

Testimony-SB 2139
North Dakota Senate Political Subdivisions Committee
Neighborhood Zones
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Good morning Senator Burckhard and members of the Political Subdivisions committee. I am Tony Grindberg, testifying as a resident of Fargo, ND and am pleased to offer my support for the concept contained in SB 2139.

The Neighborhood Zone concept targets post World War II era single family homes that have deteriorated in communicates across North Dakota. The concept has goals similar to the highly successful Renaissance Zone legislation that was passed in 1999. To illustrate, in 1999 the assessed value of the Renaissance Zone properties in Fargo was \$197,375,000. In 2017, the assessed property rose to \$546,331,600. Value of estimated improvements for projects from 1999 to January 2021 are \$297,850,617. Over the first 15 years of the program, the approximate increase in property tax collections exceeded \$15 million. As one of the sponsors of the legislation, the results have far exceeded our expectations of stimulating investments benefiting from existing infrastructure and economic growth.

The Neighborhood Zone proposal includes establishing public/private funds in North Dakota. Further, the bill requires local political subdivision investment and private sector. I would expect to see financial institutions, non-profit organizations as well as individuals participating in a locally driven fund to restore single family homes and receiving a North Dakota tax credit in some cases.

Important points to keep in mind, the legislation targets remodeling of older homes. I could see new single-family homes being constructed in certain cases where existing homes would not make financial sense with a remodel option. Local political subdivisions are required to adopt a development plan to meet intent of legislation. It would be important to recognize what works for one community might not be the case for another. Thus, local decision authority should prevail for approvals of respective neighborhood zones. Further, page 3 line 8 requires: "Zone project" means the purchase, lease, rehabilitation, or historical preservation or renovation of a single - family home, building, or space in a building approved for zone incentives by a majority vote of the city governing body or zone authority.

Attached is a summary and data from a recently completed Core Neighborhood Study by the City of Fargo who contracted with CZB, LLC. Data compiled by CZB suggests a range of \$35,000-\$75,000 per single family home would be a targeted amount to meet the intended outcomes/impact to rebuild single family homes. I would believe the same range would be applicable statewide as well.

Below is a summary of other key CZB study findings:

- Over 1,500 single-family residential properties in the core neighborhoods (1 in 6) show visible signs of disinvestment (e.g. peeling paint, worn siding, a roof or porch in disrepair)
 - Based on 2020 visual survey
 - Assuming an average cost of \$35,000 to bring these homes into good repair—this would equate to over \$50 million in deferred maintenance in private housing stock in the core neighborhoods.
 - Higher levels of visible disinvestment correlate with smaller home configurations (e.g., 2 bed, 1 bath home), which are more commonly found in core neighborhoods.
- An estimated 16% of single-family homes in the core neighborhoods are absentee owned (about 1,200 out of 7,500 total houses).
 - On average, these absentee-owned houses are 10% smaller, have assessed values 17% lower, and higher levels of visual disinvestment than owner-occupied houses within the same neighborhoods.
 - “Once single-family homes decline to a certain price point in the core (generally below \$130,000, but higher closer to NDSU), their feasibility as investment properties rise and investors out-bit the owner-occupant competition”
 - Core Neighborhoods are unique in having single-family houses which front high-volume arterial streets. The Absentee-ownership rate for these houses, which front arterial streets is nearly double (31%) the overall rate of the core neighborhoods. Lower sales prices, assessed values, and property conditions also correlate with houses along these busy streets.
- From 2020 to 2023, school enrollment is projected to decline by 1.2% within the core neighborhoods, while increasing by 4.7% outside of the core neighborhoods.

Thank you for your consideration of SB 2139. I look forward to your questions and thoughts to move this legislation forward to benefit North Dakota communities, homeowners and school districts.