

Testimony from Lisa Rotvold

**SB 2014** – A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide for an exemption, and to provide for a report.

**Regarding:** North Dakota Housing Finance Agency Budget – Housing Incentive Fund

**January 14, 2025** - Senate Appropriations Committee – Education and Environment Division hearing

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My name is Lisa Rotvold. I live in Hillsboro and serve on the advisory board for the North Dakota Housing Finance Agency. I am also the Executive Director of the non-profit Red River Community Housing Development Organization (CHDO), based in Grafton.

This testimony is to share a Housing Incentive Fund (HIF) success story. In my 30-year career as an affordable housing community development practitioner, I have utilized many of the Agency’s programs including Low Income Housing Tax Credits (LIHTC), the HOME program, Federal Housing Trust Fund (HTF), and Housing Incentive Fund. In my current role my work is focused on increasing the availability and affordability of housing in rural communities in northeast North Dakota.

Small communities in my service area (Region 4) have had very little new construction of single-family homes in the past 20 years. Building permit data from 2003 to 2023 show that while the City of Grand Forks issued on average 2.35 single family building permits per 1000 population, Nelson County issued 0.81, Pembina County issued 0.22, and Walsh County issued 0.43 single family building permits per 1,000 population. The rural parts of Region 4 have fallen behind, not because people don’t want to live there, or because there aren’t jobs for people, but because they don’t have adequate housing to meet demand.

We identified three barriers to new home construction in rural communities. (1) risk (for developers, builders, lenders, and home buyers), (2) profit for builders, and (3) appraisal gaps. Our solution to overcoming these barriers is called the **Spark Build Initiative**. NDHFA and the Housing Incentive Fund enabled our small non-profit to build and sell two new single-family homes in Lakota and break ground on two more in Larimore in 2024. HIF helped manage risk for us as a developer, but also for the construction lender(s), builder, and buyers. Now we are working with Park River so they will be ready to break ground on two homes this spring. Six more communities want us to help them as well, if additional HIF funding becomes available.

A regional housing study, completed by Fourth Economy in August 2024, identified demand for 4,800 additional housing units in Region 4 between now and 2030 (not including the city of Grand Forks). Rural North Dakota needs the Housing Incentive Fund. Rural communities are speaking up about their housing needs. The flexibility HIF offers can support small-scale development that is right sized for rural communities when federal programs just don't work. With continued HIF funding, we hope to help correct the appraisal gap problem, and demonstrate to builders and lenders that rural North Dakota is a solid investment.

So, thank you, and kudos to all of you who created and have continued to support the Housing Incentive Fund. It is a uniquely North Dakota solution to helping meet diverse housing needs. NDHFA is a great steward of the Housing Incentive Fund. Their programs, systems, and staff are responsive to evolving housing needs across the state.

As you consider funding for the next biennium, I want you to know that rural North Dakota is ready to put those dollars to work, improving housing availability and quality, and making room for newcomers.

Attachments:

1. Red River CHDO's Spark Build Initiative flyer
2. Case Study for the Lakota "Spark Build" homes showcases the important role that HIF played in getting these new homes built.