EXHIBIT 3
DATE 3.8.05
SB 195

Testimony in Support of SB 195, the Quality Growth Act
House Local Government Committee Hearing 3/8/05
Judy Smith, homeWORD Interim Director

Thank you for this opportunity to testify in support of SB 195.

I am Judy Smith, Interim Director of homeWORD, a non-profit housing developer in Missoula and Billings. We've completed 8 developments with over 100 units targeting low income households. I'm here supporting SB 195 because of the importance of proactively supporting a full range of housing as growth occurs. Population growth has not translated into economic prosperity for many Montanans as housing prices go up but wages do not.

In Missoula, we continue to have a 2-3% annual growth rate. The economy has not changed- we still have some of the lowest wages in the country, but the median cost of a new house goes up and up. The average sale price of a lot is over $60,000 and the median price of a home is now $175,550- up from $162,000 last year. Homeownership becomes more and more difficult for the majority of Missoulians looking to buy a home. Similar dynamics are in play in Billings although land is not as limited.

The cost of rental housing is also a problem. To afford a two bedroom apartment at a fair market rate in Montana your wage should be $10.50 an hour. We know that a large number of Montanans make the minimum wage of $5.15 per hour.

We teach homeownership classes and offer down payment assistance to qualified households in both Missoula in Billings. A significant percentage of our participants is low income. We have an above average success rate for folks taking our classes and purchasing a home. To date 363 households that completed the class have bought homes- that's 36% rate. The national rate is about 15%. The average cost of the homes they are buying is $110,000. They are not buying the market rate single family homes. They are buying houses on small lots, in planned neighborhood clusters, in denser, new developments, where the developers set out to build housing that folks can afford.

As we continue to grow how do we ensure that we have the full range of housing available so that folks like our homeownership class participants can afford to become homeowners? How do we not become the income stratified communities we've heard of in Colorado and California?

SB 195 is part of the answer. We need to be deliberate in our managing of growth so we provide the tools to keep a full range of housing in and around our growing cities and towns. Establishing Quality Growth Areas designated through coordinated city and county planning, with infrastructure incentives and the land use techniques that promote a mix of housing prices, as described in Section 3, is an important step in keeping our growing communities diverse and open to the full range of Montanans.