

**DEPARTMENT OF COMMERCE TESTIMONY ON HOUSING
MAY 6, 2010, 10:00 A.M.
INTERIM TAXATION COMMITTEE
ROUGH RIDER ROOM
SENATOR DWIGHT COOK, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce.

The New York Times recently had a front page article titled “A State With Plenty of Jobs but Few Places to Live.” This article is available online at <http://www.nytimes.com/2010/04/21/us/21ndakota.html>. They also produced an accompanying video that I would like to show you now (http://www.youtube.com/watch?v=fJa4axR_xJY).

I have spoken with employers in northwest North Dakota and their chief concern for growing their businesses is long-term housing. Some employers have taken steps to address housing in the short-term, such as putting up crew camps near Stanley and Williston. There are other companies that have been visiting with Williston State College about using dorm rooms over the summer months. Still other efforts include temporary housing units on skids and individual efforts such as mobile homes and tents.

Long-term growth in the region depends on having the necessary permanent housing infrastructure for people to make their homes in western and northwestern North Dakota.

The Governor and I met with city and finance officials in Williston on April 6, 2010. We discussed a concept that city leaders are now floating with developers. It takes about \$40,000 to develop a housing lot in Williston. About half of this cost is the purchase of the land and installation of below ground infrastructure and the other half is above ground, such as streets, lights and sidewalks. Our concept is to have the developer purchase the lot and pay for the installation of below ground infrastructure and have the above ground work paid for with bonds that would be paid back through special assessments. The risk on the bond issuance would be shared by the state and city. The Bank of North Dakota would issue a letter of credit to guaranty the state's risk on the bonds. The City of Williston could utilize the North Dakota Public Finance Authority to issue the bonds or they could issue them on their own. We can run this program this year as a pilot in Williston. That would allow us to get to the legislative session, when a more permanent solution can be reached.

The risk for a particular lot goes away once a housing unit is constructed and sold. These risks can then rollover to new undeveloped lots. The state's share of the risk would be no more than \$5 million at any given time and this would provide up to \$10 million in potential funding from the state and city.

I would also like to provide a brief overview of other state efforts to address housing needs. The North Dakota Housing Finance Agency has organized a group of state and federal agencies and nonprofit developers to work with rural communities to devise housing strategies, develop projects, and help address financing issues need to see projects through to completion. This

group, called the Statewide Technical Assistance Team (STAT), has held more than a dozen housing roundtables statewide with approximately 400 individuals representing 134 communities participation.

The North Dakota Housing Finance Agency has programs to assist communities in addressing unmet needs such as:

- The **Housing Market Survey Grant** program offers rural communities with a cost-share to analyze their current and future housing needs in order to develop a local housing strategy.
- **Construction Loan Guarantee** program provides loan guarantees to lenders on construction loans for affordable single-family housing in rural communities.
- **Low Income Housing Tax Credit** program provides incentives for the production and rehabilitation of affordable rental housing by compensating the property owner for charging rents that are generally lower than would be feasible without the credit.
- **Neighborhood Stabilization Program** provided funds to purchase foreclosed or abandoned property and to rehabilitate, resell, or redevelop this property in order to stabilize neighborhoods and stem the decline of house values.
- **Helping HAND** grant dollars support the housing needs of North Dakota's lower-income families by offering a funding source to targeted single- and multi-family housing rehabilitation programs statewide.
- **Rural Community Housing Development** program provides low-cost financing for predevelopment soft costs like land acquisition and site development.
- **Rural Housing Rehabilitation Loan** program provides a low-cost, revolving fund for the rehabilitation of existing housing stock located in areas with less than 20,000 populations.
- **Rural Housing Investment Incentive** pilot program will support the development of single- or multi-family housing, or the substantial rehab of existing structures in difficult to develop areas of the state by offering a dollar for dollar match for private sector investment.

Also, the Department of Commerce's Community Development Block Grant (CDBG) program may be used for low and moderate income housing. Preliminary approval has been given for \$385,000 of CDBG funds to be used to acquire the former Stanley community hospital building and convert it into 16 units of rental housing.

Mr. Chairman and members of the Taxation Committee, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.