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21st CENTURY COMMUNITIES: LOCAL LEADERS ON THE INFRASTRUCTURE NEEDS FACING AMERICA'S STATES, CITIES, AND TOWNS

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING INFRASTRUCTURE INVESTMENT AND ITS IMPACT ON AMERICA'S STATES, CITIES, AND TOWNS

JUNE 15, 2021

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C O N T E N T S

TUESDAY, JUNE 15, 2021

WITNESSES

21st CENTURY COMMUNITIES: LOCAL LEADERS ON THE INFRASTRUCTURE NEEDS FACING AMERICA'S STATES, CITIES, AND TOWNS

TUESDAY, JUNE 15, 2021

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10 a.m., remotely via Webex, Hon. Sherrod Brown, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN SHERROD BROWN

Chairman BROWN. The Senate Committee on Banking, Housing, and Urban Affairs will come to order. This hearing is in a virtual format. A few reminders as you begin. Once you start speaking there will be a slight delay before you are on the screen. To minimize background noise, please click the Mute button until it is your turn to speak or ask questions.

You should also have one box on your screens labeled "Clock" that will show time remaining. For witnesses, you will have 5 minutes for opening statements. For Senators, the 5-minute clock still applies for your questions. At 30 second remaining you will hear a bell right to remind you your time is almost expired, ringing again when your time has expired.

If there is a technology issue, we will move to the next witness or Senator until it is resolved.

To simplify the speaking order process, Senator Toomey and I have agreed to go by seniority for this hearing. As most of my Senate colleagues on this Committee know, Thursday will be our first in-person hearing in more than a year, the first I have had the privilege to chair. I know that all of us, especially since the average age of a Senator is higher than the average age of the typical American citizen, we know we have all learned a lot about technology, some of us slower learners than others over the last 15 months.

Today we are joined by local leaders who represent a cross-section of this country. Whether it is an all-industrial city or a college town, whether it is Indian country or Appalachia, local leaders understand how proud people are of their hometowns. They want their town to be successful. They want their communities to grow and attract jobs. They do not want families to be told to pick up and leave to find opportunity. They do not want to lose workers forced out by rising housing costs.

Mayors also know the many opportunities we can unleash if we make the once-in-a-generation investment to rebuild our country's infrastructure. They know what their communities need. They know the transit project that would revitalize a neglected neighborhood and bring new residents and customers to Main Street. They know where there are shovel-ready projects that would build new houses that workers can actually afford. They know where lead pipes and lead paint still poison kinds in America in the year 2021. They know the building trades workers that are ready to get to work replacing those water lines, retrofitting those homes.

Mayors understand how all these pieces fit together. Jobs and infrastructure are inseparable. You cannot create the former without the latter. We know when a business decides where to build a new plant or office they look at the infrastructure. They want to know if there is broadband, if there are homes that workers can afford, if there is a bus or a train that runs nearby.

When a young family decides to relocate for a new job they think about how they will get to work, how long will the commute be, whether the whole paycheck will get eaten up by rent or the mortgage. These issues intersect, and while they may look different in Bozeman and Akron and Tempe or Lancaster, we know they are national problems. Mayors and City Councils and County Commissioners can do a lot of good but they cannot do it all on their own.

When we electrified the country in the beginning, but not ending in the 1930s—and in Senator Tester's book I read that in the '40s they were still electrifying parts of Montana—from the Plains to Appalachia to the Deep South, as we electrified, we didn't ask each individual mayor to come up with their own grid or build his own dam.

When we built the interstate highway system we did not expect every county in central Pennsylvania or southeast Ohio to foot the bill for a stretch of road. We became the world's largest economy, with the strongest middle class, because we came together to invest in great national projects that joined us all together as one country. We did not force workers and their families to foot the bill.

The corporations that rely on our public goods to make their vast growing profits should contribute to that upkeep. Stock buybacks climb, corporate profits soar, yet America's States and cities, from Akron to Bozeman to Tempe, America's States and cities and towns scrape by each year, making hard choices about their budgets. They do not want to short-change public safety so they wait another year to replace aging buses. They do not want to cut teacher salaries and lose talent, so there is no money to turn dilapidated properties into affordable homes in my Slavic village neighborhood in Cleveland.

Over and over I hear the same thing from leaders in places large and small, rural and urban. To attract good jobs we need more resources. We need homes that workers can afford and ways for them to get to work.

Today we will hear from my long-time friend, Mayor Dan Horrigan, from Akron, a proud Midwestern city that has endured decades of a national tax and trade policies, a policy that encouraged its businesses to shut down production in Akron in the Goodyear neighborhood, in Firestone Park in Akron, and move good-paying union jobs abroad, where companies can pay lower wages to exploit workers. That outsourcing does not just affect individual workers and their families in Akron, as Mayor Horrigan will tell you. It erodes the tax base, making it that much harder for cities like Akron to build the infrastructure that would draw new investment.

We will hear from Tempe, Arizona, mayor, Corey Woods, whose work in a fast-growing city, working to tackle their affordable housing shortage, showing the country how new transit innovation is not just for New York and Philadelphia and Washington. It is not just for big coastal cities. That investment has the potential to spur growth in sunbelt cities and across the country.

And we will hear from Mayor Cyndy Andrus of Bozeman. She will tell you that high housing prices are not just a problem in wealthy neighborhoods in big cities. Her fast-growing city's housing shortage, as young people move there, as the university thrives, and as people from the coast are relocating there, that it is driving up home prices and leaving families without options.

All these mayors and the local leaders I talk to in Ohio, from Mansfield to Lima to Cleveland to Cincinnati will tell you they have tried to make it on their own, because they have to, not because they want to, not because they do not need investment. They want to be part of a broad national project. They want to build thriving, equitable, resilient communities. It is time for all of our communities and the workers and their families that call them home to share in our country's prosperity. In part, it begins with us doing our job in Washington, in extending that helping hand to these great cities across our country.

Senator Toomey.

OPENING STATEMENT OF SENATOR PATRICK J. TOOMEY

Senator TOOMEY. Thank you, Mr. Chairman, and thank you to our witnesses, especially my fellow Pennsylvanian, Josh Parsons from Lancaster County.

At our last hearing about infrastructure, about a month ago, I noted that a group of my Republican colleagues and I had had a constructive discussion with President Biden about a potential bipartisan infrastructure package. I also noted three features of an infrastructure package that I think would have very broad bipartisan support.

First, it should responsibly support real physical infrastructure, that is, the platforms and systems that we share and we use to move people, goods, and services throughout the economy. That means things like roads and bridges and ports and airports.

Second, a package cannot undo the 2017 tax reform that helped create the best economy of my lifetime. Remember, before COVID, we were experiencing an extraordinary economic boom. We had the lowest unemployment rate in 50 years. We had more job openings than people looking for jobs. We had a record-low poverty rate, and wage growth across the board, with wages growing fastest for the lowest-income earners. That is exactly the economy we should all be wanting to get back to.

And third, we should not pay for infrastructure by borrowing or printing billions of additional dollars. Now the good news in this is we have hundreds of billions of unspent COVID funds that Congress can repurpose. According to the Congressional Budget Office, over $700 billion of the Democrats' March spending bill will not be spent until after 2021.

Now, unfortunately, the Biden administration would not agree to these sensible features, and they walked away from negotiating with some of us, but I understand that there are bipartisan discussions underway, and my hope is that an agreement can be reached that is consistent with these principles.

But the scope and size of the Administration's [inaudible] at this point is simply untenable. I mean, take the scope of the plan. The Administration wants to redefine what infrastructure means in order to spend taxpayer dollars on their Green New Deal agenda and other liberal policies.

Consider some specific examples. The Administration proposed almost a quarter of a trillion dollars for housing. Now set aside whether it is the responsibility of taxpayers to buy and build everyone a home. Housing is not infrastructure. Housing is housing. The Administration also proposed $100 billion in consumer rebates to purchase electric vehicles, and $10 billion for the Civilian Climate Corps. This is not infrastructure.

In addition to that, the $2.2 trillion size of the Biden administration plan is wildly excessive. Even the plan spending on the real physical infrastructure portion does not comport with economic reality, given how much money Congress has spent over the past year already.

Take transit spending, for example. The Administration wants $85 billion of additional money over the next 5 years, above and beyond what we would ordinarily spend over the next 5 years. Well, this does not take into account the tens of billions of dollars the Federal Government already provided for transit recently. This past March, our Democratic colleagues passed a bill spending $30 billion on transit. They did that after Congress provide more than $40 billion for transit in response to COVID in 2020.

CBO estimates that of this $70 billion, $22 billion, almost a third of COVID transit dollars, will not be spent until after 2021. Oh, and the $70 billion? That was on top of the $13 billion we annually spend. So if you did not have your calculator out, that is a total of $83 billion that Congress spent on transit over the course of 1 year. Amazingly enough, that number exceed both the annual operating and capital costs of every single transit agency in the U.S., combined, and now they want $85 billion more over the next 5 years, on top of what we ordinarily spend.

The Administration seems to have lost sight of the fact that the Federal role in infrastructure spending has historically been limited. State and local governments are primarily responsible for funding infrastructure projects, for the obvious reason that most infrastructure projects are generally local or regional in nature. For example, a bus or a light-rail station in San Francisco does not really do a lot for people in Pittsburgh.

And States and local governments are currently awash with cash. In the aggregate, State and local tax collections set an all-time record in 2020. In addition to record revenues over the course of 12 months, Congress sent more than $850 billion to State and local governments. So States are now trying to figure out ways to spend this huge windfall. California has a budget surplus of over $75 billion, and at this point they may just send out free money to Californians. My home State of Pennsylvania is sitting on a $3 billion revenue surplus, plus $7 billion in unused Federal money.

So still more wasteful spending by Congress is not what our economy needs. It has already contributed to the harmful inflation Americans are experiencing right now. Inflation is at 5 percent right now, the highest it has been in 13 years, and this should not come as a surprise.

Earlier this year, President Clinton's Treasury Secretary, Larry Summers, was warning us of the significant inflationary risks of the excessive spending, and that was before our Democratic colleagues passed the $1.9 trillion spending bill in March. But his warning was ignored, and now our Democratic colleague want to spend hundreds of billions, maybe over $1 trillion more.

Congress still has an opportunity to enact a sensible, bipartisan infrastructure package, but that is only possible if we support real physical infrastructure, that we pay for with existing funds, without raising taxes or borrowing tens or hundreds of billions more. We can meet our country's infrastructure needs without jeopardizing our economic recovery and putting future generations of Americans further in debt.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you very much, Senator Toomey.

I will introduce our first witness. Daniel Horrigan is the mayor of Akron. He previously served as the Summit County Clerk of Courts, as an Akron City Councilmember, as a teacher at St. Vincent-St. Mary, LeBron James' alma mater, I might add, and at Stow-Munroe Falls High School. Mayor Horrigan, thank you for being here today and representing a legacy from America's heartland.

I will turn to my colleague, Senator Tester, to introduce the witness from his State.

Senator TESTER. Thank you, Chairman Brown, and I want to thank you both for your opening statements. I just want to say a couple of things before I get to Cyndy Andrus, the mayor of Bozeman, Montana.

Nobody likes wasteful spending, and I will tell you that if you really believe the pacing threat to this country is China then we better get serious about infrastructure. The bottom line is that if you do not have places for people to live, you do not have a manufacturing base, you do not have the ability for businesses to expand, you do not have the ability for people to recruit. Cyndy Andrus will probably tell you that in Bozeman, Montana, there is no such thing as a first-time home buyer, because, quite frankly, the cost of homes is so damn high.

So I think we need to make an expenditure, a serious expenditure, or let's just turn the keys over to the Xi, OK? Just let him do it. The fact of the matter is we need to step up. We need to do something that is meaningful, and housing and transit is the right way to do it, and we need to have a debate. If the money is wasteful spending, count me in. We will pare it down. But the bottom line is the needs are huge across this country, because we have been living on my grandparents' and my parents' investment in infrastructure, and I am not exactly young anymore.

As far as Cyndy Andrus goes, it is a pleasure to have her in front of the Committee today. She is an incredible leader in the State of Montana. She has been on the City Council of Bozeman since 2010, and she has served as mayor of Bozeman for the last 2 or 3 years—nod your head, Cyndy, if that is right. The fact is that she has been a great leader for the Bozeman region, which is, by the way, one of the highest, fastest-growing areas in our State.

She has worked in the tourism industry for over 25 years, and we all know how important tourism is, and the outdoor economy is, for our great State of Montana. And she also serves on the Board of Directors for the National League of Cities and Towns. She is also the past chair of Montana Tourism Advisory Council.

As mayor, when I visited with her about her willingness to participate in this hearing, she pointed out that housing is an incredibly complex yet critical challenge in rapidly growing Bozeman, as it is, by the way, in other areas across this country. And so to address this and other infrastructure challenges it is important that we hear from people like Cyndy Andrus, and other local officials, on the ground, about what is working what is not working. Both of those are critically important.

I look forward to this hearing, and I want to thank you, Chairman Brown and Ranking Member Toomey, for having this hearing, and welcome, Cyndy Andrus.

Chairman BROWN. Thank you, Senator Tester.

Senator Sinema will introduce the mayor of Tempe. Senator Sinema?

Senator SINEMA. Thank you, Mr. Chairman, and thank you for holding this hearing today. I am pleased to introduce my friend, the Honorable Corey Woods, who serves as the mayor of Tempe, Arizona. He is also the chief of staff at ASU Preparatory Academy.

Mayor Woods served as a councilmember for the city of Tempe from 2008 to 2016. He earned his B.A. from the University of Michigan and his M.A. from Arizona State University's Mary Lou Fulton College of Education.

The city of Tempe has prioritized a multilevel approach to transit, helping make the city more livable and walkable, and improving the quality of life for Tempe residents. Like many cities in Arizona and across the country, they face challenges, taking good, locally driven ideas, like the Tempe Streetcar, and bringing them to life. I am proud to have worked with the city to secure critical funding for the Streetcar, and the Federal Government needs to continue to be a reliable, capable partner that helps cities and towns across Arizona grow and thrive.

I am so pleased to have an Arizona witness in today's hearing, and I am committed to ensuring that the infrastructure needs of local Arizona communities are met now and into the future.

Thank you, Mr. Chairman, and welcome, Mayor Woods.

Chairman BROWN. Thank you, Senator Sinema. I will introduce the next two witnesses.

Commissioner Josh Parsons is the chairman of the Board of County Commissioners in Lancaster County, Pennsylvania. He has served on the County Commission since 2015, previously serving as the Clerk of Courts, a prosecutor in Lancaster County District Attorney's Office, and an infantry officer in the Army.

Brian Riedl is a senior fellow at the Manhattan Institute, focusing on budget, tax, and economic policy. He previously served as chief economist to one of our colleagues, to my colleague, Senator Rob Portman, as the lead research fellow on Federal budget and spending policy, from 2001 to 2011.

Welcome, both Commissioner Parsons and Mr. Riedl.

You are now recognized for 5 minutes, Mayor Horrigan, to begin.

STATEMENT DANIEL HORRIGAN, MAYOR, AKRON, OHIO

Mr. HORRIGAN. Good morning, Chairman Brown and Members of the Banking, Housing, and Urban Affairs Committee. I am honored to provide testimony to the Committee on the critical need for a comprehensive approach and the understanding of housing and transportation infrastructure, and how they are backbone for our communities. I would ask the Committee to submit my testimony in full for the record.

And I am privileged to serve as the Mayor of Akron, Ohio, and represent roughly 200,000 people. We are the home of Goodyear, Bridgestone-Firestone, Go-Jo Industries—and I would venture a guess, if I looked around at all of your desks, I would see bottles of Purell. They are made right here in Akron and in Ohio, so thank you for the support—the University of Akron, and so many other essential industries. Our people are the resilient but burdened workers of the Industrial Heartland. We are a legacy city, and we are in critical need of infrastructure investment.

And as a mayor, I deal with the daily reality of how the Federal Government impacts local citizens and the economic impact Congress has on Americans.

Over the past few decades, Akron has experienced economic downturns with major companies on the verge of leaving, a pandemic that shut down our local businesses, and critical housing issues, exacerbated by the Great Recession over a decade ago, that we are still addressing. Communities of color have been the hardest hit by these crises. And racial income and wealth disparities are vicious and persistent in the city of Akron, as they are across this country.

Housing is a basic human need, and this is something I believe we can all agree on. In fact, by creating HUD, a cabinet-level position, over 50 years ago, cemented this truism to all of us. But housing is also a unique and complex network of physical and financial structures, regulated and managed by Federal, State, and local institutions. Local municipalities have been faced with major problems such as foreclosures, an aging housing stock, out-of-town landlords, banks not lending, and insufficient Federal housing investments. Housing is critical infrastructure.

All other infrastructure, whether it be water meters, roads, electrical lines, broadband fiber, sewers, ultimately connect to houses. Many of the most frequently discussed housing topics covered by the national media are simply not issues in a city like Akron. Our challenge is not displacement of the poor, by the wealthy, or middle-class people being priced out of the market and having to make long commutes into the city. Our challenge is property values that are often too low to allow capital stacks for new housing construction, or home improvement loans for residents of modest means.

We need a Federal infrastructure framework that is geared toward legacy cities like Akron, and we need programs that can help leverage private capital for real estate investment and development so that we can keep existing residents in their homes, attract new residents to our city, and create markets for retail and other small businesses that can serve and employ our residents.

Finally, we cannot ask our citizens to return to work without first ensuring they have a stable and healthy place to return home. With regard to surface transportation and transit options for workers, like housing, our challenges are not necessarily those that you read about in the national media. My constituents are not facing 2-hour-long commutes and intolerable levels of traffic congestion. Our challenge, instead, is maintaining the legacy infrastructure that was built for a city that once had 30 percent more population than it does today, with a limited tax base that is supported by working-class residents.

Our residents have put real skin in the game, demonstrating their willingness to invest in our infrastructure, by voting in favor of a recent local income tax increase for roadway improvements, but that does not come close to addressing all our needed transportation investments. It does not eliminate the need a Federal transportation program that focuses on maintaining the roads that we already have, and providing more assistance for alternatives to driving, such as public transit, bike, and pedestrian improvements. It does not help electrify our bus fleet, or replace our crumbling transit maintenance facility, or expand the Bus Rapid Transit into neighborhoods cutoff from the regional economy.

During this pandemic, the U.S. Congress have asked people to contribute to their local economy by continuing to work, keep paying their mortgages and taxes, and most did just that. Further, as we emerge from the pandemic, we want those who lost employment to come back to work. That requires stable housing and the means to get to and from that job.

Finally, housing is the foundation of a healthy community. I firmly believe that investing in housing infrastructure is the absolute best way we can help our children thrive in school, decrease neighborhood blight. Stronger and more stable housing is key to Akron's future, for our country and our future, and I would argue it is where all infrastructure begins and ends.

Thank you for the opportunity to offer these thoughts, and I look forward to the conversation today.

Chairman BROWN. Thank you, Mayor Horrigan.

Mayor Andrus is recognized for 5 minutes.

STATEMENT OF CYNDY ANDRUS, MAYOR, BOZEMAN, MONTANA

Ms. ANDRUS. 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. As you know, my name is Cyndy Andrus, and I am the mayor of Bozeman, Montana, a city of about 50,000, located in the southwest corner of the

State, 90 miles north of Yellowstone National Park. We are one of the fastest-growing cities of our size in the United States.

To support that growth, we need infrastructure—water and sewer infrastructure, robust, public transit options, and faster broadband. But at the end of every sewer line, bus route, and broadband fiber conduit is a home, a long-term, hard capital asset. High-quality infrastructure must include affordable housing, period.

I am here today to ask your help in solving our housing crisis and to offer some thoughtful solutions to a growing problem, not just in Bozeman but across the country.

In April of 2021, the median single-family home price in Bozeman was $660,000, a 50 percent increase over 1 year. Townhomes and apartments experienced a 22.4 percent median price increase during that same time period.

Unfortunately, wages are not able to keep up pace with these costs. Business owners cannot find employees. Third-, fourth-, and fifth-generation Montanans are considering uprooting their families, and young couples who have built businesses and want to start a family no longer see a way to be long-term members of our community.

I hear stories from business owners every week about top-tier candidates turning down jobs because they cannot find an affordable place to live. These are not just businesses looking for workers making $15 an hour, but potential employees with Ph.D.'s and salary offers between $75,000 and $100,000 per year.

We have been working with community members and developers to solve our affordable housing crisis for years now, using every possible tool and incentive to get housing built. In 2018, we passed an inclusionary zoning ordinance. This led to the construction of 17 affordable homes and more than $448,000 for our cash-in-lieu program. We have an additional 50 homes in the pipeline, when in April this year the legislature outlawed the tool, putting a stop to the progress we made tackling this affordable housing crisis.

Still, we continue to find ways to incentivize affordable housing construction, through reduced impact fees, reduced minimum lot sizes, and reduced parking requirements. We have also hired code experts to identify where our code unintentionally drives up the price of a home through onerous overregulation.

But it is not enough. The rising cost of land, labor, and lumber force prices out of reach for many in our community. The Federal Government needs to recognize that housing is a basic building block of our community. Why build the infrastructure if no one can afford to live in the community? We need housing that everyone can afford, not just the wealthy.

We need your help. Here are a few ideas.

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.

Provide resources to assist communities in simplifying their development review process through hiring more staff and auditing the entirety of their code.

Offer a program that offsets the cost of infrastructure, construction, and improvement in exchange for denser development.

In addition to housing, our public transit system in Bozeman needs significant Federal investment. It is an invaluable service providing over 300,000 rides per year. Federal money could help expand routes and upgrade to a greener fleet to align with our climate goals to reduce carbon emissions.

I believe we are doing everything we can with the tools we have to get affordable housing built in Bozeman. I do not expect the Federal Government to build new housing from the ground up, but I do have an expectation that you will do something by providing tools to local governments to fill the gaps that the private sector is not currently meeting.

On behalf of the 50,000 residents in Bozeman, I am asking you to include housing in the American Jobs Plan and to fund it as the long-term capital asset it is.

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

Chairman BROWN. Thank you, Mayor Andrus.

Mayor Woods is recognized for 5 minutes. Mayor Woods.

STATEMENT OF COREY WOODS, MAYOR, TEMPE, ARIZONA

Mr. WOODS. Thank you. Good morning, Chairman Brown, Ranking Member Toomey, and Members of the Committee. Thank you for inviting me to be here today to speak with you about the housing and transportation infrastructure needs of America's cities. I am the Mayor of Tempe, Arizona, and the 2020 census will likely say that about 200,000 residents live within our borders. However, due to many residents and businesses that call Tempe home, including the main campus of Arizona State University, we have a daytime population that is 70 percent greater than our census population. We are a land-locked community, so we only have the option to buildup as we continue to grow in size. With our focus on sustainable development, density and public transportation are central to our city's long-term planning.

The median income of Tempe residents is about $58,000, a bit lower than the national average of $62,800. But the average cost of a home is more than $270,000, nearly 25 percent higher than the national average. In Tempe, this disparity between income and housing costs results in 42 percent of renters and 24 percent of homeowners being considered cost-burdened, which HUD defines as when a household pays more than 30 percent of their annual gross income on housing expenses.

In addition to a dire need for more affordable housing for middle-income workers, we also have struggled with the housing needs of individuals experiencing homelessness. From 2015 to 2020, Tempe experienced an increase of over 900 percent in our unsheltered population. Federal programs such as the Community Development Block Grants, HOME Investment Partnership Programs, and Emergency Solutions Grant funding have become essential components in delivering housing options to our most vulnerable populations.

In 2016, Valor on Eighth, a 50-unit affordable housing complex that serves veterans and their families, opened to our community. This project used CDBG to acquire the land and HOME funds assisted with the construction of the facility. Low Income Housing

Tax Credits (LIHTC) were utilized to finance the development with Project Based Vouchers in the facility also allow for long-term affordability to be financially viable for its residents.

And just last week, I was at the construction site of the Nation's first 3D-printed home. The city of Tempe transferred the property, originally purchased through CDBG funds, to Habitat for Humanity for construction of a total of 16 homes.

Our city has invested heavily in affordable housing initiatives, and through our Hometown for All initiative, we negotiate voluntary contributions from developers to our affordable housing fund and we dedicate an amount equal to half of all permitting fees to these efforts.

Unfortunately, even with our city's own investments, private partnerships, and creative use of Federal programs, we do not come close to meeting the needs of our cost-burdened residents nor addressing our extraordinary increase in unsheltered individuals. Tempe has benefited greatly from a 55 percent increase in allocations of CDBG, HOME, and ESG over the last 5 years, and this upward trajectory of Federal support is critical for us to continue our collaboration with our private and nonprofit partners. We simply cannot begin to meet the housing needs of our residents without increased Federal support.

Public transportation is the other key to Tempe's sustainable growth strategy. Many of Tempe's future affordable housing projects will be strategically located along the existing, metro-area Light Rail system. We have also been very fortunate to have broad support from our business community for a proposed expansion of this system, known as the Tempe Streetcar program. Businesses along the Streetcar corridor have actually voluntary increased their self-assessments to meet the project's funding needs.

We also work very closely with our private sector partners to plan Tempe's future through thoughtful development that includes affordable housing and public transportation to ensure financial stability and access to economic opportunity for Tempe residents. We invest a significant amount of Tempe tax dollars into these efforts and are committed to expanding these community resources. We are hopeful for an increased investment from the Federal Government so they can become an even bigger partner in the process of planning for Tempe's future.

I would be remiss if I did not note that our city is managing through challenging financial times. The city's hotel transaction privilege tax revenues are down 50 percent January 2021 as compared to January 2020, reflecting the steep decline in travel and tourism to our region. Similarly, tax revenue derived from restaurants and bars and amusements is down over 20 percent and 60 percent, respectively, over the same time period.

The loss of special events, ASU attendance, workers coming into the high-rises, conferences, and spring training has meant that the city has fewer resources to provide services while our residents and businesses are experiencing more needs.

Increased investments in infrastructure would provide the city with an important tool to address the negative economic effects of COVID–19 and continue to develop our community with a sustainable and smart approach. We need continued and increased Federal dollars to supplement our local investments in affordable housing, public transit, infrastructure, and programs to provide relief to the homeless, those at risk of eviction, and other at-risk groups as our economy recovers and local revenues get back on track.

I am so grateful for the time you have allowed me to speak to you about Tempe's perspective and I look forward to answering any questions you might have.

Chairman BROWN. Thank you, Mayor Woods.

Commissioner Parsons, you are recognized for 5 minutes. Welcome.

STATEMENT OF JOSH PARSONS, COUNTY COMMISSIONER, LANCASTER COUNTY, PENNSYLVANIA

Mr. PARSONS. Thank you, Chairman Brown, Ranking Member Toomey, and other Members of the Committee. My name is Josh Parsons and I am chairman of the Board of County Commissioners in Lancaster County, Pennsylvania. I am a former prosecutor and a former Army infantry officer.

The Board of County Commissioners is the seat of legislative and executive powers in the county and has broad authority over the county's budget, finances, taxes, debts, and contracts.

At around 550,000 citizens, Lancaster County is the sixth most populous of Pennsylvania's 67 counties. Although we are best known for our Amish and Mennonite communities, like Pennsylvania itself we are a diverse community with urban, suburban, and rural residents. Lancaster County is made up of 60 municipalities: 1 city, 18 boroughs, and 41 townships. We pride ourselves on fiscal responsibility and restraint.

Lancaster County Government has approximately the highest general fund balance, which is like a personal savings account for an individual, that it has ever had. This was achieved through conservative budget management, not through raising taxes. Lancaster County's current Board of Commissioners has never raised taxes, and, in fact, our county taxes have not been raised in nearly a decade, which is difficult to do as a county in Pennsylvania.

Lancaster County has the third-lowest tax rate of the 67 counties in Pennsylvania, and the lowest of any large county. Our bond rating has been rising and we have been good stewards of our infrastructure. We are steadily working through a plan to repair or replace all of our structurally deficient county bridges.

Like everywhere else, the last year-and-a-half has been a challenge for Lancaster County. We went into COVID with the best economy we had seen in a generation. Our businesses were thriving and our wages were rising for all groups and demographics. The impact of the pandemic, and our Governor's ensuing draconian lockdowns and refusal to address the economic damage of the pandemic, did great harm to our economy.

However, I am very proud of our county's response to COVID. Our county favored a middle course, where we addressed COVID and the economic crisis. We pulled together as a community and executed what was, in many ways, a model medical and economic recovery plan in the Commonwealth of Pennsylvania.

The Federal CARES Act resources were instrumental in this recovery. Lancaster County received approximately $95 million. This was a huge amount of money for us. These funds were disbursed to us very rapidly after the passage of the bill, and arrived during the crisis. We, in turn, put the money quickly to use for both medical and economic recovery plans across our county. The CARES Act had sufficient flexibility in the Treasury guidance that counties were able to use it in varied and necessary ways.

As fiscal conservatives, we were, of course, concerned about the cost of the CARES Act and the debt being accrued at the national level to pay for it, but we recognized it was a necessary response to the crisis because the Government had effectively shut down the economy and prevented people from earning a living. We felt a heavy responsibility to use this money wisely to help our community.

Unlike the CARES Act, I do not think the so-called American Rescue Plan was necessary. Under this act, Lancaster County is slated to receive another $106 million. Again, this is a huge amount of money for us. Moreover, every other county in Pennsylvania, and many municipalities, are receiving allocations. This money is arriving after the COVID crisis is over, and now come proposals for even more money to be sent out through an infrastructure plan.

At this point, rather than sending out more money, the better solution would be to get Government fully out of the way and let the economy come roaring back. As I talk to people around my county, what I hear about is concern about costs going up. Groceries, gas, lumber, everything costs more.

Inflation is a natural and predictable result of huge amounts of money being pumped into the economy. Numbers from May show inflation is up 5 percent. All this new money is chasing the same amount of goods and services, including here in Lancaster County.

Inflation hurts working-class people in Lancaster County the worst because rising prices for things like groceries and gas outpace wages. You can see and feel this happening already around us. It also eats away at the value of any money put way in a bank account for a rainy day.

So I would fervently ask that before you consider borrowing more money from our grandchildren to hand out across the country, just stop and take a pause. There is a huge amount of money already circulating. For example, if you want to provide for infrastructure, Congress could allow more flexibility for counties and other municipalities in the use of the existing American Rescue Plan funds. What need there still is could then be addressed in a much more targeted way.

Please do not further bankrupt our country and take from our yet unborn grandchildren without waiting to use the existing massive amounts of money that have already been distributed to States and local governments like ours.

Thank you.

Chairman BROWN. Thank you, Commissioner Parsons.

Mr. Riedl is recognized for 5 minutes. Welcome.

STATEMENT OF BRIAN RIEDL, SENIOR FELLOW, MANHATTAN INSTITUTE

Mr. RIEDL. Good morning, Chairman Brown, Ranking Member Toomey, and Members of the Committee. Thank you for inviting me to participate in today's hearing. My name is Brian Riedl. I am a senior fellow at the Manhattan Institute, and I will offer four principles for a responsible infrastructure proposal.

First, Congress should avoid piling on new taxes and debts. The Federal budget outlook is already totally unsustainable, and the American Jobs Plan would be the most expensive nonemergency law in half a century. And it is coming at a time when the national debt is already projected to double, from $17 trillion to $35 trillion, between 2019 and 2030.

And it gets worse. Washington is projected by CBO to run $100 trillion in budget deficits over the next 30 years, and that is assuming low interest rates. If interest rates exceed the CBO baseline by 1 percentage point it would add $30 trillion in additional interest costs over three decades, just a 1 percent rise in interest rates.

Even if this infrastructure spending is mostly paid for in new taxes, it is still not fiscally responsible because we already need nearly every progressive tax proposal just to pay for the current programs we have. Let's pay for our current commitments before piling on new ones.

Second, States should use the Federal windfalls they have received. State and local governments are in the process of receiving $350 billion for budget deficits that mostly no longer exist. As Mr. Toomey mentioned, California is reporting a $75 billion budget surplus. States are also holding approximately $180 billion in unspent K–12 education grants from earlier relief bills. That is $530 billion in short-term funding for State and local governments that are mostly in surplus.

The best use of a large, one-time windfall is to make a large, one-time investment in infrastructure, which is mostly a State and local function anyway. Washington can even use matching funds, if necessary, to encourage States to reapply this money.

Third, any additional Federal funding should be funded within the current $61 trillion spending baseline over the decade. Any Federal matching funds or truly national projects can be funded this way. For example, trimming discretionary spending by just 1.5 percent this year would save $500 billion over the decade, that could be spent on infrastructure. Cutting spending on the rich could save $1 trillion over the decade. If infrastructure is truly a national priority, the responsible offsets are already there within the budget.

Finally, while infrastructure can certainly use some upgrades, lack of funding is not the main problem. Rather, America's infrastructure is among the most expensive, bureaucratic, and slowly built in the world. Consider that CBO reports that Federal investments deliver average returns of just 5 percent, versus 10 percent for private sector investments. The per-mile cost of the interstate highway construction quadrupled from 1960 through 1990, and has quadrupled again since.

The Davis–Bacon Act raises wage costs by as much as 22 percent. Mandatory project labor agreements add costs too. Our subway systems cost as much as quadruple the world average to build.

Many delays are driven by the necessary but slow Environmental Impact Statements and Historical Artifact Reviews. Consider that environmental reviews commonly exceed 1,000 pages and average 7 years to complete, some taking more than 17 years, and no ground can be broken until the project has survived the legal gauntlet, including appeals by any litigant. By comparison, these statements take 1 to 2 years in Canada, and 3.5 years in the EU.

Let me wrap up by predicting that we may hear much today about how investments will grow the economy and bring in enough revenue to nearly pay for themselves. Yet the University of Pennsylvania's Penn-Wharton Budget Model reports that investments in the American Jobs Plan will, over the long run, create no net jobs, reduce wages by 0.3 percent, reduce the capital stock by 1.5 percent, and reduce the GDP by 0.3 percent. That is just the spending side. The taxes would make the drag even larger, and Penn-Wharton cannot be dismissed as a right-wing group.

Therefore, I recommend that Congress encourage State and local governments to use their $500 billion in recent aid, offset any Federal supplemental funding, and reform our infrastructure policies to make them more effective and efficient.

Thank you.

Chairman BROWN. Thank you, Mr. Riedl. We will begin the questions. Let's start with Mayor Horrigan. Some have suggested, given the Federal funding Akron has received from the American Rescue Plan Act that you are flush with cash. That is the rhetoric. But, Mayor, what is the reality? Is there anything extra or, "left over," that can be used for the housing and public transit investments that you have called for in your community?

Mr. HORRIGAN. You know, I have heard those concerns about the influx of cash. We are also dealing with a State legislature that wants to even the score, kind of, and cut our funding. You know, we have to run a balanced budget every year, so we do not get a chance to borrow to be able to make sure that we can do that.

You know, the other part of that is that, you know, it kind of remind of an analogy too. When a lead-off hitter comes up at the beginning of a baseball game and they hit a home run, the crowd cheers and his teammates are congratulating him. But the manager is not so sure yet, because he knows that there are 8⅔ innings left yet before they have to get through the rest of the game.

It is a good start. I mean, that transportation infrastructure, the Rescue Plan dollars have been a good start to be able to address a lot of those needs. And I understand the amounts are staggering in that way, but there is a significant amount of investment that we have made, and quite frankly, we need partners on these things too. And I agree that, you know, some of those things that take a long time for environmental review also look at, you know, some of the mandates from the EPA. I mean, we are still working through our consent decree, was a billion-dollar mandate from the EPA that received no funding.

At the end of the day, we have to go out and fix these things. You know, we can't wait necessarily for someone to come along.

But it really sure would be nice to have a partner in a lot of these efforts too.

Chairman BROWN. Mayor Horrigan, your city, many parts of your city, in North Akron and Goodyear Heights and Firestone Park and Kenmore look a lot like the neighborhood, parts of the neighborhood that I live in, in Cleveland. The homes may look affordable but too often banks will not make the small mortgage loans that families need to buy or fix them up.

What would it mean for a young family and for the growth of the community in Akron if there were funds available to do repairs on these homes, existing homes, that could sell for $50,000 or $60,000 or $80,000 or $90,000 here?

Mr. HORRIGAN. You know, 6 years ago I kind of started this with a question to the community, and to me I think it is a customer service question. And I asked them, "Tell me what you want," and they said, "We want to be able to stay in our neighborhoods. We want to be able to have a decent job. How are we able to fix up homes?" And even if we took the Rescue Plan dollars now, we could probably fix up, depending on whether it is a $20,000—not an addition but an improvement to a home.

We are also an age-friendly city, so if it is a young family who wants to move in, we want to be able to give them, you know, a house that is livable. You know, we have an aging housing stock that most of it was built before 1970. In fact, we did more construction, you know, during the '20s and '30s than we did in the last 20 years. Fortunately, we have seen a significant amount of construction in new housing. We have an over-supply of bad housing, so if we can repair those houses and help those young families, they are able to stay in Akron.

And we are trying to grow our population, and there are each different markets to say what do different neighborhoods want? Some want to stay and improve their homes. Maybe somebody wants to downsize. Those are all the different markets that we are trying to be in, and we are actually seeing a fairly robust real estate market, where time on market has been cut in half and the average price of a home has almost doubled in the last 6 years, because we have not been able to keep up with that supply.

Chairman BROWN. Well, we know in a city like yours, or a city like Lancaster or York, Pennsylvania, that the housing that is that old often has challenges with lead-based paint and all of that too.

Mayor Woods, what would it mean for a city like Tempe if you could count on Federal funding being available, count on it available for new transit projects as soon as you could use it, instead of waiting for years? Would that affect how quickly you could get workers on the job?

Mr. WOODS. Oh, absolutely. I mean, there is a huge connection, Senator, between, you know, like housing and transit equate to job growth, I mean, just as a connection. We have a 28-mile-long light rail line that spans from Mesa to Tempe to Phoenix, that opened in 2008. And since then over 35,000 jobs have been created within a half-mile of those rail services. And if you add onto that, there has been over $11 billion in public and private investment in that corridor, and 5.5 million square feet of new education facilities.

So the connections between sort of transit investment and quality of life and job growth are very clear, from our perspective. So the reality is increased Federal funding and more support for infrastructure would be huge to the city of Tempe and huge for our entire region.

Chairman BROWN. Thank you. Mayor Andrus, you and Mayor Woods both lead cities that are fast growing, attracting new residents, especially from the West Coast. That is creating a housing challenge, as you mentioned. Would additional Federal investments in affordable housing help you meet these challenges?

You are on mute, Mayor.

Ms. ANDRUS. Oh, pardon me.

Chairman BROWN. Go ahead.

Ms. ANDRUS. Sorry. Yes, absolutely. Additional dollars would help us, whether that is additional dollars through new programming or additional dollars to look at how we can access programs that already exist and allow more flexibility in some of those programs that already exist would be very helpful to my community.

Chairman BROWN. Thank you, Mayor.

Senator Toomey is recognized.

Senator TOOMEY. Thank you, Mr. Chairman. Commissioner Parsons, first of all, thanks very much for joining us. I think you mentioned that Lancaster County will receive about $106 million as a result of the bill passed in March by our Democratic colleagues, and that $106 million is on top of roughly $95 million Lancaster County got from the CARES Act. So that is $201 million in just a little over a year.

Approximately, if you happen to know, off the top of your head, about what percentage of the total Lancaster County budget is that?

Mr. PARSONS. Thank you, Senator Toomey. Our total budget with State money is about $334 million. Our general fund budget, which is mostly county money, is about $215 million. So you are talking about basically the whole value of our general fund budget. Our yearly total budget, it is, you know, about two-thirds.

Senator TOOMEY. About two-thirds. Now Lancaster County, as I understand it, was a county in which revenue was a little bit below last year. Do you know about how much lost revenue you had that could be reasonably attributed to COVID and the lockdown?

Mr. PARSONS. We are estimating right now somewhere around $9 million for 2020.

Senator TOOMEY. Around $9 million. So the Federal Government, between the CARES Act and this most recent bill, sent, what, 25 times the lost revenue, approximately.

So let me ask you about another question. You know, if it were the case that States and municipalities simply could not borrow funds when needed, then I understand how people would suggest, well, that is something the Federal Government can do so we ought to do this.

But my understanding is across the credit rating spectrum, large and small municipalities are like borrowing costs for States and municipalities are actually significantly below their pre-COVID levels, and municipal debt issuance has been very strong. So far in 2021, State and local governments have issued nearly $190 billion in bonds than the same period in 2019, and an ordinary year, pre-COVID, was only $152 billion. So the combination of low interest rates and high volume certainly does not suggest that municipalities cannot borrow.

Now I understand Lancaster County, awash with cash from the Federal Government, so you do not need to issue debt, but if you did, do you think the county would have a difficult time issuing bonds or otherwise borrowing funds that were needed?

Mr. PARSONS. I talk to a lot of my colleagues around the State and I am not aware of any difficulties in borrowing for capital projects. In Lancaster County, we are trying to pay down our debt. We have paid down around $100 million of debt, and we would like to continue that. But we do, from time to time, still need to borrow new money or sometimes refinance debt. We did that, I think, twice in the last year, once in March, right around the beginning of the pandemic, and then once in August, and we did not have any difficultly borrowing, and I am not aware of any significant difficulty.

Senator TOOMEY. Thank you. Mr. Riedl, you made a point that U.S. infrastructure tends to be more costly than our international peers, which is kind of maddening for taxpayers to think that they have to pay more than the going rate, so to speak.

An example that is pretty amazing, New York's East Side Access Project, which will connect the Long Island Railroad with New York's Grand Central Station, is estimated to cost $3.5 billion per mile, which is more than 7 times the international average for this type of project, 7 times. Can you help us understand why American infrastructure is so expensive and inefficient?

Mr. RIEDL. Thank you, Senator. There are multiple reasons. If you are looking at the New York system, that is actually not atypical. Four times the global average is the subway cost in New York City. A lot of it, the reason that American infrastructure is expensive, as I mentioned, the environmental reviews can take 7, sometimes 17 years to finish. And then you have to build defensively, because basically anybody can challenge the environmental reviews and the historical artifacts reviews. There are so many lawsuits that can delay you for years. So you end up with defensive construction that is more meant to avoid lawsuits than to necessarily build efficiency.

You also have things like the Davis–Bacon Act, which I know a lot of Senators [audio disruption]. You also simply have contracting problems, where often Governments can contract with the lowest bid, even with contractors who have a reputation for going way over the cost. There are a lot of places to reform infrastructure.

Senator TOOMEY. OK. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Toomey. Senator Van Hollen I am not sure is here. He is not.

Chair Smith from Minnesota is recognized.

Senator SMITH. Chair Brown, does my identification still say Chair Smith?

Chairman BROWN. No, it does not, but I thought I would say it anyway, because of the excellent Subcommittee you chaired last week. So I will not make it a habit, but thank you.

Senator SMITH. Thank you so much, Chair Brown, and also Ranking Member Toomey, and I want to thank very much all of our guests today. It is great to hear from you.

I think that we have such a huge opportunity in this moment to make significant strides forward on infrastructure. And I approach this conversation as being a former chief of staff for the mayor Minneapolis, and understanding what mayors go through as they are trying to address real needs in a community. And I would like to focus in on two of those if I can today.

The first is affordable housing, and if we have a moment I would like to also talk a little bit about clean energy infrastructure. These are two things that I think are essential to include in the American Jobs Plan infrastructure package that the Senate is working on.

So I suspect that as mayors you all are experiencing first-hand the crisis of housing in our country, a complete mismatch between supply and demand for housing, especially affordable housing, and especially for renters. I am interested in hearing what it is like in your cities. There is a shortage of housing stock, and this, I think, is something that we can really address, both rental housing as well as home ownership.

Now what I hear in Minnesota is that the cost of new construction is a significant barrier to building, especially in rural areas but also in small towns and big cities, and that we are seeing sort of all sorts of challenges with supply chain as we build out of COVID, literally, particularly lumber, for example. By some estimates, the recent lumber shortage has raised the price of building a new home by almost $40,000. And then also there are issues—you know, there are just so many issues.

So let me ask the mayors that are with us today, what barriers do you see to building new housing in your community, and how can Congress help you, as local leaders, address these challenges? And maybe I will start with you, Mayor Woods.

Mr. WOODS. Well, thank you, Chair Smith. I really respect it. If Senator Brown called you Chair Smith, I am going to call you Chair Smith as well.

I just wanted to say, so on our end we, actually, in the city of Tempe, recognize, from a study that was conducted even before I became mayor, that we need 11,000 additional units of housing by the year 2040, just to keep pace with current demand.

Some of the challenges, quite honestly, are not just simply the cost of lumber and steel and everything else. It is the fact that our State legislature has implemented policies such as we are the only State in the entire country without tax increment financing as a tool. Inclusionary zoning, rent control, those are all practices that have been banned by our State legislature.

But the reality is from being a mayor on the ground, and you know this from being a former chief of staff to a mayor, that, you know, we still have an obligation to provide housing and solutions to our cities. I cannot just, as a mayor, blame the State legislature and wash my hands of it. We have to figure out other ways to get things done.

So we currently invested $1.2 million of city-owned funds from our Hometown For All program, which we developed in a proprietary fashion here, to clean up five different lots of land along our light rail corridor for development. The purpose of that is to make sure that when we are giving land to developers they are actually getting clean dirt without the remediation costs, which allows for them to truly deliver affordable and workforce housing solutions. And we think what we are currently doing, just as a city, we will get, in the next couple of years, 325 units of new, affordable rental housing, and 50 more affordable home ownership units as well.

But that, as we said, from the 11,000 units I first talked about, that only scratches the surface. So we need additional support from the Federal Government to make sure that everyone can continue to live and work within our city, regardless of income and regardless of occupation.

Senator SMITH. Thank you. Thank you. Mayor Andrus, I am sure you experience what mayors in my State experience, which is that a lack of access to housing becomes a limiting factor on economic growth, because companies cannot find people to work if there are not places for them to live, and Bozeman is a fast-growing community.

How can the Federal Government help communities like Bozeman on housing?

Ms. ANDRUS. Well, thank you for the question. I agree that, you know, we are one of the fastest-growing cities in the entire country, and we are doing everything we can, reducing impact fees and reducing minimum lot sizes and parking requirements.

But I think where the Government can help is to look at the existing programs and allow more flexibility and access in those particular areas, particularly when you think about the size of Bozeman, almost 50,000, we fall in the cracks there. We are not big enough to be a city. We are too big to be considered rural. So I think looking at those existing programs and really thinking about flexibility there.

And I would also just add that preemption is becoming a huge issue in Bozeman, and in Montana as well, with the legislature taking away tools, as I mentioned in my testimony, like inclusionary zoning.

We also have real short houses that do come on the market. They are on for less than a month, so our turnover is quite rapid.

Senator SMITH. Right. Thank you very much, Chair Brown. I will hold my clean energy questions for later, if we have time.

Chairman BROWN. Thank you, Senator Smith. Senator Scott from South Carolina is recognized for 5 minutes.

Senator SCOTT. Thank you, Mr. Chairman, for holding this hearing. It is really important, certainly. And thank you to the Ranking Member Toomey for participating in this process as well. It is so important for us to uncover some of the ways that we can accelerate some of the projects that are so important to our local communities.

As many of you may recognize, I spent 13 years on the county level, four times as the chairman of Charleston County government, and I will say that the length of time that it takes to go through the environmental process to see road projects begin is incredibly important. I remember one southeastern rail project that was submitted in 1992, and was not approved until 2017.

We have projects in our State, projects that are really important to the citizens of the low country, and especially coastal South Carolina, projects like I–73, that is a really important project for my State, and frankly, would create about 29,000 jobs, in addition to providing a hurricane evacuation route for those folks living in Horry County. This is a product of a 30-year planning process, with environmental permit requests submitted back in 2011, and finally completed just a few years ago.

The previous Administration sought to address the longstanding issue of environmental requirements delaying progress by codifying interagency requirements that would hopefully bring it down to about a 2-year process, as opposed to 5 years or 7 years, or as in the rail project that I just named, 25 years.

I was incredibly disappointed to see that the Executive order was revoked by the Biden administration, signaling a return to a lengthy, overly detailed permitting and environmental review process for new infrastructure projects.

Let me ask you, Mr. Parsons and Mr. Riedl, how can Congress work to responsibly address the strenuous environmental regulation times so that States and municipal governments can reap the benefits of these much-needed projects in a timely fashion?

Mr. PARSONS. Well, thank you, Senator, for the question. I agree with your comments. I was at the White House when President Trump had a discussion with many of our colleagues across the country at the county level about rolling back many of those burdensome environmental regulations. So it is really, as you mentioned, to add years and years to the process.

The other piece, I think, for our county, is there is a huge amount of money that has already been allocated. So if we can repurpose some of that money and allow it to be used for actual infrastructure, like the most recent American Rescue Plan funds, a lot of that we are not even going to be able to use it on infrastructure unless Treasury changes some of the guidance on that. So I think that is the two pieces I would add to that.

Senator SCOTT. Thank you.

Mr. RIEDL. If I could jump in on that too. One key difference between the U.S. versus Canada and the EU is when they have disputes with the environmental review process, with local stakeholders, they are solved at the agency level very quickly. In the United States, they are solved through lawsuits that can take years.

So a very simple fix, which is to adjudicate at the agency level instead of through lawsuits, could significantly cut down the amount of time, while still making sure that stakeholders have a voice.

Senator SCOTT. Thank you, Mr. Riedl. I will say that before I left as chairman of County Council in Charleston County I approved projects, new road projects, to take the truck traffic through minority neighborhoods out of those neighborhoods, through an access road. That road was literally just finished—I think I approved that in 2007, I think it was—this year, 14 years later, and much of the delay, literally the environmental studies that need to be done. No one is suggesting that they do not need to be done, but when there are challenges or issues, we need to find a way to accelerate that process so that we will not see road projects double in price before we actually get it done. The voters say yes to something on the local level, but that they do not see for 14 years. That is just ridiculous, and I really appreciate both of your comments.

And, Mr. Chairman, I will yield back the balance of my time.

Chairman BROWN. Thank you, Senator Scott. Senator Van Hollen from Maryland is recognized for 5 minutes.

Senator VAN HOLLEN. Thank you, Mr. Chairman, and to all the witnesses, thank you for being here.

Mayor Woods, I have a question for you about the HOME program, which, in most States, local jurisdictions, cities, is the primary Federal tool available to local governments to produce more affordable rental and owner-occupied housing. It is a flexible program.

So my question to you is, President Biden has proposed additional $35 billion for this program as part of his American Jobs Plan, his Build Back Better initiative. Could you talk about how you might use some of these funds to build and produce more affordable housing?

Mr. WOODS. Absolutely. Thank you, Senator Van Hollen. I appreciate the question. We actually use HOME funds in the city of Tempe to purchase units outright. Our Housing Department is very active. We are a completely landlocked, 42-square-mile community, and so all of the development, frankly, is infill. It is redeveloping things that were already developed. So we actually go out there and actively purchase land ourselves, and purchase units with those HOME funds.

And what we really feel that this allows us to do is to create permanent affordability, not a situation where we have to do a deal, kind of in a one-off with the developer, and they have the rates as sort of workforce for a couple of years, then at some point the apartment complex gets flipped, and then the rates simply become market rate or luxury rates. We really do use those funds to ensure that the city can really be in the driver seat, with our hands on the steering wheel at 10 and 2, purchasing units outright, expanding the affordable and workforce housing in our community, and most importantly, making those units permanently affordable.

Senator VAN HOLLEN. Thank you. Thank you, Mayor. Mayor Horrigan, in addition to programs like the HOME program that can help expand production of affordable housing, I think most folks who have looked at this agree that we also need to expand the HUD affordable housing voucher programs, choice vouchers. In fact, Senator Todd Young from Indiana and I have introduced bipartisan legislation to expand the use of vouchers for families with young kids. We proposed 500,000 additional vouchers over 5 years.

Could you comment on that? Is it your experience that there is a shortage of affordable housing vouchers in your city?

Mr. HORRIGAN. Thank you, Senator Van Hollen. In fact, we work very closing with our Public Housing Authority. In fact, there is a significant shortage. There is probably a 19,000-person waiting list at this particular point. In fact, 2 weeks ago, we passed legislation locally that prevents landlords from refusing a voucher during the pandemic. So we need to be able to keep people in their homes.

One of the first things I did, and this was back 5 years ago, we took a really good look at our housing market, and quite frankly, we had issued about 15 building permits in 2014. Last year, there were about 1,000 building permits issued, that are in construction or are finished. And one of the things that we tried to do, and I think it highlights what Mayor Woods just said, you know, with the strong demand, we did not have any demand. The housing market was coded and it was flatlined. So we needed to incentivize the market, so we abated property taxes for 15 years. That part has worked.

So we are seeing a lot of new housing being constructed, but what are we doing with the aging housing stock? And I do not care if it is my mom who needs to stay in her home and she needs a ramp, and I do not care if it is a young family that maybe needs a new furnace. That is the kind of flexibility and I think partnership that we can all kind of agree on, to say let's keep a person in their home. Let's let them use a voucher to be able to stay there.

Because it kind of that critical piece. If you want to be able to get to your job, you have got to have a way to get there, and you have got to have somewhere to come back to. And I think that has been our focus—how do we use all of those different capital stacks and partnerships to keep people in their homes, and I think growing our city once again.

Senator VAN HOLLEN. I appreciate that, Mayor Horrigan. And, you know, my view is that one of the shortcomings of the proposed American Jobs Plan is that it does not create a major additional source of funds for the affordable housing voucher programs. The President's budget does a very good job, but we will be working with the Chairman and Ranking Member and others on this other piece. Thank you all very much.

Mr. HORRIGAN. Thank you.

Chairman BROWN. Thank you, Senator Van Hollen. Senator Daines from Montana, is recognized for 5 minutes.

Senator DAINES. Chairman, thank you, as well as Ranking Member Toomey, and thank you for holding this hearing today, and I am especially proud to see my very own mayor of my hometown, Mayor Andrus, here. I went from kindergarten through college in Bozeman, and it is good to have our mayor in front of the hearing.

I do not have to tell anyone here on the call, in this virtual hearing, that Montana has been discovered. Just this weekend, in fact, the New York Post wrote an article about the out-of-control housing market in Montana, and the desire for more and more people to move into our great State. We understand why that is the case, but it creates additional burden for our infrastructure. And that is nothing new for Bozeman. We have seen this rapid growth now, over the last decade, and frankly, during my lifetime, watching what is happening in Bozeman, it has just accelerated to a level now that we have never seen before.

As you are probably all aware, a recommendation to increase the threshold of a metropolitan statistical area, called MSAs, from 50,000 to 100,000 residents, was made to the Office of Management and Budget earlier this spring. I penned my own letter to OMB. I know we are working together here with Senator Tester, express-ing opposition to this proposal, and joining a number of my colleagues in this effort as well.

Bozeman is one, and has been one of the fastest-growing micropolitan in the country, and we just recently crossed that 50,000 threshold, so now we are called a metropolitan.

Mayor Andrus, could you talk for a moment about the impact this change would have on the affected Montana communities, and what it would mean in the future?

Ms. ANDRUS. Thank you, Senator. It is nice to see you, and I appreciate the question. Yeah, I think that Bozeman has been preparing to become a city of 50,000 for some time now, and changing the goal posts, so to speak, in the middle of the game would be a real game-changer.

Money that we get from the Federal Government, particularly around transit, have a significant impact in my community, and without that availability, all those options, we are not able to access any of those options for housing—excuse me, transportation.

So I believe that if that number were to change it would have a severe impact on our opportunities to access funding as we grow into a larger community.

Senator DAINES. Thanks, Mayor, and I agree with you. I think it is changing the rules kind of in the middle of that game that is most concerning, as you all work your long-term plans for growth in the future, and I appreciate that answer.

As many warn, as we know now, the unnecessary stimulus package in March has led to inflation across the board, regardless. Some of my colleague are pushing for more deficit spending under the impression that the infrastructure somehow will pay for itself.

Mr. Riedl, do you think more deficit spending on infrastructure, like what has been requested by the President's plan, is essentially costless?

Mr. RIEDL. Thank you for the question. The data shows that it certainly not costless. For Federal spending or tax cuts to pay for themselves, you actually need to have a 500 percent return on investment, because you then tax that 500 percent, you back the 100 percent.

Instead of a 500 percent, the CBO reports that Federal investments have a 5 percent return on investment, not 500 percent. That means that in terms of paying for themselves, you would need 100 years to pay for one-fifth of the program in net present value. That does not mean that these programs are unworthy or that we should not do them, but they are not going to pay for themselves.

I will add that that is just for typical investments. In terms of the American Jobs Plan, the University of Pennsylvania Penn-Wharton Budget Model concluded that the American Jobs Plan spending provisions will create no net jobs, will reduce wages by 0.3 percent over the long term, reduce the capital stock by 1.5 percent, and reduce the long-term GDP by 0.3 percent over the long term. And again, Penn-Wharton is not a conservative group.

So not only is investments, well, sometimes worthy, do not pay for themselves, but specific investments in the American Jobs Plan have actually been projected by Penn to reduce economic growth.

Senator DAINES. Thank you, Mr. Riedl. Chairman Brown, I am going to return some time back to you. I know it is highly unusual in a Senate hearing, but thank you for the time, and Mayor Andrus, it is really good to have you here. Your background there makes me homesick.

Chairman BROWN. Thank you, Senator Daines.

The senior Senator from Montana is recognized for 5 minutes.

Senator TESTER. Thank you, Chairman Brown, and I appreciate Senator Daines giving me an extra 30 seconds, because Montana is Montana, right? Now, Cindy, it is good to have you here. I very much appreciate your commitment to the cause on housing.

From a Bozeman perspective, could you just tell me, number one—and if you have already done this, I apologize—can you tell me what kind of shortage you have in Bozeman? Is there a number of units that you are short on, if you could tell me that? And then tell me what we could do, at the Federal level, to address the affordability challenge.

Now look, I have read some of the testimony and I have heard what some folks have said here, and I may get to a point where we ask that question, is affordable housing even available. It is not in Montana. I do not think Montana is an outlier. I think it is this way all over the country. But could you tell me what you are short in Bozeman, and then what Federal program do you look at and say, "You know what? That one is really doing some good things for housing."

Ms. ANDRUS. Thank you, Senator Tester. We, over the last year, have done a study to look at our housing inventory, and we need approximately 6,000 homes to be constructed by 2025. And at the pace we are going, that is a lot of housing to provide.

What I believe can help, and I think where I have seen some great impacts, are some of those programs that we have right now. But what needs to happen is that there needs to be more flexibility and accessibility in those programs, like CDBG and HOME.

As you know, Bozeman is 50,000, and we fall, or have fallen between the cracks. So, as I mentioned, we are not a large city, we are not considered rural, and so access to those dollars are difficult for us.

So as I mentioned before, we have issues around not only housing, but when you do not have housing you have the economics. People are having a hard time finding employees to work. We have young people that are not able to stay in Bozeman. We have seniors on fixed incomes who are having difficulty here as well.

And as you may have seen in our paper, in the Bozeman Chronicle last February, I am sure all of you may have seen this, but there was a young gentleman, standing out on the street corner with a sign that said, "Local business owner, wife pregnant, paid rent for 10 years. Please sell me a home." And so that is the kind of problem that we have here. He was lucky enough to find a place, but it is a problem.

Senator TESTER. So can you tell me—and I do not know if you have had anybody do any projections, or just tell me from regular old mayor's perspective, is this having a serious negative impact on economic development to Bozeman?

Ms. ANDRUS. Well, absolutely, because when you have companies that have jobs available, between $75,000 and $100,000, for example, and you have top-tier candidates that come in and are qualified for those jobs, but they cannot find a house, they cannot find any affordable housing, even with a job that pays that much. So that is one problem. You also have those folks that are making $15 an hour, who are even having a tougher time of finding housing. So it is definitely having an impact.

Not only that, we have more tourists than we can count. We are not able to have a local option sales tax. Even, as you know, we have been trying for years and years and years. So that continues to be a problem, as they have a huge impact on our infrastructure here.

Senator TESTER. Yeah. Just so people know, you said you need 6,000 homes by 2030 in the Bozeman region. How many homes do you have currently now? Is that 10 percent of what you have, or 5 percent, or what?

Ms. ANDRUS. In terms of——

Senator TESTER. Your total houses now. Do you know how many you have now?

Ms. ANDRUS. I am sorry, Senator Tester, I do not have that number right off the top of my head.

Senator TESTER. That is OK. And I want to thank Senator Daines and others who have gotten on the bill that I have to stop the threshold doubling that was done by the ops management, that was done, by the way, on the very last day of the Trump administration. I do not know what you did to the Trump administration to make them be so angry with you, but they really put the boots to you on this one. And I was told 3 weeks ago that OMB was going to have a decision on this in a month. Well, guess what? They have got 1 week. And hopefully they are listening, and we are looking for them to take it back to the 50,000 population threshold.

With that, Mr. Chairman, I will forego the 30 seconds that Senator Daines gave me. We can give those to Warnock. Talk to you later. Thank you.

Chairman BROWN. Thank you, Senator Tester. Senator Ossoff is recognized for 5 minutes, from Georgia.

Senator OSSOFF. Thank you, Mr. Chairman, and thank you to our panel.

Mayor Horrigan, like you have done in Akron, many cities across Georgia are looking to make major investments in infrastructure, including Columbus, Georgia, the Chattahoochee River Valley region in Muscogee County. And these investments in transit and transportation networks can better connect communities and businesses, make it easier for folks to get to work, attract more jobs and investments.

So as we build infrastructure legislation here in the Senate, Mayor Horrigan, do you agree that regions of Georgia, like the Chattahoochee River Valley, Columbus, Georgia, can benefit, as have the community you represent, with major investments in transit and transportation infrastructure?

Mr. HORRIGAN. Thank you, Senator. Absolutely. Actually, Akron sits between Cleveland and Canton, and I appreciate Senator Daines' and Mayor Andrus' efforts to not be on that MSA. They tried to lump us in with Cleveland's MSA. They are a distinct region, and, quite frankly, the market will figure out, you know, when people need to get back and forth someplace. We happen to be blessed with two Federal highways that connect both of those cities. But getting people back there and getting them, you know, on public transportation, back and forth to where the jobs are so they can get back home, is absolutely critical, you know, for them to be able to get to that job and make sure that they can get back home too.

So those investments, they do pay off, because people are able to get around better and they have a stable option to be able to get to work and get back home.

Senator OSSOFF. Thank you so much, Mayor. I appreciate that.

Mayor Andrus, like in Bozeman, a lot of the economic development and job growth we are seeing in Georgia is taking place in smaller communities outside of the State capital. Evans, Georgia, is the perfect illustration of such a town. Evans is located just outside of Augusta, where we have Fort Gordon, which hosts the U.S. Army Cyber Center for Excellence. And from 2015 to 2020, Evans saw a 17 percent increase in its employed population.

Growing cities and towns need to invest in infrastructure to build more roads, connect people with accessible transit, attract more jobs. How could a city like Evans, Georgia, benefit from historic investments in infrastructure, based upon your experience leading Bozeman, please?

Ms. ANDRUS. Well, thank you. I really appreciate the question. Are you asking specifically about housing or transit? Maybe you could clarify that for me.

Senator OSSOFF. Your experience with investments in the infrastructure that is right for your community.

Ms. ANDRUS. Oh, thank you. Well, I think that we have a capital improvement plan that we look at for 5 years out, and we look at where we need to make those investments and what kinds of things are really going to help us open development and open up areas for new building in Montana.

And I believe that some of those investments, some of the programs that I mentioned that Federal Government offers through the CDBG and the HOME program, if you look at making them a little more flexible. We are not an entitlement community, I am sure perhaps the community that you are mentioning is not either, so we have to compete for funding from some of our smaller communities in Montana. And if we were able to have a little more flexibility in that program, a little more funding in that program, I think it would help a lot to aid in the infrastructure decisions that we are making.

Senator OSSOFF. Thank you so much, Mayor Andrus. In my remaining time, please, Mayor Woods, Tempe is making big strides in clean energy, and congratulations to you for the investments that you are making in renewable energy infrastructure, which creates jobs and helps us sustain our natural habitat.

In southwest Georgia, including areas of the State like Albany, Valdosta, Bainbridge, and Thomasville, we are also uniquely positioned to take advantage of opportunities in solar energy production, given our location and infrastructure that already exists there.

Can you please reflect, Mayor Woods, based on your experience, on how southwest Georgia, given the assets that we have, might benefit economically from increased investment in clean energy, as you have made such investments in and around Tempe?

Mr. WOODS. Absolutely, Senator Ossoff. Thank you for the question. So energy use accounts for about 70 percent of our municipal carbon emissions, and about 50 percent of our community investments. We have actually six municipal buildings here in the city of Tempe with solar on them right now, to minimize municipal carbon emissions.

And so one of our big priorities is working on these sort of resiliency hubs with our local electric companies—Arizona Public Service, Salt River Project. These hubs really do demonstrate how solar and battery storage can be used in the case of extreme heat and temperatures. And right now, today is an 118-degree day, right here in Arizona. So the fact that we are studying the use of these resiliency hubs is huge, and really will help to protect us when there are issues when it comes to extreme heat.

So funding that really helps to continue to prioritize this kind of work, when it comes to the solar [audio disruption] environmental sustainability and reducing emissions is huge for the city of Tempe and for the entire region.

Senator OSSOFF. Thank you, Mayor Woods. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Ossoff. I believe no one else is in the queue for questions?

Senator Toomey, I do not know if you have anything else. I think that you are not in the queue.

So thank you. Thanks to all of you, all five of you, for being here today. We have heard from mayors across the country that they and their citizens are doing all they can to serve their communities, to create places where families and communities and businesses can flourish.

We have heard from these local officials that they are doing all they can but that they need help from the Federal Government to build the infrastructure of the 21st century, and decidedly that includes housing and transit in that infrastructure. It does not matter if you are in the industrial Midwest or surrounded by the Rocky Mountains or a booming community in the Southwest, Federal help has played in the past and needs to play an essential role in supporting communities in the private sector in allowing our workers and businesses to compete around the world.

My friend, Jon Tester, I think summed it up when he said we can either get serious about this or we can turn the keys over to China.

Thanks to our witnesses. For Senators who wish to submit questions for the record, these questions are due by the close of business Tuesday, June 22. For our witnesses, please submit your responses to those questions for the record 45 days from today.

Thank you all for being here. The meeting is adjourned.

[Whereupon, at 11:26 a.m., the hearing was adjourned.]

[Prepared statements and responses to written questions supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN SHERROD BROWN

Today we're joined by local leaders who represent a cross section of the country.

Whether it's an old industrial city or a college town, whether it's Indian Country or Appalachia, local leaders understand how proud people are of their hometowns.

They want their town to be successful, they want their communities to grow and attract jobs. They don't want families to be told to pick up and leave to find better opportunities. They don't want to lose workers forced out by rising housing costs.

And Mayors also know the many opportunities we can unleash, if we make a once-in-a-generation investment to rebuild our country's infrastructure.

They know what their communities need: They know the transit project that would revitalize a neglected neighborhood and bring new residents and customers to Main Street.

They know where there are shovel-ready projects that would build new houses workers can actually afford.

They know where lead pipes and lead paint are still poisoning kids today, in America in the year 2021—and they know the Building Trades workers that are ready to get to work replacing those water lines and retrofitting those homes.

And mayors understand how all of these pieces fit together. Jobs and infrastructure are inseparable—you can't create the former without the latter.

We know when a business decides where to build a new plant or office, they look at the infrastructure—they want to know if there is broadband, if there are homes their workers can afford, if there is a bus or a train that runs nearby.

When a young family is deciding whether to relocate for a new job, they think about how they'll get to work, how long will the commute be, whether their whole paycheck will get eaten up by rent or the mortgage.

These issues all intersect—and while they may look different in Bozeman and Akron and Tempe, we know they are national problems. Mayors and city councils and county commissions can do a lot of good—but they can't do it all on their own.

When we electrified the country—from the plains to Appalachia to the Deep South—we didn't ask each individual mayor to come up with their own grid or build their own dam.

When we built the interstate highway system, we didn't expect every county to foot the bill for its stretch of road.

We became the world's largest economy, with the strongest middle class, because we came together to invest in great national projects that joined us all together as one country.

And we did not force workers and their families to foot the bill.

The corporations that rely on our public goods to make their vast, growing profits should contribute to the upkeep.

While stock buybacks climb and corporate profits soar, Americans' States, cities, and towns scrape by each year, making hard choices about their budgets.

They don't want to shortchange public safety, so they wait another year to replace aging buses. They don't want to cut teacher salaries and lose talent, so there's no money to turn dilapidated properties into affordable homes in their neighborhoods.

Over and over, I hear the same thing from leaders in places large and small, rural and urban: to attract good jobs, they need more resources.

They need homes their workers can afford, and ways for them to get to work.

Today, we'll hear from Mayor Daniel Horrigan, from Akron, Ohio—a proud Midwestern city that has endured decades of a tax and trade policy that encouraged its businesses to shut down production in Ohio, and move good-paying union jobs abroad, where companies can pay lower wages and exploit workers.

That outsourcing doesn't just affect individual workers and their families—as Mayor Horrigan will tell you, it erodes the tax base, making it that much harder for cities to build the infrastructure that would draw in new investment.

We'll also hear from Tempe, Arizona, Mayor Corey Woods, who is working to tackle their affordable housing shortage and showing the country how new transit innovation isn't just for big coastal cities—that investment has the potential to spur growth in Sunbelt cities, and across the country.

And we'll hear from Mayor Cyndy Andrus of Bozeman, Montana. She'll tell you that high housing prices aren't just a problem in wealthy neighborhoods in big cities—her city's housing shortage is driving up home prices and leaving families without options.

All of these mayors, and the local leaders I talk to in Ohio, will tell you they've tried to make it on their own because they have to—not because they want to, not because they don't need investment.

They want to be part of a broad national project. They want to build thriving, equitable and resilient communities.

It's time for all our communities, and the workers and the families that call them home, to share in our country's prosperity.

PREPARED STATEMENT OF SENATOR PATRICK J. TOOMEY

Thank you, Mr. Chairman. And thank you to our witnesses, especially my fellow Pennsylvanian, Josh Parsons from Lancaster County.

Our last hearing about infrastructure was almost a month ago. At that time, I noted that a group of my Republican colleagues and I had a constructive discussion with President Biden about a potential bipartisan infrastructure package. I also noted three features of an infrastructure package that should have broad, bipartisan support.

First, it should responsibly support real physical infrastructure. That is, the platforms and systems we share and use to move people, goods, and services. That means things like roads, bridges, ports, and airports.

Second, a package cannot undo the 2017 tax reforms that helped create the best economy of my lifetime. Before COVID, we were experiencing an economic boom. We had the lowest unemployment rate in 50 years, more jobs than people looking for work, a record low poverty rate, and wage growth across the board with wages growing fastest for the lowest income earners. That's the economy we should work to get back to.

Third, we should not pay for infrastructure by borrowing billions of more dollars. The good news is we have hundreds of billions of unspent COVID funds that Congress can repurpose. According to CBO, over $700 billion of the Democrats' March spending bill won't be spent until after 2021.

Unfortunately, the Biden administration would not agree to these sensible features and walked away from negotiations with us. I understand there are bipartisan discussions under way and my hope is that an agreement can be reached that's consistent with these features.

The scope and size of the Administration's infrastructure plan is particularly untenable. Take the scope of the plan. The Administration wants to redefine what infrastructure means in order to spend taxpayer dollars on their Green New Deal agenda and other liberal policies.

Let's consider some examples. The Administration proposed almost a quarter-of-a trillion dollars for housing. Setting aside the issue of whether it's the responsibility of Federal taxpayers to buy and build everyone a home, housing is not infrastructure. Housing is housing. The Administration also proposed $100 billion in consumer rebates to purchase electric vehicles, and $10 billion for a Civilian Climate Corps.

In addition, the $2.2 trillion size of the Biden administration's plan is wildly excessive. Even the plan's spending on real physical infrastructure, does not comport with economic reality, given how much money Congress has spent over the past year.

Take transit spending, for example. The Administration wants $85 billion dollars for transit. This figure fails to account for the billions of dollars the Federal Government has recently provided for transit.

In March, Democrats spent $30 billion dollars on transit. Democrats did that after Congress provided more than $40 billion dollars for transit in response to COVID in 2020. CBO estimates that of this $70 billion, $22 billion—almost one-third of COVID transit dollars—won't be spent until after 2021. And this $70 billion was on top of the $13 billion we annually spend. That's a total of $83 billion dollars that Congress spent on transit over the course of 1 year. Amazingly, that number exceeds both the annual operating and capital costs of all the transit agencies in the U.S combined.

The Biden administration seems to have lost sight of the fact that the Federal role in infrastructure spending has historically been limited. States and local governments are primarily responsible for funding infrastructure projects—for the obvious reason that infrastructure projects are generally local or regional in nature. For example, bus and rail stations built in San Francisco don't do a lot for people in Pittsburgh.

And States and local governments are currently awash with cash. In the aggregate, State and local tax collections set a new record in 2020. In addition to record revenues, over the course of 12 months, Congress sent more than $850 billion to States and local governments.

States are now looking for ways to spend this windfall. For example, California has a budget surplus of over $75 billion that it may use to send out "free" money to Californians. And my home State of Pennsylvania is sitting on a $3 billion revenue surplus, plus $7 billion in unused Federal aid.

More wasteful spending by Congress is not what our economy needs. It's already contributed to the harmful inflation Americans are experiencing now. Inflation is at 5 percent—the highest it's been in 13 years.

None of this should come as a surprise. Earlier this year President Clinton's Treasury Secretary Larry Summers was warning us of the significant inflationary risks of excess spending. And that warning was before the Democrats' March $1.9 trillion spending bill. But Democrats ignored his warning. And now Democrats want to spend hundreds of billions more.

Congress still has an opportunity to enact a sensible, bipartisan infrastructure package. But that's only possible if we support real physical infrastructure that we pay for with existing funds—without raising taxes or borrowing billions. We can meet our country's infrastructure needs without jeopardizing our economic recovery and putting future generations of Americans further into debt.

PREPARED STATEMENT OF DANIEL HORRIGAN

MAYOR, AKRON, OHIO

JUNE 15, 2021

Chairman Brown and Members of the Banking, Housing, and Urban Affairs Committee, I am honored to provide testimony to the Committee on the critical need for a comprehensive approach and understanding of housing and transportation infrastructure, and how they are the backbone for our communities. I would ask the Committee to submit my testimony in full for the record. I am privileged to serve as the Mayor of Akron, Ohio, and represent roughly 200,000 people. We are the home of Goodyear, Bridgestone-Firestone, Go-Jo Industries, the makers of Purell, the University of Akron, and so many other essential industries. Our people are the resilient but burdened workers of the Industrial Heartland. We are a legacy city, and we are in critical need of infrastructure investment.

As Mayor, I deal with the daily reality of how the Federal Government impacts local citizens and the economic impact Congress has on Americans. Over the past few decades, Akron has experienced economic downturns with major companies on the verge of leaving, a pandemic that shut down our local businesses, and critical housing issues, exacerbated by the Great Recession over a decade ago, that we are still addressing. Communities of color have been the hardest hit by these crises. And racial income and wealth disparities are vicious and persistent in Akron, as they are across this country.

Housing is a basic human need. This is something I believe we can all agree on. In fact, by creating HUD, a cabinet level position, over 50 years ago, cemented this truism to all of us. However, "housing" is more than what we see as our home. Housing is a unique and complex network of physical and financial structures—regulated and managed by Federal, State, and local institutions. Local municipalities have been faced with major problems such as foreclosures, an aging housing stock, out-of-town landlords, banks not lending, and insufficient Federal housing investments. Housing is critical infrastructure. All other infrastructure—water meters, roads, electrical lines, broadband fiber, sewers ultimately connect to houses.

Many of the most-frequently discussed housing topics covered by the national media are simply not issues in cities like Akron. Our challenge is not displacement of the poor by the wealthy, or middle-class people being priced out of the market and having to make long commutes into the city. Our challenge is property values that are often too low, to allow capital stacks for new housing construction, or home improvement loans for residents of modest means.

We need a Federal infrastructure framework that is geared toward legacy cities like Akron. We need programs that can help leverage private capital for real estate development so that we can keep existing residents in their homes, attract new residents to our city, and create markets for retail and other small businesses that can serve and employ our residents. Finally, we cannot ask our citizens to return to work without first ensuring they have a stable and healthy place to return HOME.

With regard to surface transportation and transit options for workers, like with housing, our challenges are not necessarily those that you read about in the national media. My constituents are not facing 2-hour long commutes and intolerable levels of traffic congestion. Our challenge, instead, is maintaining the legacy infrastructure that was built for a city that once had 30 percent more population than it has today, with a limited tax base that is supported by working-class residents. Our residents have put real skin in the game, demonstrating their willingness to invest in our infrastructure, by voting in favor of a recent local income tax increase for roadway improvements, but that doesn't come close to addressing all our needed transportation investments. It doesn't eliminate the need a Federal transportation program that focuses on maintaining the roads that we already have, and providing more assistance for alternatives to driving, such as public transit and bike and pedestrian improvements. It doesn't help electrify our bus fleet, or replace our crumbling transit maintenance facility, or expand Bus Rapid Transit into neighborhoods cut off from the regional economy.

During this pandemic, you—the United States Congress—have asked people to contribute to their local economy by continuing to work, keep paying their mortgage and taxes, and most did just that. Further, as we emerge from the pandemic, we want those who lost employment to come back to work. That requires stable housing and the means to get to and from that job. Finally, housing is the foundation of a healthy community. I firmly believe that investing in housing infrastructure is the absolute best way we can help our children thrive in school, decrease neighborhood blight and violence, and decrease economic disparities among our Black residents. Stronger and more stable housing is key to Akron's future, and for our country's future, and I would argue it's where ALL infrastructure begins and ends.

Thank you for the opportunity to offer these thoughts, and I look forward to the conversation today.

PREPARED STATEMENT OF CYNDY ANDRUS

MAYOR, BOZEMAN, MONTANA

JUNE 15, 2021

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 longterm, 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 percent increase in the median price for a single-family home in 1 year. Similarly, townhomes and apartments in Bozeman experienced a 22.4 percent 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 3 percent [3]

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[1] *https://www.bozemandailychronicle.com/news/city/as-housing-costs-skyrocket-bozemans-workers-andemployers-feel-the-pinch/article—5ad77d72-8578-5134-b5fe-b5ea0b1df9d8.html*

[2] *https://www.bozemandailychronicle.com/news/economy/housing-prices-in-bozeman-decline-frommarch-to-april-but-theyre-still-way-up-from/article—364d1f82-1fa9-54d2-86a2-6a649b8379c7.html#*

[3] *https://fred.stlouisfed.org/series/MTGALL1URN*

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 percent of the homes to be affordable at 70 percent 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 2 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 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. Nonentitlement 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 nonentitlement 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 pro-

[4] *https://community-housing-hub-bozeman.hub.arcgis.com/*

viding 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.

PREPARED STATEMENT OF COREY WOODS

MAYOR, TEMPE, ARIZONA

JUNE 15, 2021

Good morning Chairman Brown, Ranking Member Toomey, and Members of the Committee. Thank you for inviting me to be here today to speak with you about the housing and transportation infrastructure needs of America's cities.

I am the Mayor of Tempe, Arizona. You may not have heard as much about our city as our neighbors in the Maricopa County urban area such as Phoenix and Scottsdale, but we are a thriving and innovative city. The 2020 Census will likely say that about 200,000 residents live within our borders. However, due to many businesses that call Tempe home, including the main campus of Arizona State University, we have a daytime population that is 70 percent greater than our census population. We are a land-locked community, so we only have the option to build up as we continue to grow in size. With our focus on sustainable development, density and public transportation are central to our city's long-term planning.

The median income of Tempe residents is about $58,000, a bit lower than the national average of $62,800. But the average cost of a home is more than $270,000, nearly 25 percent higher than the national average. In Tempe, this disparity between income and housing costs results in 42 percent of renters and 24 percent of homeowners being considered cost-burdened, which HUD defines as when a household pays more than 30 percent of their annual gross income on housing expenses.

In addition to a dire need for more affordable housing for middle-income workers, we also have struggled with addressing the housing needs of individuals experiencing homelessness. From 2015 to 2020, Tempe experienced an increase of over 900 percent in our unsheltered population. Federal programs such as Community Development Block Grants, HOME Investment Partnership Programs and Emergency Solutions Grant funding have become essential components in delivering housing options to our most vulnerable populations. In 2016, Valor on Eighth, a 50-unit affordable housing development that serves veterans and their families opened to our community. This project used CDBG to acquire the land and HOME funds assisted with the construction of the facility. Low Income Housing Tax Credits (LIHTC) were utilized to finance the development while Project Based Vouchers in the facility allows for long-term affordability to be financially viable for its residents. Just last week, I was at the construction site of the Nation's first 3D printed home. The City of Tempe transferred the property, originally purchased through CDBG funds, to Habitat for Humanity for construction of a total of 16 homes. This 3D-printed home offers an innovative model for the future of home ownership with a scalable, cost-effective solution and the Federal Government has a part in this success story.

Our city has invested heavily in affordable housing initiatives. Through our Hometown for All initiative, we negotiate voluntary contributions from developers to our affordable housing fund and we dedicate an amount equal to half of all permitting fees to these efforts. Since January of this year, this program has raised nearly $4.5 million. Our City Council recently approved investing $1.2 million for the purposes of conducting environmental and archaeological assessments on city owned land for the eventual development of 325 affordable rental housing units and 50 affordable home ownership units. We are currently waiting for the developer to receive approval for Low Income Housing Tax Credits in order to get the project started.

Unfortunately, even with the city's own investments, private partnerships, and creative use of Federal programs, we do not come close to meeting the needs of our cost-burdened residents nor addressing our extraordinary increase in unsheltered individuals. Tempe has benefited greatly from a 55 percent increase in allocations of CDBG, HOME, and ESG over the last 5 years, and this upward trajectory of Fed-

[5] *https://streamlinebus.com/about/achievements/*

eral support is critical for us to continue our collaboration with our private and nonprofit partners. We simply cannot begin to meet the housing needs of our residents without increased Federal support.

Public transportation is the other key to our sustainable growth strategy. Many of Tempe's future affordable housing projects will be strategically located along the existing, metro-area Light Rail system. This regional train creates a travel corridor between central Phoenix and Mesa, the third largest city in the State, with downtown Tempe and the ASU campus at the center of the regional light rail system.

We have been fortunate to have broad support from our business community for a proposed expansion of this system, known as the Tempe Streetcar program. Businesses located along the Streetcar corridor have instituted voluntary self-assessments to contribute to the project's funding needs. Recently, the Federal Government, through the Federal Transit Administration, approved additional funding for the Streetcar project and we are grateful for that investment. Mesa, our neighboring municipality, and home to the Chicago Cubs spring training facility, has partnered with us to explore the feasibility in expanding the Streetcar from downtown Tempe into the City of Mesa. This expansion would span the public transportation corridor through downtown Tempe, ASU's upcoming 355-acre innovation corridor, and a 1.3 million square foot open air shopping development to the Cubs' Stadium, all the while linking industrial zones and creating opportunity for future affordable housing development.

Just Friday, our City Council held a joint meeting with the Boards of the Tempe Chamber of Commerce, Tempe Tourism Office, and other local business leaders. We work very closely with our private sector partners to plan Tempe's future through thoughtful development that includes affordable housing and public transportation to ensure financial stability and access to economic opportunity for Tempe residents. We invest a significant amount of Tempe tax dollars into these efforts and are committed to expanding these community resources. We are hopeful for an increased investment from the Federal Government so they can become an even bigger partner in the process of planning for Tempe's future.

I would be remiss if I didn't note that the city itself is managing through challenging financial times.

The city's hotel transaction privilege tax revenues are down over 50 percent January 2021 as compared to January 2020, reflecting the steep decline in travel and tourism to our region. Similarly, tax revenue derived from restaurants/bars and amusements is down over 20 and 60 percent, respectively, over the same time period.

The loss of special events, ASU attendance, workers coming into the high-rises downtown, conferences, and spring training has meant that the city has fewer resources to provide services while our residents and businesses are experiencing more needs.

To that end, we have been proactive in enacting cost cutting measures for the city, and Federal aid has played an important part in helping to maintain services while offering relief programs for our residents and businesses. Increased investments in infrastructure would provide the city with an important tool to address the negative economic impacts of COVID–19 and continue to develop our community with a sustainable and smart approach.

We need continued and increased Federal dollars to supplement our local investments in affordable housing, public transit, infrastructure, and programs to provide relief to the homeless, those at risk of eviction, and other at-risk groups as our economy recovers and local revenues get back on track.

I am so grateful for the time you have allowed me to speak to you about Tempe's perspective. I feel fortunate to do what I do every day. I look forward to answering any questions you might have.

Additional Resources

Tempe data source: *https://www.census.gov/quickfacts/tempecityarizona*

National data source: *https://www.census.gov/quickfacts/fact/table/US/PST045219*

Tempe Affordable Housing Strategy: *https://www.tempe.gov/home/showpublisheddocument/75941/637008820631300000*

City of Tempe Hometown for All: *https://www.tempe.gov/home/showpublisheddocument/86729/637424358222370000*

Maricopa Association of Governments, Point In Time Count: *https://www.azmag.gov/Programs/Homelessness/Point-In-Time-Homeless-Count*

Maricopa Association of Governments, Management Committee Meeting, Day Time Population: *http://azmag.gov/Portals/0/Documents/MagContent/MC—2018-04-11—AGD-Packet.pdf?ver=2018-04-04-111733-210*

PREPARED STATEMENT OF JOHN PARSONS

COUNTY COMMISSIONER, LANCASTER COUNTY, PENNSYLVANIA

JUNE 15, 2021

Thank you Chairman Brown, Ranking Member Toomey, and the other Members of the Committee.

My name is Josh Parsons and I am Chairman of the Board of County Commissioners in Lancaster County, Pennsylvania. I am a former prosecutor and a former Army Infantry Officer.

The Board of County Commissioners is the seat of legislative and executive powers in the county and has broad authority over the county's budget and finances, taxes, debts, and contracts.

At around 550,000 citizens, Lancaster County is the 6th most populous of Pennsylvania's 67 counties. Although best known for our Amish and Mennonite communities, like Pennsylvania itself, we are a diverse community with urban, suburban, and rural residents. Lancaster County is made up of 60 municipalities—1 City, 18 Boroughs, and 41 Townships.

We pride ourselves on fiscal restraint and responsibility.

Lancaster County Government has approximately the highest general fund balance (like a personal savings account for an individual) that it has had ever. This was achieved through conservative budget management, not raising taxes. Lancaster County's current Board of Commissioners has never raised taxes. In fact, our county taxes have not been raised in nearly a decade, which is difficult to do as a county in Pennsylvania.

Lancaster County has the 3rd lowest tax rate of the 67 counties in Pennsylvania and the lowest of any large county. Our bond rating has been rising and we have been good stewards of our infrastructure. We are steadily working through a plan to repair or replace all of our structurally deficient bridges.

Like everywhere else, the last year-and-a-half has been a challenge for Lancaster County. We went into COVID with the best economy we had seen in a generation. Our businesses were thriving and wages were rising for all groups and demographics.

The impact of the pandemic, and our Governor's ensuing draconian lockdowns and refusal to address the economic damage of the pandemic, did great harm to our economy.

However, I am very proud of our County's response to COVID. Our County favored a middle course—we addressed COVID and the economic crisis. We pulled together as a community and executed what in many ways was a model medical and economic recovery plan in the Commonwealth of Pennsylvania.

The Federal CARES Act resources were instrumental in our recovery. Lancaster County received approximately $95 million. This was a huge amount of money for us. These funds were disbursed to us very rapidly after passage of the bill and arrived during the crisis. We in turn put the money quickly to use for both our medical and economic recovery plans across our county. The CARES Act had sufficient flexibility in the Treasury guidance that counties were able to use it in varied and necessary ways.

As fiscal conservatives, we were, of course, concerned about the cost of the CARES Act and the debt being accrued at the national level to pay for it. But we recognized it was a necessary response to the crisis because the Government had effectively shut down the economy and prevented people from earning a living. We felt a heavy responsibility to use the money wisely to help our community.

Unlike the CARES Act, I do not think the so-called American Rescue Plan was necessary. Under this Act Lancaster County is slated to receive about $106 million. Again, this is a huge amount of money for us. Moreover, every other county in Pennsylvania, and many other municipalities, are receiving allocations.

This money is arriving after the COVID crisis is over. And now come proposals for even more money to be sent out through an infrastructure plan.

At this point, rather than sending out more money, the better solution would be to get Government fully out of the way and let the economy come roaring back.

As I talk to people around my county, what I hear about is concern about costs going up. Groceries, gas, lumber—everything costs more.

Inflation is a natural and predictable result of huge amounts of money being pumped into the economy. Numbers from May show inflation is up 5 percent. All this new money is chasing the same amount of goods and services, including here in Lancaster County.

Inflation hurts working class people in Lancaster County the worst because rising prices for things like groceries and gas outpace wages. You can see and feel this happening already around us. It also eats away at the value of any money put away in a bank account for a rainy day.

So, I would fervently ask that before you consider borrowing more money from our grandchildren to hand out across the country—just stop and take a pause. There is a huge amount of money already circulating. For example, if you want to provide for infrastructure, Congress could allow more flexibility for counties, and other municipalities, in the use of the existing American Rescue Plan funds. What need there still is could then be addressed in a much more targeted way.

Please do not further bankrupt our country and take from our yet unborn grandchildren without first waiting to use the existing massive amounts of money that have already been distributed to States and local governments.

Thank you.

PREPARED STATEMENT OF BRIAN RIEDL

SENIOR FELLOW, MANHATTAN INSTITUTE

JUNE 15, 2021

Good morning Chairman Brown, Ranking Member Toomey, and Members of the Committee. Thank you for inviting me to participate in today's hearing.

My name is Brian Riedl. I am a Senior Fellow in Budget, Tax, and Economic Policy at the Manhattan Institute for Policy Research. The views I express in this testimony are my own, and should not be construed as representing any official position of the Manhattan Institute.

My testimony today will offer four principles for responsible infrastructure investments:

- First, Congress should avoid piling on new taxes or debt. The Federal budget is already facing $100 trillion in baseline deficits over 30 years, and any taxes should address that first.
- Second, State and local governments should use for infrastructure the $530 billion in additional Federal windfalls they have recently received. In fact, infrastructure is a perfect use of one-time Federal funding.
- Third, any additional Federal investments should be funded within the current $61 trillion spending baseline over the decade. The offsets are there if infrastructure is truly a Congressional priority.
- Finally, America's main infrastructure policy challenge is not funding, but rather the slow, bureaucratic, high-cost implementation of the policies. Spending another $1 trillion without making these programs more effective is a poor use of taxpayer dollars.

As an addendum, I will show that there is a broad economic consensus that infrastructure policies do not provide short-term stimulus, and most new construction jobs are redistributed from other jobs.

Principle #1: No New Taxes or Deficits

Washington has proven to be increasingly unable to pay for its current spending commitments. It is on pace to borrow nearly $7 trillion across 2020 and 2021, and faces $100 trillion in baseline budget deficits over the next 30 years. Adding trillions more in spending will further raise the spending baseline to levels that no plausible tax system can finance. Even if this new infrastructure spending is financed with trillions in new taxes, that would still use up a large portion of the taxes that will instead be needed to address the $100 trillion in baseline deficits. Thus, lawmakers should commit to not worsen the unsustainable budget outlook by adding more debt, or diverting its limited tax options into financing new spending programs.

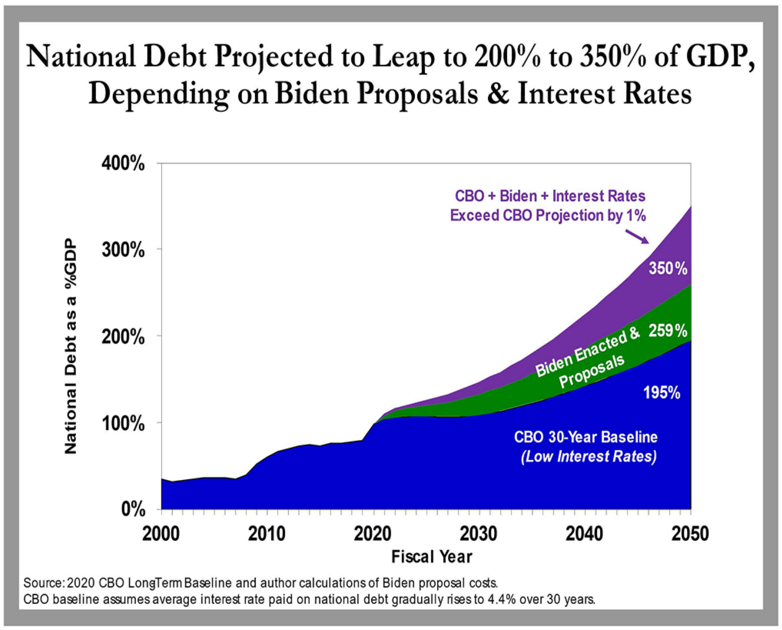
Let's dive deeper into the numbers. The cost of the American Jobs Plan[1]—$2.6 trillion over 8 years, an average of 1.25 percent of GDP—would represent the most expensive nonemergency spending bill in at least 50 years.[2] And it follows Washington enacting $5.4 trillion in (mostly necessary) pandemic spending over the past 12 months—a total that comprises one-fifth of the entire national debt. The American Families Plan would add $1.8 trillion more in spending.

The underlying fiscal outlook is unsustainable. The national debt held by the public is already projected to double from $17 trillion to $35 trillion between the end of 2019 and 2030.[3] If President Biden's entire campaign agenda is enacted, and expiring provisions are extended, it would mean the national debt rising from $17 trillion to $44 trillion over that period.[4] This would leave the national debt at 130 percent of GDP, or one-quarter higher than at the end of World War II.

And it only gets worse thereafter. The Congressional Budget Office projects that—due overwhelmingly to escalating Social Security and Medicare shortfalls—Washington will run $100 trillion in baseline budget deficits over the next 30 years. This would leave the national debt at nearly 200 percent of GDP. At the end of that period, Government interest payments will consume half of all tax revenues.[5]

That is the rosy scenario that assumes no new legislation is enacted, the 2017 tax cuts expire, no new recessions, and low interest rates. If interest rates exceed the CBO baseline assumption by even 1 percentage point, it would add $30 trillion in interest costs over three decades. Deficits would reach 18 percent of GDP, the debt would hit 264 percent of GDP, and two-thirds of all tax revenues would merely pay the interest on the debt.[6]

That is simply the CBO baseline, with interest rates rising by an additional percentage point.



And that is why it is shortsighted to assert that low interest rates make this the right time to borrow. Washington is behaving like a subprime homeowner and making long-term debt commitments based on short-term interest rates. The average maturity of the U.S. debt is 5 years and declining, which means most of the national debt would quickly roll over into any future interest rate increase.

In short, the Federal Government is essentially gambling our fiscal future on the hope that interest rates never again exceed 4 percent. Because if they do, simple math shows that combining rising interest rates with a debt approaching 200 or 300 percent of GDP risks a catastrophic debt crisis.

In that context, Washington should focus on paying for our current escalating commitments before undertaking the most expensive nonemergency spending bill in half-a-century.

Some suggest that fully financing this infrastructure bill with new taxes would make it fiscally responsible. That is not the case. If a family facing a $100,000 credit card debt suddenly finds a $20,000 windfall, spending it all on expensive new furniture would not be a responsible use of that money simply because it is "fully paid for" by the windfall. Similarly, there is a limited universe of plausible tax increases on families and businesses.[7]

Table 1

Leading Progressive Tax Proposals Cannot Even Finance Washington's Current Spending Promises, Much Less Any New Programs

Progressive Tax Proposal & 10-Year Savings ($Billions)	
$1,750	Biden Business Tax Proposals - Infrastructure Proposal
455	Repeal Entire TCJA, Including Low-Income Provisions
189	Impose 70% Tax Rate for Income over $10 Million
224	Cap Deductions at 28% Value Above $400k AGI
2,180	Eliminate Wage Cap for 12.4% Social Security Tax (No Credit for Benefits)
2,000	Tax Capital Gains as Ordinary Income plus Implement Mark-to-Market
1,000	Aggressively Reduce Domestic Corporate Tax Preferences
752	Financial Transactions Tax of 0.1%
103	"Bank Tax" of 0.15% on Large Financial Institutions
2,263	Sanders 8% Wealth Tax
383	Sanders Estate Tax Rate as High as 77%
1,033	Carbon Tax at $25/Metric Ton - No Rebate for Low-Income Households
12,331	**Total Tax Increases (4.6% of GDP)**

Sources: CBO, Tax Policy Center, Tax Foundation, Social Security Administration, and Committee For a Responsible Federal Budget. Net interest savings would approximately offset lost revenue from interactive effects.

Enacting all of these taxes would not even close the current 10-year projected budget deficit of $14.3 trillion, much less finance the President's new spending proposals.[8] And even if they did, the escalating spending levels projected by CBO would re-open large budget deficits in the 2030s and 2040s.

In short, it will take aggressive tax increases—or drastic and painful spending cuts—just to finance Washington's current commitments. Applying the easiest $3 trillion in taxes to a historic spending expansion simply leaves fewer options to close the remaining deficits. The only people left to pay the remaining taxes will be the middle class.

Large spending increases create the difficult financing choice between using up our limited plausible tax increases, and going deeper into debt. The American Jobs Plan includes approximately $1.8 trillion in new corporate taxes that dwarf the $300 billion in net corporate tax cuts (over 10 years) enacted in the 2017 Tax Cuts and Jobs Act. That law reduced the corporate tax rate from 35 percent to 21 percent, but offset most of those savings by curtailing key business tax preferences. The president would raise the corporate rate back to 28 percent (33 percent including State taxes)—restoring America to the highest rate in the OECD—while also raising international taxes and retaining the lost 2017 tax deductions. Moreover, the president would severely weaken the 2017 tax reforms that finally gave U.S. multinational corporations a more level playing field when competing internationally. Now, once again, American companies abroad may face higher tax rates than our global competitors.

No, infrastructure won't pay for itself through economic growth. Some advocates suggest that infrastructure spending is not a major budgetary drag because it will provide enough growth and prosperity to pay for itself, or at least become more affordable down the road. This spending version of the free-lunch Laffer Curve collapses under basic scrutiny. Infrastructure spending is not like borrowing $100,000 for a college degree that brings $1 million in higher future income. A Government program requires a 500 percent return on investment to pay for itself in future tax revenues. (Imagine a $100 expenditure creating $500 in new GDP that is then taxed at the long-term average Federal rate of 20 percent to bring in $100 in tax revenues.)

Do Government investments typically produce a 500 percent return? Try 5 percent. A 2016 CBO report concluded that Federal investments typically return only 5 percent[9]—compared with 10 percent for private-sector investments—because Federal investments are costly, bureaucratic, unresponsive to market forces, and are often offset by State and local governments cutting back their own investments. Under this rate of return—and adjusted into net present values—it would take 100 years for tax revenues to recoup even 20 percent of the cost.

Moreover, this 5 percent figure refers to traditionally defined Government investments, rather than new broader definitions that include roughly $2 trillion in combined proposals for long-term care for seniors, corporate welfare, public housing, Government-building renovation, child credits, and Affordable Care Act subsidies. By contrast, just $500 billion of the American Jobs Plan and American Families Plan would go toward roads, bridges, highways, airports, water transportation, and even electrical infrastructure. Some of those other policies may have merit, but they are not going to bring a historic burst of new productivity and economic growth that recoups any significant share of the initiative's $4 trillion overall cost.

In fact, economists at the University of Pennsylvania found that the spending provisions in the American Jobs Plan would actually reduce economic growth and wages over the long-term. Any modest productivity benefits from these new public investments would be more than offset by the productivity losses caused by the necessary Government borrowing crowding out more-productive private-sector investment. In other words, stronger economic growth means encouraging private-sector investment, not transferring those resources to the Government. Specifically, the Penn-Wharton Budget Model projected that the infrastructure spending in the American Jobs Plan will—over the long run:

- Create no net jobs;
- Reduce wages by 0.3 percent (0.8 percent when including the proposed taxes);
- Reduce the capital stock by 1.5 percent (3.0 percent when including the proposed taxes);
- Reduce the GDP by 0.3 percent (0.8 percent when including the proposed taxes).[10]

So not only would the President's infrastructure proposal fail to produce the 500 percent return needed to pay for itself, it would likely produce a negative overall return.

Additionally, on the tax side of the proposal, the Tax Foundation estimates that:

> An increase in the Federal corporate tax rate to 28 percent would raise the U.S. Federal–State combined tax rate to 32.34 percent, highest in the OECD and among Group of Seven (G7) countries, harming U.S. economic competitiveness and increasing the cost of investment in America. We estimate that this would reduce long-run economic output by 0.8 percent, eliminate 159,000 jobs, and reduce wages by 0.7 percent. Workers across the income scale would bear much of the tax increase. For example, the bottom 20 percent of earners would on average see a 1.45 percent drop in after-tax income in the long run.[11]

Principle #2: States Should Use Their Federal Windfalls

State and local governments have received more than $850 billion from the Federal Government's pandemic emergency bills.[12] A portion of this spending was for necessary costs related to public health. On the flip side, State and local governments recently received $350 billion to close budget deficits that—for the most part—no longer exist. California's State government received $26 billion (and their local governments received an extra $16 billion)[13] despite facing a $75 billion surplus for the upcoming fiscal year.[14] My home State of Wisconsin has reported an "unprecedented" revenue surge and projects a $5.8 billion surplus over the next 2 years—enough to rebate 30 percent of all State income taxes.[15] And yet the State will receive an additional $2.5 billion bailout from Washington, DC, to address a budget shortfall that does not exist. These stories are being repeated across America: State and local governments with large one-time cash windfalls that they do not know how to spend, as well as frustration of strings attached on Federal funds they are receiving.

States are also holding approximately $180 billion in unspent K–12 education grants from earlier relief bills.[16] This money is purportedly to cover pandemic-related renovations and costs, but CBO estimates that most will not be spent until between 2023 and 2028, likely well after COVID has passed.[17]

All in all, State and local governments are sitting on more than $500 billion in Federal funds, the vast majority of which lacks any clear direct purpose. It would be irresponsible for States to create new permanent spending programs that outlast this temporary cash windfall, and Washington has tried (perhaps unconstitutionally) to forbid these States from cutting taxes. Thus, applying most of that $500 billion towards a one-time infrastructure boost makes the most sense.

This amount is well sufficient for most States. Government at all levels spends approximately $235 billion annually on highways, roads, and bridges,[18] split equally between capital improvements and maintenance.[19] Even applying half of the States' $500 billion towards highways, roads, and bridges would more than double the $115 billion in the President's plan, and amount to a doubling of their total budget—surely enough to meaningfully address any backlog (without Washington micromanagement of the projects).

And it would cost taxpayers nothing above what Congress has already distributed.

Additional State spending can go towards other infrastructure needs such as modernizing the electrical grid, purifying the water supply, improving broadband access, or renovating schools. Even putting $100 billion into these priorities would represent "moonshot" reforms over current spending levels.

The key question is how to encourage State and local governments to apply these funds towards infrastructure. Congress could offer perhaps $150 billion in infrastructure matching funds (this is still much cheaper than Washington spending $2 trillion) and also pass legislation freeing up the education funds for broader infrastructure uses. At the same time, if governors truly resist investing their large windfalls in infrastructure, that may be a sign to Washington that it is less of a national priority after all.

Principle #3: Washington Can Add Spending Within the Current Budget

It is not unreasonable for Washington to contribute somewhat more to infrastructure, whether through matching funds for States, or truly national projects like interstate waterways or rail. But Washington is already projected to spend more than $60 trillion over the next decade. If it cannot apply $500 billion of that amount towards infrastructure priorities—less than 1 percent of the budget—then it is fair to question how serious Congress and the President are about infrastructure. Congress already spends $306 billion annually on nondefense investment (including $112 billion for physical infrastructure), and should be able to repurpose some of this spending.[20]

The most straightforward carve-out would bring back caps in discretionary spending. Rather than drastically increase this spending by 8.4 percent as President Biden has proposed, Washington could save $500 billion over the decade by cutting that budget by 1.5 percent in 2021, and then capping its annual growth at the inflation rate over the decade. Alternatively, Congress could inflation-adjust Federal spending using the more accurate chained CPI, sell hundreds of billions worth of excess Federal assets and land, or even begin broader entitlement reforms.[21] Some modest rescissions of leftover pandemic spending may be available as well. The money is there if Congress wants to pay for infrastructure.

As an alternative to taxing the rich, I have recently released a report proposing upwards of $1 trillion in potential savings over the decade from reducing spending benefits for these same upper-income families.[22] This includes slightly trimming Social Security benefits and raising Medicare premiums for retirees with millions in financial assets, and reducing farm subsidies for families earning more than $300,000 annually. Spending savings are never easy or popular, but living within our means and building a sustainable Federal budget means that new priorities should be offset with lower-priority savings.

Principle #4: Reform Infrastructure Waste and Delays—Do Not Throw Money at an Unreformed, Broken System

The easiest answer to most political problems is simply to throw more money at them. Yet America's infrastructure is not held back by low spending levels, but rather by its status among the world's most expensive, bureaucratic, and slowly built. It has become cliche to contrast the 410 days needed to build the Empire State Building in 1930–31 with the more recent 25-year process of building Boston's "Big Dig." Yet the persistence of delays, cost-overruns, and death-by-NIMBYism can be seen today in California's high-speed rail project that is now expected to take nearly 40 years from planning to completion (which itself is increasingly unlikely) and cost $70 billion more than originally estimated.

Our infrastructure can certainly use some upgrades, particularly its roads and electrical grid. That said, the crumbling State of American infrastructure has been overstated. A 2019 report of the World Economic Forum ranked the United States' infrastructure first among the 10 geographically largest countries (i.e., the countries that likely have the most extensive infrastructure needs).[23]

Similarly, last year a Congressional Research Service report titled "The Condition of Highway Bridges Continues to Improve" noted that "the number and share of bridges in poor condition have dropped significantly over the past 20 years. Furthermore, repairing every deficient bridge in just a few years is unrealistic, and not every bridge repair is likely to be justified when considering both the economic benefits and costs. FHWA's own analysis of bridge data suggests a relatively modest increase in spending could substantially reduce or eliminate the backlog of economically justifiable investments if sustained over a 20-year period."[24]

Spending levels remain healthy. Transportation infrastructure spending (adjusted for inflation) rose from $332 to $371 billion between 2008 and 2018.[25] Government spending on transportation and water infrastructure at all levels is 2.3 percent of the GDP ($440 billion), just slightly below the 30-year average of 2.5 percent.[26] That said, there has been a modest shift from capital spending to operations and maintenance. Spending on energy and the electrical grid continues to rise, although challenges remain.[27]

America's main infrastructure challenge is not spending levels, but rather its general ineffectiveness per dollar spent. In 2016, CBO released a report entitled "The Macroeconomic and Budgetary Effects of Federal Investment". Economist Scott Hodge succinctly summarizes the reports three leading conclusions:[28]

1. "Federal investments deliver only half the economic returns as private sector investments, 5 percent versus 10 percent.
2. A dollar of Federal spending results in only $0.67 worth of actual investment because State, local, and private sector entities reduce their spending in response to the Federal dollars.
3. Federal investment financed by debt or taxes could do more economic harm than good because Federal borrowing and taxes crowd out private investment. To avoid harming the economy, Federal investments should be financed by cuts in other discretionary programs."

Diving deeper, America's transportation infrastructure is among the most expensive, bureaucratic, and slowly built in the world.[29] Consider that:

- The cost of interstate construction spending per mile quadrupled from 1960 through 1990, and has continued to grow since then (adjusted for inflation).[30]
- Labor costs are higher in part because the Davis–Bacon Act, which mandates that those awarded Government contracts pay a "prevailing wage," raises wage costs by as much as 22 percent.[31]
- Government-mandated project labor agreements (PLAs) have been shown to significantly raise labor costs as well.[32]
- America requires many more workers to do the same construction work as Europe.[33]
- Most U.S. construction projects are performed only during the workday, while much of Europe has round-the-clock shifts.[34]
- U.S. subway systems are by far the most expensive to build in the world, and in New York City cost quadruple the world average to build. The difference is high labor costs, poor contractor work, poor oversight, and defensive designs meant to avoid a cascade of stakeholder lawsuits related to environmental and historical artifact protection.[35]
- Coordination between various local governments and stakeholders—while often necessary—brings endless delays and veto points, particularly for transportation projects.
- Nearly a century ago, the Empire State Building was built in 410 days. More recently, Boston's Big Dig took 25 years from planning to completion. Today, California's high-speed rail is expected to take nearly 40 years from planning to completion. Some delays are helpful—we want to ensure safety and environmental protection—but the U.S. has become a global outlier.

A major cause of delays are the necessary-but-slow Environmental Impact Statements and Historical Artifact Reviews. Consider that:

- Environmental reviews commonly exceed 1,000 pages and require on average 7 years to complete (compared to no more than 1 to 2 years in Canada and 3.5 years in the European Union).[36]
- Several environmental impact statements now take more than 17 years to complete—and no ground can be broken until the project has survived the legal process, including appeals by any litigant.[37]
- In America—unlike many other countries—environmental and historical reviews can be challenged in court by a wide range of stakeholders, and these challenges can take years or even decades to be decided. Other countries use

faster, nonjudicial options to enforce these regulations, rather than expensive and time-consuming lawsuits that essentially become a project veto.[38]

- Megan McArdle cites an egregious example: "The Southeastern High Speed Rail Corridor was proposed in 1992. You will be thrilled to learn that in September 2017, the Department of Transportation announced the completion of the project's Tier II Draft Environmental Impact Statement."[39]

President Biden's physical infrastructure component throws $1 trillion at this broken system. In fact, it would raise costs further by tightening higher-wage requirements and imposing stricter "Buy America" requirements that limit trade and lower-cost options. And it allocates more funding to transit and high-speed rail ($165 billion) than highways, roads, and bridges ($115 billion) despite the surging costs[40] and declining public interest[41] in the former.

There is certainly a case for increasing infrastructure investment. But any new funding should be accompanied by reforms to spend that money more effectively.

The $213 billion proposal to build, rehabilitate, and retrofit millions of homes is expensive and vaguely defined. While public housing should obviously not be left in disrepair, lawmakers should focus more on housing vouchers that provide low-income families with more options to escape public housing if they so choose. Thus, building more private housing and addressing zoning restrictions would be more helpful. That said, local communities must play a lead role. Additionally, the proposal to "build, preserve, and retrofit homes" is vaguely defined, and it is unclear if tax credits will be sufficient to bring such expensive projects—especially given the push for more expensive unionized workers in an industry that is only 13 percent unionized.[42]

Additionally, the proposed $100 billion for K–12 school construction and renovation ($50 billion in direct grants plus $50 billion through bonds) is unnecessary. School construction has long been a responsibility of State and local governments, and federalizing this role engages in mission creep while diminishing the role of the governors, mayors, and school boards closer to these schools. Furthermore, States are flush with $180 billion in K–12 grants from earlier pandemic bills that well exceed their COVID-related expenses (which is why CBO assumes most will not be spent until between 2023 and 2028).[43] Congress should clarify that these $180 billion in recent grant funds may be used for broader education expenses.

Addendum: Economists Agree That Infrastructure Is Not "Stimulus" or Job Creation

Finally, let's address the "jobs" portion of the American Jobs Plan. The Biden administration and other advocates assert that massive infrastructure spending will stimulate short-term economic growth and create jobs.

Economists across the political spectrum have debunked this myth for the obvious reason that infrastructure projects require several years of planning and regulatory reviews before they begin—at which point the economy has already recovered. In fact, as stated above, environmental impact statements typically take 7 years to complete. After allocating $94 billion for mostly "shovel-ready" stimulus projects in 2009, President Obama later joked that "Shovel-ready was not as . . . shovel-ready as we expected."

Former Obama White House chief economist Jason Furman and former Congressional Budget Office director Doug Elmendorf added that "In the past, infrastructure projects that were initiated as the economy started to weaken did not involve substantial amounts of spending until after the economy had recovered."[44]

Delays are not the only stimulus barrier. Stanford economists John Cogan and John Taylor observed that State and local governments receiving 2009 Federal stimulus infrastructure grants simply cut back on their own spending and borrowing almost dollar-for-dollar, completely negating the impact of the Federal spending.[45]

The stimulus case is also undermined by Washington distributing spending largely based on politics rather than local economic needs. Harvard economist Edward Glaeser revealed that 2009 stimulus dollars were disproportionately distributed to regions with lower unemployment rates that did not need stimulus. On one level, this makes sense—many high unemployment regions are rural or losing population, and are thus not the best candidates for widening local highways or adding high-speed rail. However, this approach exposes the disconnect between the goals of infrastructure and job creation. Glaeser also writes that, unlike the past infrastructure projects that relied more on manual labor, today's "big infrastructure requires fancy equipment and skilled engineers, who aren't likely to be unemployed."[46]

Because of these factors, a review of 2009 stimulus highway projects shows no sustained effect on county-level employment.[47] Another study found that half of all new employees hired at firms that received stimulus dollars had been poached from other firms (rather than coming from the ranks of the unemployed), and many of these companies were forced to turn down other construction projects to accommodate the new "stimulus" projects.[48]

Overall, CRS examined highway spending and concluded that "to the extent that financing new highways [comes from] reducing expenditures on other programs or by deficit finance . . . the net impact on the economy of highway construction in terms of both output and employment could be nullified or even negative."[49]

Adherents to the infrastructure stimulus argument should consider the case of Japan, which responded to a sustained economic downturn with $6.3 trillion in infrastructure investment between 1991 and 2008.[50] One of the largest investments in airports, trains, highways, and tunnels in world history helped push Japan's national debt from 38 percent to 140 percent of GDP, yet its per-capita GDP was roughly the same in 2008 as in 1994.

Third, political considerations can limit the stimulative effect of infrastructure. The geographic distribution of infrastructure spending has historically been driven by the political leverage of lawmakers, as well as political considerations within Federal agencies. It is naive to expect politics remove to be removed from the allocations.

Consequently, Washington has historically over-invested in large vanity projects that provide ribbon-cutting ceremonies. such as high-speed rail, the expansion of interstate highways, and the famous (and eventually canceled) $223 million "Bridge to Nowhere." However, economist Aaron Renn has shown that "America's infrastructure crisis is local," and repairing local streets, bridges, and potholes is a much higher and more affordable priority. These locally managed projects are often ineligible for Federal funding.[51]

State governments face their own misaligned incentives with Federal dollars. A State funding a $100 million project with its own transportation revenues must convince its taxpayers that the project will provide $100 million in value. By contrast, if the State is required to put up just $20 million of its own funds—and can use a Federal infrastructure grant for the remaining $80 million—it need only convince its citizens that the project is worth $20 million. In other words, the ability to offload the costs on the Federal Government makes States more cavalier with how the funds are spent.

Consequently, past infrastructure stimulus bills and reauthorizations have not sufficiently relieved traffic congestion, repaired bridges and roads, or improved waterways. Instead, they brought unfinished high-speed rail projects, cost overruns, a $3.4 million "eco-passage"[52] to help turtles cross a highway in Tallahassee, Florida, and a $54 million "Napa Valley Wine Train."[53] Better to eliminate the Federal middleman and empower State and local governments to more easily raise the funds to finance local projects based on local priorities.

Conclusion: Fix the System First, and Be Fiscally Responsible

The laws of economics have not been repealed. Budget constraints still exist. Doubling or tripling the national debt is extraordinarily reckless. There is no guarantee that interest rates will never rise again—indeed such a result is overwhelmingly likely. There are no plausible taxes that can finance the projected spending levels, and counting on the Federal Reserve to monetize much of this debt is a recipe for economic chaos.

Spending $1 trillion on infrastructure without fixing the underlying waste, inefficiencies, and delays in our system represents an extraordinary missed opportunity, and confuses spending levels with outcomes. Lawmakers should first reform the infrastructure costs and delays, and encourage States to use their $530 billion in Federal aid to address local infrastructure priorities.

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RESPONSES TO WRITTEN QUESTIONS OF SENATOR TESTER FROM DANIEL HORRIGAN

Q.1. What does this lack of housing mean for your community and other places with housing challenges?

A.1. We have made significant investment around trying grow our population. Rather than manage population decline, I have made an intentional and strategic decision to understand our real estate market supply and demand, leverage our considerable urban assets, and compete for people and investment.

But none of this is easy. A lack of competitive residential options in many of our older residential neighborhoods translates into many people making decisions with their feet and moving to surrounding communities.

As the city's population has declined, from a high of 290,000 in 1960, to 197,000 today, our city budget has struggled to keep up with demands and legacy costs for public services (police, fire, streets, aging and outdated water and sewer infrastructure) that have not shrunk along with the population, but have increased. As a result, residents today are paying proportionally more in taxes and fees for basic city services than residents in the past were.

Inadequate and obsolete housing, along with a lack of new construction, has led to population loss, which in turn has led to a loss of tax base, jobs, and shopping opportunities in our city, as people, employers, and stores have relocated to our suburbs.

Q.2. What are the greatest challenges that you seen your communities to access and affordability of housing?

A.2. Akron, like many of the Nation's legacy cities, has a large proportion of its housing that is older and was built for people living at a different time, with different needs and expectations. Much of our housing was built for industrial workers in the early 20th century, and while some of these homes have aged gracefully, many are in need of significant repair, and many are functionally obsolete, lacking many of the basic features that homeowners are looking for today.

We have an oversupply of older housing that is not very marketable in today's day and age, and an undersupply of modern houses and apartments with features that today's buyer or renter is looking for.

Essentially our challenge is threefold: (1) Replace some of our older, unmarketable, and obsolete houses; (2) Repair many of our older, but still marketable houses; and (3) Build more new houses and apartments that today's consumers are looking for.

We are working on reforming our zoning code, which, like those in many cities, is outdated and not as conducive as it should be to allowing developers and builders to construct the types of housing and commercial building that are in demand today: a greater variety of single-family houses, townhomes, and apartments; a mix of residential and retail land uses; and an urban environment that is walkable and prioritizes good urban design, such as having buildings built up to the sidewalk, with the parking located in the rear.

Q.3. Where are there gaps in resources from Federal programs?

A.3. While Akron has often been well-served by the Community Development Block Grant (CDBG) funds in the past, I do believe that this program, and other programs managed by the Department of Housing and Urban Development (HUD) need to take a fresh, innovative approach that better helps cities like Akron remain competitive as places to live, work, and play.

Many Federal programs are still following the same general playbook that was used in the 1970s and 1980s, and today we have different needs than we did at that time.

I think that it is important that Congress and executive branch agencies like HUD tailor Federal funding to assist legacy cities like Akron, that often struggle with low real estate prices which lead to appraisal gaps for new home construction and where existing homeowners have difficulty obtaining home improvement loans.

Today, we need Federal funds that are earmarked specifically toward the housing needs of legacy cities like Akron, which could leverage additional private and nonprofit funding to help with appraisal gap financing, and to provide assistance to lower and moderate income homeowners with basic home repairs, so that our older urban neighborhoods can remain attractive and competitive with newer neighborhoods in the suburbs.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR TESTER FROM CYNDY ANDRUS

Q.1. *Gap in Housing Need in Bozeman*—What is the need, in terms of units, for housing in Bozeman?

A.1. Bozeman, Montana, continues to face the challenges of growth. Our 2019 Community Housing Needs Assessment (before the COVID pandemic) revealed the City of Bozeman needs approximately 6,000 units of housing constructed by 2025. To meet that goal, the pace of construction would need to be over 850 units per year. We need units at every price point and for every member of our community, especially as we watch housing prices continue to climb.

Additionally, we continue to see a large influx of remote workers and others relocating to Bozeman seeking a high-amenity community. Our best estimate now is that 6,000 units of housing is too low.

Q.2. *Economic Trends*—For years, the lack of housing has been a challenge in Bozeman and many areas of Montana. It hasn't just been a lack of affordable housing, but housing at any price point. This is keeping families from being able to live and work in their own communities. From your perspective,

What does this lack of housing mean for your community and other places' housing challenges?

A.2. Bozeman's lack of housing is a direct result of our explosive growth over the last several decades. As more and more Americans have discovered the beauty and opportunity in our region, they continue to relocate to Bozeman. While we welcome anyone interested in coming to our great city, they have placed a heavy burden on our housing market. Broadly, the lack of housing is negatively impacting the ability of our local businesses to expand due to a lack of employees. Additionally, companies looking to come to Bozeman for synergies in sectors like photonics, the outdoor industry, bioscience, manufacturing, technology, health care, and others are making decisions about relocating based on the availability of housing that meets a variety of price points.

Currently, homeowners in Bozeman receive all-cash offers well over their asking price in the first 48 hours of listing their home. These offers are an excellent boon for residents ready to depart Bozeman for a new career or be closer to family. However, a competitive market and high prices make it very difficult for residents to purchase their first home or to move into a house with more space for their growing family. Additionally, our residents, especially the elderly, living on fixed incomes cannot keep up with rising property taxes, maintenance costs, and spiraling housing prices. Given the high demand for housing in the valley, the costs of labor and materials have also skyrocketed. Finally, Bozeman is home to Montana State University, where 17,000 of our Nation's best and brightest pursue higher education. Students who are often renters are watching their rent prices jump by 30–40 percent in 1 year as landlords see an opportunity to capitalize on a market with very strong demand but severely limited supply.

Bozeman is one of the most desirable places to live in the Rocky Mountain West. We are a regional retail and cultural hub with excellent amenities, all contributing to our high quality of life. As more and more people move to Bozeman, residents see more economic opportunity, rising incomes, increased amenities, and more demand for housing. No one in Bozeman is immune to the pain of increasing housing costs. Our greatest fear is the explosive growth in home prices will not only slow our economic growth but will force working- and middle-class residents out of Bozeman.

Q.3. What are the greatest challenges that you see in your communities to access and affordability of housing?

A.3. Bozeman faces many challenges when attempting to create more accessible and affordable housing for our community. First, the cost of land continues to climb in Bozeman. If you do not have land, you cannot build housing. High land costs set a higher initial starting price for homes in Bozeman.

Second, the construction industry in Bozeman faces its own unique set of challenges. Supply prices are very high, including the much-reported high price of lumber. Additionally, contractors are experiencing difficulty hiring plumbers, carpenters, and electricians because of Bozeman's high cost of housing and a lack of skilled tradespeople living in the region.

Third, the City of Bozeman needs more robust transit options. Without transit, homeowners and renters are paying an additional cost for developers to construct parking on site.

Finally, we are currently conducting a code audit to look at how our regulations, such as minimum lot sizes or parking minimums, unintentionally drive up the cost of housing. Further, Bozeman is interested in exploring ideas such as guaranteed development review timelines, creating a database of preapproved plans to reduce design costs, and reducing the parkland requirements for new development.

Q.4. Where are there gaps in resources from Federal programs?

A.4. Federal programs up to this time have focused on the lowest rungs of the housing ladder. Without the Federal Government, it would be near impossible for our partners at the Human Resource Development Council (HRDC) in Bozeman to construct housing for those on the lowest end of the continuum. However, even those programs remain woefully underfunded. Opening funding to more census tracts in our community would help to bridge the funding gap.

Further, cities like Bozeman often fall into a donut hole. Bozeman does not qualify for most rural housing programs administered by the U.S. Department of Agriculture but is not large enough for dedicated formula funding from programs like the Community Development Block Grant (CDBG) program. Thanks to the leadership of Senator Tester with support from Senator Daines, the City of Bozeman will likely become a metropolitan area and, therefore, an entitlement community after the release of the final population counts during the 2020 census.

Cities could use resources for the Federal Government to purchase land, create revolving loan funds, hire more engineers and community development staff to move projects through the review process faster. Also, the Federal Government should create grant programs encouraging cities to review their development codes for provisions increasing the cost of housing. Additional grants or tax credits should go to projects that use upzoning or increase density to construct affordable housing units. Cities need more resources to help remove regulatory barriers and create new incentives to encourage developers and the private sector to build more units.

Finally, we need more programs on all levels of the area median income (AMI). Currently, programs like HOME cap funding for housing at up to 80 percent of AMI. The City of Bozeman calls on the Federal Government to expand eligibility for HOME up to 150 percent of AMI. Bozeman and many similar cities need an increase in AMI eligibility because the rise in home prices far outpace wage increases for our workers. When it comes down to it, the City of Bozeman needs more supply to create greater options for all residents when selecting their housing.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR TESTER FROM COREY WOODS

Q.1. For years the Jack of housing has been a challenge in Bozeman and many areas of Montana. It hasn't just been a Jack of affordable housing, but housing at any price point. This is keeping families from being able to live and work in their own communities. From your perspective, What does this Jack of housing mean for your community and other places housing challenges?

What are the greatest challenges that you see in your communities to access and affordability of housing?

Where are there gaps in resources from Federal programs?

A.1. Response not received in time for publication.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR TESTER FROM JOHN PARSONS

Q.1. For years, the Jack of housing has been a challenge in Bozeman and many areas of Montana. It hasn't just been a Jack of affordable housing, but housing at any price point. This is keeping families from being able to live and work in their own communities. From your perspective,

What does this Jack of housing mean for your community and other places housing challenges?

A.1. Housing, like other products, is driven by market forces and normally corrects unless there is overregulation that distorts the market.

Q.2. What are the greatest challenges that you see in your communities to access and affordability of housing?

A.2. Excess Government regulations at every level make developing housing more expensive than it should be. This is especially true in our city and boroughs where revitalizing existing housing stock is important. Further, we should be helping people in affordable housing move toward opportunities for home ownership and self-sufficiency rather than incentivizing long term, generational use of affordable housing.

Q.3. Where are there gaps in resources from Federal programs?

A.3. There are numerous Government programs. The premise of the question seems to assume there should be more. In Lancaster County we contend you should focus on making existing Government programs work more efficiently and effectively.