

Testimony of Dawn Mandt 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**

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Chairman Wanzek and Committee members, my name is Dawn Mandt. I live in Grafton and am the Executive Director of the Red River Regional Council, serving Region 4 in the northeast corner. We are a partner organization with the Red River Community Housing Development Organization. I began working in rural community and economic development as a junior at Jamestown College in 1993.

There are several systemic issues small towns across North Dakota are facing today which are complex and require solving at a regional scale. Housing is one of these issues.

According to the Housing Finance Agency's 2022 Housing Needs Assessment, much of the housing stock in small towns is aged and there has been little new construction for the past 20+ years.

**Nearly 70% of our small-town housing stock was built prior to 1970.** Over the past 20 years, there have been 835 housing units built in our small towns in our four counties compared to more than 8,000 in the City of Grand Forks.

In August 2024, Region 4 completed a four-county housing study and action plan. This study included extensive community outreach and public engagement, including focus groups with 17 small towns in our region. The study revealed the **need for more than 4,800 housing units in our region within the next five years based on current job demand.**

Just last Thursday, we held our quarterly meeting with our Northeast Manufacturing Group. **We once again heard the private sector's plea for more housing in the region.** Last week, we heard loudly from Motor Coach Industries, which is now producing electric coaches from the Pembina plant; Midcentral Medical, a medical equipment manufacturer also in Pembina, and Enduraplas which is producing large plastic tanks in Neche. These companies are along the Canadian border and have their challenges attracting staff to these locations. In just two of our four counties, we have **25 manufacturing companies with 1,200 employees – 90% of these companies have shared growth plans** and are in the process of hiring to replace a high level of retirees.

Last year, **our region also had nearly 1,000 H2A visa employees working for farmers and agricultural businesses – this number has continued to rise quickly over the past three years.** To be clear, we need these workers who are an important part of our agriculture economy. However, adding so many additional people quickly have also put a strain on rural housing markets. These ag

workers are not recognized in any census counts and so tend to be missing from the housing equation as programs and policies are being developed.

As our team has studied Region 4's rural housing shortage, **we have found that risk, be it real or perceived, has inhibited new development.** Risk is a consideration for city leaders, developers, builders, lenders, and buyers. The cost of new infrastructure is generally prohibitive and daunting in small towns.

Grafton has a proposed project to extend the infrastructure that has been on the shelf for a number of years. **A \$3 million investment would create the opportunity to build 34 new single-family homes.** The cost and how to pay for it has been the reason why it hasn't been completed yet. This is one example of a community eager to use a program such as this.

The state's Housing Needs Assessment also concluded that the cost of construction can be 20-30% higher in rural areas than are largest cities. We need a combination of ways that we can continue to lower the cost ultimately to the eventual homeowner as we continue to build through a rural market correction, and as we see wages increase in small towns due to the lack of available labor to fill expansion and retirement needs.

**Generally, the more the state can do to share risk across multiple parties to support new housing development, the better.** The funding proposed in SB 2225, would be an effective way to share risk with municipalities and make room for the growth rural communities need to capitalize on current economic opportunity.

We are eagerly supporting SB 2225 and appreciate that this was proposed.