



Testimony of Lisa Rotvold

IN SUPPORT of SB 2225

A BILL for an Act to provide an appropriation to the department of commerce for a housing opportunity, mobility, and empowerment program;

Senate Appropriations Committee – Government Operations Division hearing

January 27, 2025 – 2:00 PM

Chairman Wanzek and Committee members, 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. We are a partner organization to the Red River Regional Council.

In my 30 years of experience in the affordable housing and community development sector I have had the great pleasure to assist in the development of over 1,200 homes in ND, SD, and MN, in communities large and small. In my current role I am deeply focused on helping rural communities meet their diverse housing needs to support economic growth and rural prosperity.

This testimony is to highlight the need for infrastructure investments in rural communities as documented in our regional housing study entitled, ***Building Rural Prosperity; A look at current and future housing needs in North Dakota's Region 4***, published in August 2024.

This study was done cooperatively with Red River CHDO, Red River Regional Council, the Job Development Authorities in Nelson, Pembina, and Walsh Counties, Grand Forks Region Economic Development Corporation, Grand Forks Growth Fund, Grand Forks Housing Authority, and the North Dakota Housing Finance Agency. Pittsburgh, PA based Fourth Economy, was hired to measure and document housing needs, evaluate barriers, and develop strategies to increase housing availability and affordability in the rural communities of Grand Forks, Nelson, Pembina, and Walsh Counties.



The study identified a need for **approximately 4,800 additional housing units in the rural parts of Region 4 by the year 2030**. These numbers are based on current unique job postings and projected job growth in the region.

Of course, **there are nowhere near 4,800 buildable lots in the rural communities of Region 4. The shortage of residential lots was highlighted in many of the seventeen community and topic based focus groups** hosted by Fourth Economy.

The top two barriers to creating new residential lots were identified as:

- the cost of new infrastructure; and
- availability of land outside the flood plain (a common issue in Region 4)

Small towns in Region 4, eager to welcome the newcomers needed to fill jobs and fuel the economy, would benefit greatly from the resources proposed in SB 2225. I see these funds helping communities in multiple ways,

(1) sharing the investment risk with the communities by **sharing the cost of new water, sewer, and streets, in places that do not benefit from economies of scale** (example: Grafton)

(2) **offsetting the cost of land acquisition for land-locked communities** that need to acquire high value farmland to grow (example: Minto and Cavalier)

(3) bringing in engineered fill to **raise existing lots that are in the flood plain to put them back in service for housing development**, and **eliminate the need for flood insurance** (example: Pembina and Drayton),

(4) **buying down special assessments for communities that have made significant infrastructure improvements in the past 5 years** to increase the buying power of homebuyers (example: Larimore), and

(5) bring the state to the table as a partner, to invest in rural North Dakota, and **share the risk with small municipalities ready to take a chance on themselves**.

Shifting some of the costs related to housing development away from builders and buyers can increase the buying power/ mortgage capacity of buyers.

- For example, an annual specials payment of \$2,000 (Larimore example) **reduces the mortgage capacity of a buyer by \$25,000**.
- For lots in the flood plain, a buyer will need flood insurance, which **reduces mortgage capacity by \$10,000**.

Taking some of these costs out of the equation will help buyers afford more house, and chip away at rural appraisal gaps. **An investment in infrastructure is a permanent investment in the future of a community.**

The region wide housing study identified five core themes/actions to improve the availability of housing in the region, with recommendations and strategies for achieving them. A copy of the strategy matrix is attached to this testimony. Each strategy identified key players needed to accomplish them - local municipalities, regional organizations, the state, and employers.

The first theme identified is Enabling New Construction. One of four strategies recommended is to extend municipal infrastructure. The state is identified as the key partner needed to make this happen. **SB 2225 appears to be a great match to help rural communities enable new construction to meet this widespread need.**

Lastly, I suggest that if dollar amounts are tied to various sized communities, as shown in Section 1(3) on page 2, the distribution be made in an equitable manner. For example, as written:

- Section 1(3)(a) sets a funding level of \$10 million for communities with population under 5,000. There are 84 communities with population between 500 and 5000. **So, \$10 million would be \$93 per capita or an average of \$119,000 per community.**
- Section 1(3)(b) sets aside \$20 million for communities with a population between 5,001 and 20,000, of which there are 6. **This amounts to \$408 per capita or an average of \$3.33 million per community.**

Flipping those two amounts would make for a more equitable distribution of resources and give more communities the opportunity to grow.

Thank you for allowing me to share my experience supporting rural communities, and how SB 2225 could boost rural growth and prosperity.

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Attachments:

1. Overview of ***Building Rural Prosperity; A look at current and future housing needs in North Dakota's Region 4***
2. Strategy Matrix - ***Building Rural Prosperity; A look at current and future housing needs in North Dakota's Region 4***

