

Cyndy Andrus, Mayor, City of Bozeman

Testimony

***21st Century Communities: Local Leaders on
Infrastructure Needs Facing America's States, Cities,
and Towns***

**Senate Banking, Housing, and Urban Affairs
Committee**

Tuesday, June 15, 2021

10:00 AM

Good **Morning**, Chairman Brown, Ranking Member Toomey, and members of the Senate Banking Committee. It is an honor to testify before you this morning about the infrastructure challenges facing cities and towns across our country. I am Mayor Cyndy Andrus. I am the mayor of Bozeman, Montana, one of the fastest-growing cities in the country. Bozeman is a vibrant community with the State's land grant university, Montana State; a thriving tech sector; a booming tourism economy; and a pristine outdoor environment neighboring America's first National Park – Yellowstone. These assets have drawn people from all over the country and the world to Bozeman and our great State of Montana.

To support such growth, Bozeman certainly needs improved water infrastructure, faster broadband, and more robust public transit options. But at the end of every sewer line, bus route, and broadband fiber conduit is a home – a long-term, hard capital asset. That home must be affordable and occupied for these investments to provide a return to the taxpayer. Clearly, in Bozeman and so many communities like ours, high-quality infrastructure must include affordable housing. Period.

Housing affordability and lack of housing stock are not just coastal, urban issues. As I hope to illustrate in my testimony, housing affordability challenges impact communities of all sizes across the country.

As reported in the *Bozeman Daily Chronicle*, the median home price in Bozeman was \$660,000 in April 2021.¹ That reflects a 50% increase in the median price for a single-family home in one year. Similarly, townhomes and apartments in Bozeman experienced a 22.4% median price increase from April 2020 to April 2021.² Unsurprisingly, it is impossible for wages in Gallatin County to keep pace with this explosive growth in housing costs. The divergence between wages and home prices affects everyone. Business owners cannot find employees; thus, they must reduce hours or turn down clients. Third-, fourth-, and fifth-generation Montanans have to consider uprooting their families after contributing for decades to what makes Montana special. Young couples who have built businesses and want to raise children in Bozeman no longer see a way to be long-term members of our community.

Every week, I hear from business owners in our community who have top-tier candidates turn down job offers because home prices are out of control. The people who cannot afford a home in Bozeman are not just hourly workers making \$15/hour, but also potential employees with Ph.D.'s and salary offers between \$75,000 and \$100,000 per year. Rising housing prices and an unemployment rate of

¹ https://www.bozemandailychronicle.com/news/city/as-housing-costs-skyrocket-bozemans-workers-and-employers-feel-the-pinch/article_5ad77d72-8578-5134-b5fe-b5ea0b1df9d8.html

² https://www.bozemandailychronicle.com/news/economy/housing-prices-in-bozeman-decline-from-march-to-april-but-theyre-still-way-up-from/article_364d1f82-1fa9-54d2-86a2-6a649b8379c7.html#:~:text=The%20median%20price%20for%20single%2Dfamily%20homes%20is%2050%25%20higher,of%20%24314%2C500%20in%20April%202020.

3%³ create the perfect storm where businesses in our community cannot attract the talent they need, nor is there a local talent pool actively looking for jobs.

Construction companies and developers cannot even find the workforce to build workforce housing.

Without an affordable place to live, residents of Bozeman cannot participate in our community. They cannot enjoy our trails, they cannot send their kids to our top-notch local schools, and they cannot contribute to our economy as consumers, employees, or employers.

Now, as Senators Tester and Daines know, Montanans do not just sit around and complain about our problems. We find solutions. After consulting with community members including low-income families, business owners, and developers, the City of Bozeman adopted an inclusionary zoning ordinance in 2018. The ordinance required projects with ten or more single family homes to sell 10% of the homes to be affordable at 70% of AMI or pay cash-in-lieu to the City's community housing fund. The regulation led to the construction of 17 affordable homes, more than \$448,000 for our cash-in-lieu program, and roughly 50 more homes were in the development review process.⁴ Not a bad start to a program that was just over two years old in a city of about 50,000 with construction timelines averaging 18-24 months. However, in April, our legislature outlawed this tool to get

³ <https://fred.stlouisfed.org/series/MTGALLIURN>

⁴ <https://community-housing-hub-bozeman.hub.arcgis.com/>

firefighters, teachers, and nurses –the backbone of our community – into homes at a reasonable price point. They put a stop to the progress we had made combatting this crisis.

Even with inclusionary zoning no longer an option, Bozeman has continued to find ways to incentivize affordable housing construction through reduced impact fees, reduced minimum lot sizes, and reduced parking requirements. In addition, Bozeman no longer approves projects using the City’s most restrictive single-family zoning designation, RS. Further, the City’s minimum development density requirements for projects encourage dense, compact development. Finally, the City has hired development code and urban planning code experts to identify where Bozeman’s code unintentionally drives up the price of a home through onerous overregulation.

Despite all of these efforts, it still is not enough. The rising cost of land, labor, and lumber force prices for many homes out of reach in our community. The City will continue to pursue ways we can ease the burden of regulations and facilitate denser development. However, we are asking for help.

The federal government needs to recognize that housing goes hand in hand with streets, sewers, and bridges. Housing is the basic building block of a community. Why build all that infrastructure if no one can afford to live in the community?

We need housing that the community as a whole can afford, not just the wealthy. Many Senators on this Committee have seen what happens to communities when the middle tier of housing is hollowed out, and only the wealthy can afford to live there. It is not pretty.

Luckily, Congress can help and there is no need to create new programs. Non-entitlement communities like Bozeman must compete for federal funds through existing programs like the Community Development Block Grant program, the HOME program, and the Housing Trust Fund from within the State's allocation. Thus, competition for these limited funds pits Bozeman against much smaller non-entitlement communities in Montana, all with limited resources to construct more housing. And our rural neighbors in places like Three Forks and Wilsall, Montana, need similar investments for the critical rural housing programs at USDA Rural Development. Finding solutions that only work for large metropolitan areas is not a way to solve this crisis. We need the Senate Banking Committee to provide more flexibility and access to tools like CDBG and HOME to work for every community to construct more housing. A one-size-fits-all solution does not work.

In addition to programs that help working families, the federal government needs to invest in communities that are innovating to solve this problem. For example, the federal government can provide resources to assist communities in simplifying their development review process through hiring more staff and

auditing the entirety of their code. Additionally, the federal government can offset the costs of infrastructure construction and improvement in exchange for denser development. No Mayor or any other community member expects the government to construct new housing from the ground up, but we do expect you to act rather than sit on your hands in the middle of a crisis. Your actions can provide tools to local governments and fill the gaps that the private sector is not currently meeting.

Housing is not the only aspect of Bozeman's infrastructure under the Banking Committee's jurisdiction in need of more significant federal investment. Our public transit system, called Streamline, is an invaluable service in our community by providing more than 300,000 rides per year.⁵ Federal dollars could allow Streamline to expand its route network to serve more members of our community. Additionally, Streamline could use federal money to upgrade to a greener fleet in line with Bozeman's climate goal to reduce emissions.

On behalf of the more than 50,000 residents of Bozeman, I am urging you to fund housing in the American Jobs Plan and to allow us to continue to build the infrastructure to keep Bozeman the Most Livable Place.

Thank you, Chair Brown, Ranking Member Toomey, and members of the Banking Committee; I look forward to your questions.

⁵ <https://streamlinebus.com/about/achievements/>