

Written Testimony of Dan Sullivan
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U.S. Department of Housing and Urban Development
The Energy Industry's Impact on Housing in North Dakota
Hearing before Senate Budget Committee

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Thank you, Chairman Conrad for inviting me to speak, today. I appreciated the opportunity to visit and tour the community with Mr. Joel Manske, the Field Office Director of the North Dakota HUD Office in Fargo.

In the last two years (2008 / 2009), HUD's involvement in North Dakota, through various programs, totaled \$375 million. Activities included in those funds are:

- HUD provides approximately \$15 million a year in portable Housing Choice Vouchers and operating subsidies for Public Housing throughout North Dakota.
- Through various programs, HUD funded \$60 million in 2008 and 2009 through Block Grant funds to local authorities and Native American tribes in North Dakota.
- HUD provides \$43 million per year in project-based rental subsidies to 4,330 low income housing units at 150 properties throughout the state.
- The Office of Housing and FHA, have about \$225 million in FHA mortgage insurance in force for North Dakota properties - most of that is for single family. But there are also 17 FHA insured multifamily properties, and 10 HUD funded properties for Elderly and Disabled in North Dakota.

We recognize that the strength in the energy sector has created a significant demand for additional housing in North Dakota and other similar areas throughout the region. FHA's mortgage insurance programs work with local real estate developers and FHA approved lenders to finance new construction and substantial rehabilitation of multifamily housing stock.

In Williston, a 43 unit new construction project using FHA mortgage insurance has been invited to submit an application to our Denver HUD Office. Occupancy levels at existing rental properties in Williston are 98%-100% due to the influx of middle and upper income tenants. Our preliminary review of the project concluded market rate rents for the 1, 2, and 3 bedroom units were \$850, \$1075, and \$1,210, respectively. We are hopeful that this transaction or similar proposals will proceed and that FHA can continue our historic role in helping our private sector partners provide workforce and other family housing here in North Dakota.

I look forward to hearing from the other panelists and participants about ways HUD can continue to partner with state and local government officials and with the private sector.

Thank you.