

Testimony in Support of SB2014

Good Morning,

I am Brent Ekstrom, the Executive Director of Lewis & Clark Development Group in Mandan.

Our group is deeply involved in addressing North Dakota's housing affordability challenge. My work has also given me the opportunity to serve on the Federal Home Loan Bank of Des Moines' Affordable Housing Advisory Council, the Rural Housing Advisory Committee and, most recently, on the Statewide Housing Initiative Advisory Committee.

At Lewis & Clark Development Group, our mission is to foster economic and community development across North Dakota through our four subsidiaries:

- Lewis & Clark Regional Development Council
- Lewis & Clark Certified Development Company
- CommunityWorks North Dakota
- Lewis & Clark Property Management

Today, I am speaking specifically as the executive director of CommunityWorks which has extensively utilized the State Housing Incentive Fund (HIF) to create and maintain affordable housing statewide.

I know some of you are familiar with CommunityWorks North Dakota, but for those who aren't, let me offer some brief background information.

CommunityWorks North Dakota was established in 1995 to provide affordable housing and development opportunities across the state. We are North Dakota's sole chartered member of the congressionally chartered NeighborWorks America network.

We have a mission of providing safe affordable housing to the residents of North Dakota and thanks to the Housing Incentive Fund, we have been able to deliver on this promise.

Over the past 30 years, we've financed **46** projects in partnership with local lenders and funding partners, creating and maintaining **1559** affordable multi-family housing units across North Dakota.

To put it bluntly... We could not have done it without HIF. **17(37%)** of these projects making up **789 (50%)** units would not have happened without HIF.

North Dakota needs HIF now more than ever.

THE NEED

As you know, North Dakota is facing a significant shortage of affordable housing, particularly for lower- and middle-income households.

The handout I provide each of you illustrates this point and for the benefit of those in attendance, I want to highlight the key numbers, which come from the recent statewide housing assessment

- By the time the 2027 legislature meets, our state will need to add 20,382 housing units to meet most of its housing needs across all economic sectors. This is a 6% increase from 2022.
- Not surprisingly, the strongest projected demand is expected in the Fargo and Bismarck regions.

But I want to zero in on the needs of extremely low-income households because their needs are especially acute.

- Currently, 29,415 renter households in North Dakota are extremely low income — that's 24% of the total renter population who are earning at or below 30% of the Area Median Income (AMI).
- There is a current shortage of 11,224 affordable rental units for extremely low-income renters.

- In other words, currently, there are only **62** affordable rental homes available for every **100** extremely low-income households, and this problem will only get worse.

HIF'S ASSISTANCE, USE, AND IMPACT

Over the years, HIF has helped address North Dakota's housing shortage. But its work is even more critical to meeting our current and future needs.

Without HIF, many of the affordable housing projects we have undertaken at CommunityWorks North Dakota would not have been possible. Specifically...

- HIF-funded projects have helped us produce over **789** affordable housing units statewide. These units provide safe, affordable homes, contributing to the stability and vibrancy of communities.
- Recently, HIF support allowed us to create **120** new housing units through our recent **Prairie Ridge Apartments in Fargo, ND**, directly benefiting seniors who now have a place to call home.

NEED FOR INCREASED FUNDING

Despite the progress we've made, the demand for affordable housing continues to outpace the resources available.

CWND has previously accessed **\$23.4 million** in HIF (**14%** of total project costs) resulting in the creation or retention of **789 units**.

We know that, for every **\$30,000** of HIF funding, we can create **1** affordable housing units.

- Based on CWND's historic performance, to fill the current gap for just extremely low income individuals **\$333 million** in HIF is needed
- At the current level of **\$25 million** we could create **833** units per biennium. At this rate it will take **26 years** to fill the gap, assuming no increased housing demand
- If HIF had **\$50 million** in funding, We could produce approximately **1,684 new housing units** over the biennium, helping to close the housing gap. At this funding level it will reduce the time needed to approximately 13 years to catch up, assuming no new growth.

These increases would help meet the rising demand for affordable housing in both urban areas and the often-overlooked rural regions.

I want to emphasize that HIF funding doesn't just benefit the extremely low-income. It also has a ripple effect throughout a community and region.

Affordable housing provides stability for families—especially children—and peace of mind, particularly for our income-challenged elderly.

I know you have to balance many competing needs as legislators. But the housing affordability challenge is one of the most vexing facing our state. Housing touches on every aspect of our lives as individuals and as communities.

Based on its past performance—and considering the scope of the challenge before us—increasing funding for HIF is not only essential to ensuring housing security; it is also one of the soundest investments this legislature can make.

Thank you for your time and consideration.

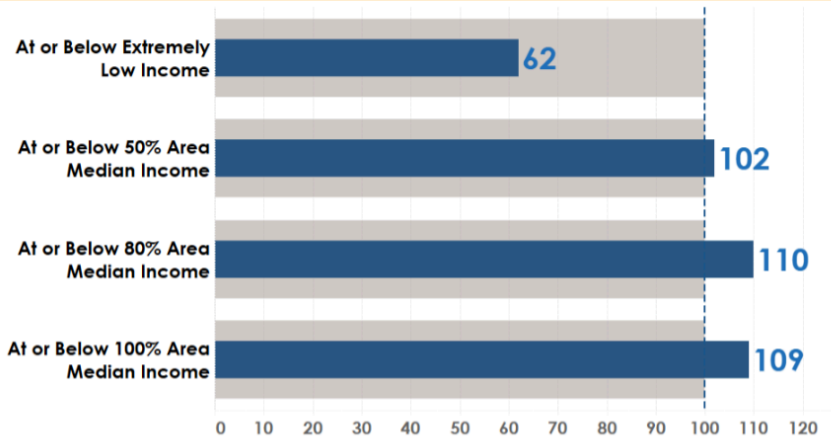
Brent Ekstrom
Executive Director
Lewis & Clark Development Group

By the Numbers:

North Dakota's Housing Challenge



Affordable and Available Homes per 100 Renter Households



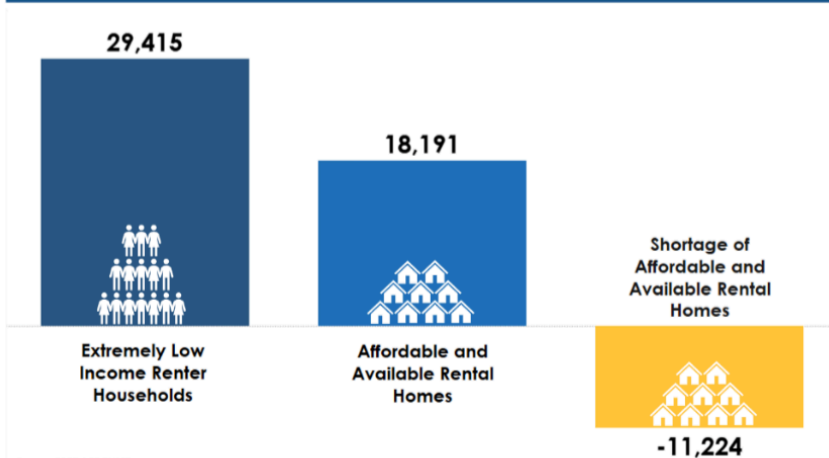
Source: 2023 ACS PUMS

North Dakota's Extremely Low-Income Renters: 29,415 of renter households in North Dakota **are extremely low income** – that's **24% of the total renter population** who are at or below the poverty line or earning $\leq 30\%$ of AMI.

Significant Shortage:

- Only **62 affordable rental homes are available for every 100** extremely low-income households.
- In total, there is a shortage of 11,224 affordable rental units for extremely low-income renters.

Shortage of Affordable and Available Rental Homes



Source: 2023 ACS PUMS

What Must Be Done: North Dakota needs to make more than **11,000 homes more affordable** for extremely low-income households by expanding accessing rental assistance and building very affordable rental homes

About CommunityWorks North Dakota

CommunityWorks North Dakota is part of the Lewis & Clark Development Group.

Founded in 1995, CommunityWorks North Dakota is a non-profit organization dedicated to providing affordable housing and development opportunities. It is part of the national NeighborWorks America (NWA) network and is the only NWA chartered organization in North Dakota.

CWND benefits communities throughout North Dakota in many ways by:

1. Providing affordable first and second mortgages for individuals.
2. Financing for predevelopment, acquisition, and construction of multi-family low-income housing.
3. Providing professional property management to affordable housing.
4. Developing affordable multi-family properties.

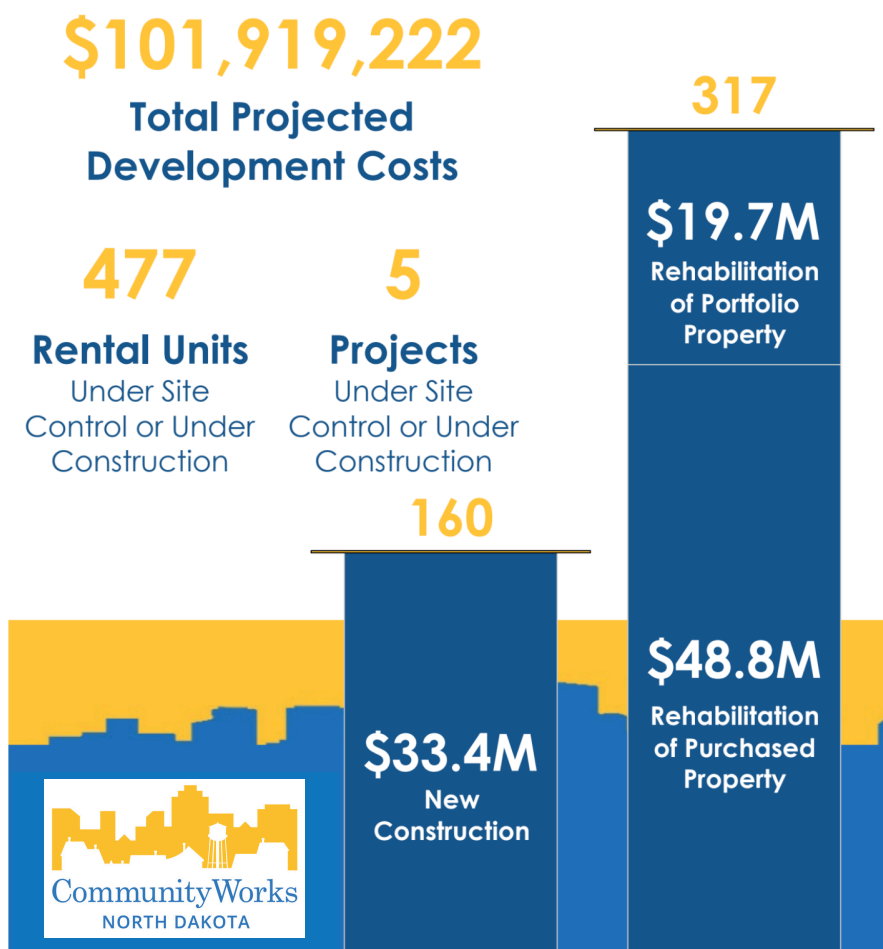


Lewis & Clark Development Group

200 1st Avenue NW Suite 100
Mandan, ND 58554

www.lcdgroup.org | 701.667.7600

CWND's Project Pipeline & North Dakota's Needs



Current Development Efforts

- Five (5) projects are currently in development across North Dakota, totaling **477 units**

These projects include:

- **160 new construction units**
- **317 rehab units** - either through purchase and rehab or renovation of existing properties
- The total projected development cost for these projects is **\$102 million**

North Dakota's Projected Housing Need by 2027

- North Dakota will **need to add 20,382** housing units by 2027 to meet the potential demand, a **6% increase** from 2022
- The **strongest projected demand** for housing is expected in the **Fargo and Bismarck regions**

Housing Incentive Fund: An Essential Tool that Meets Many Needs

Increasing funding for the Housing Incentive Fund (HIF) is essential to address North Dakota's worsening housing shortage.

- **Historical Success:** Previous investments of \$23.4 million in HIF have financed 789 units, contributing to 14% of the total projects' costs.
- **But There's a Shortage:** An estimated **\$333 million in HIF is needed** to fully meet the demand.
- **Immediate Impact:** With **\$50 million in funding, around 1,684 new housing units could be produced in the next two years**, addressing the housing gap in 13 years.
- **Provide Greater Stability:** Increasing Housing Investment Fund (HIF) allocations would help more residents access stable, affordable homes despite ongoing challenges for extremely low-income households.
- **Economic Effects:** Increased funding would support the construction of more units and provide many new, well-paid jobs for North Dakota's construction industry.

Given North Dakota's growing housing needs, additional state funds are essential to ensure they are met.

Based on its proven success, **financing HIF is one of the soundest investments the state can make.**