

March 28, 2023

To: Chair Louser and member of the House Industry, Business, and Labor Committee

From: Jim Nelson, Executive Director of Lake Agassiz Habitat for Humanity

Topic: Testimony in Support of Senate Bill 2207

Good morning, Chair Louser and members of the House Industry, Business, and Labor Committee. Thank you for the opportunity to speak with you today on behalf of Senate Bill 2207 and Habitat for Humanity's work in North Dakota. My name is Jim Nelson and I am the Executive Director of Lake Agassiz Habitat for Humanity located in Fargo Moorhead. We serve both Cass County North Dakota and Clay County Minnesota.

Habitat for Humanity was founded in 1976 in Americus, GA as a Christian based ministry. At Habitat, we build strength, stability, self-reliance and shelter. I know of no better, pay it forward program, than Habitat for Humanity. If there is only one message that you receive this morning I want you to remember that Habitat homes are purchased through an affordable mortgage based on the homeowner's income rather, they are not given away. Every mortgage payment received from our homeowners goes directly toward the creation of a new home. Habitat is the lender, the mortgage originator and the builder.

Lake Agassiz Habitat for Humanity was created in 1991 and since then we've built 72 homes with roughly 60% of those homes being in North Dakota and 40% in Minnesota. In 2006 we opened a thrift construction retail outlet called the Habitat ReStore where our prices range from 25% to 75% of full retail pricing. Revenue from the ReStore is used to offset our overhead costs meaning that 100% of donor contributions go toward our mission.

Did you know that in North Dakota, one in every nine households is paying more than they can afford on housing? And, did you know our state has an affordable housing supply shortage of more than 15,000 units? That figure includes both rental and affordable homeownership opportunities. Habitat in North Dakota brings the community together to build more affordable homeownership opportunities so more families can afford their home and our local communities thrive. We want to continue to do this work and deepen our impact.

Senate bill 2207 focuses on waiving the initial fee, and renewal fee, for a contractors license for nonprofit entities involved in the creation of affordable single family homes. The cost of a ND contractors license is \$300 initially, and the annual renewal fee is \$150. While the cost appears minimal, it DOES impact our total cost to build, and in this work, every dollar matters.

Habitat for Humanity is in the business of creating affordable housing. That sets us apart from every other commercial contractor in the state. Habitat builds a reputable and comparable product to our for-profit peers. For example, did you know that Lake Agassiz Habitat built one of the first LEED certified homes in North Dakota? Did you know that Habitat for Humanity was

the nation’s 27th largest single family home builder in 2022, as stated by BuilderOnline.com? We’re proud of our product and the stability it provides for low-income families.

While we produce comparable products as commercial builders, our clientele is different. As I mentioned earlier, we sell our products using an income based mortgage. We don’t have the luxury of passing every cost onto our clients. In this particular case, we cannot pass the \$300 fee on to our client rather, we have to absorb it. Of course, 2022 delivered unprecedented inflation in the construction industry. Our house costs, in the Fargo Moorhead market, increased 50% from 2020 to 2022, increasing from \$180,000 to \$250,000. It's extremely difficult to provide affordable housing in a business environment where every year new costs are layered on top of existing requirements.

Approving this bill demonstrates your support of affordable housing in the Minot, Grand Forks, and Fargo metropolitan areas. Passing this bill will support a lowering of our costs, which means we can use that financial resource on the next affordable home for a North Dakota family.

As you can see, Lake Agassiz Habitat and my peers around the state have created a significant impact in our respective communities.

Affiliate	Location	New House Construction	Remodels	Repairs	Families Served	Years in operation
Northern Lights Habitat	Minot	14	0	11	25	26
Red River Valley Habitat	Grand Forks/East Grand Forks	30	0	1	31	34
Lake Agassiz Habitat	Fargo/Moorhead	71	1	2	74	32
TOTAL		115	1	13	130	

We are thankful for the partnerships we have with volunteers, churches, schools, foundations, and corporations, who help us make this mission come to life. We are especially appreciative of the licensed contractors who support our work on key items like electrical, HVAC and plumbing, and we support their business and trade. We cannot do this work without the full community coming together to make home a reality for North Dakota families. We hope we earn your support of Senate Bill 2207.

In addition to me, there are two other people providing testimony this morning on behalf of Habitat. Roxy Volk, Executive Director of the Minot based North Star Habitat who is here in person and Marisa Saucedo, Executive Director of Red River Valley Habitat, from Grand Forks. Marisa will be testifying virtually. Further, you will find written testimony online in support of SB 2207. Finally, I urge you to support SB2207! Approving this bill will demonstrate this legislative assembly’s support for affordable housing in the state of North Dakota.