, Senator Conrad, for listening to our concerns and the support you have given Williston as we work together to supply energy for all of America.