

# Building Rural Prosperity:

A look at current and future housing needs  
in North Dakota's Region 4

August 2024

## A SNAPSHOT OF OPPORTUNITY

### Methodology

The focus of the study is the on housing needs in rural communities in Region 4. This includes all areas outside of the City of Grand Forks. The methodology was designed to build on previous studies by gathering and analyzing current data, and do extensive community engagement to hear from the grass roots of the region. Nearly 700 regional residents participated in some part of the study including a steering committee of 12, one on one interviews with 10 key stakeholders, 14 focus groups involving 114 participants, 504 survey respondents, and four build sessions gathering 49 local leaders and interested citizens from around the region. In the final phase, Fourth Economy identified strategies to help the region increase the affordability, quality and quantity of housing.

**Building Rural Prosperity: A look at current and future housing needs in North Dakota's Region 4** is the result. The full study can be found at [www.redriverrc.com](http://www.redriverrc.com)

### Interconnected

The economies of the city of Grand Forks and the many smaller communities throughout Region 4 are undeniably interconnected. From workforce, commerce, healthcare, and education, to recreation and entertainment spending, the people and the dollars in the region are constantly mixing.

### Regional Strength

This study identified aggregation of resources and opportunities as a strategy to manage risk and break down barriers that have hindered development of much needed housing in under resourced small towns of Region 4. This can include aggregating financial resources, as well as aggregating opportunities to create the scale appealing to many builders and developers.

Together we can do more.

**This study was done by Fourth Economy with extensive engagement with citizens and leaders in Grand Forks, Nelson, Pembina, and Walsh Counties. Funding for the study was provided by:**

- North Dakota Housing Finance Agency
- Minnesota Housing Partnership
- Grand Forks Region Economic Development
- City of Grand Forks
- Grand Forks Housing Authority
- Nelson County JDA
- Pembina County JDA
- Walsh County JDA



# TAKE AWAYS

## Economy

- **77% of business owners responding to our survey say that the lack of available housing in their community affects their business.**
- Given the layers of interdependency between rural communities and the city of Grand Forks, it is critical that housing be seen as a region wide issue.
- **Foreign born visa workers are an important and growing component of the region's labor market, nearly 1,000 in 2024. They are putting pressure on the housing market, yet their numbers are not accounted for in census data.**

52%

of business owners plan to hire additional staff in the next 12 months

70%

business owners believe their success depends on the development of additional suitable housing in the community

## Rental Housing

- **Since 2021, vacancy rates in Region 4 have remained consistently below 3%.** In Walsh County rental vacancy is consistently below 2%. A healthy rental vacancy rate is around 5%.
- **Across all four counties, 43% of renters are cost burdened, meaning they** pay more than 30% of monthly income for housing expenses.
- **This includes nearly 1,300 seniors** who pay more than 30% of their monthly income for rent.
- The **absence of new rental construction** has held rents artificially low over the past 20 years and now makes financing new construction challenging.

## Owner Housing

- **The Region's housing stock is aging, with 70% of homes in Region 4 more than 54 years old, built prior to 1970.**
- **The median list price for single family homes has spiked since 2018,** up 52.6% in Grand Forks County, 224.2% in Nelson County, 58.4% in Pembina County, and 73.7% in Walsh County.
- **Closed housing markets,** lack of property listings, and lack of sale price disclosure on deeds hinders the availability of good market data that could support growth through new construction - 27% of survey respondents selected "word of mouth" as their primary strategy for selling a home.
- **A need for newly constructed entry level homes** in the region was identified as the highest need by 53% of survey respondents, and 48% identified a **need for low interest loans for rehabilitation** of existing homes.
- The National Association of Home Builders found that **half of Americans can not afford a \$250,000 home.**
- **The median annual income in Region 4 is approximately \$65,000. A buyer at this income level is likely to be able to afford a mortgage of about \$200,000.**

# Need

- Employers cited **new entry level homes and lease purchase homeownership opportunities** as the top strategies to help attract and keep the employees they need.
- Projected housing needs by 2030 call for an additional 1,810 homes: **65% owner, 35% renter.**
- The projected need for **senior housing units** by 2030 is 382 units.
- The region exhibits a **strong market for market rate rental and owner housing.**

- There is also a significant need for **subsidized rental housing for very low income households.**

382

Senior Units

43%

of survey respondents would sell their home if suitable housing was available in their community.

# Opportunity

- **Owner mismatch** - 3,950 homeowners in the study area spend less than 30% of their monthly income on housing, meaning they are potential market rate customers for new move-up and move-over homes.
- **Renter Mismatch** - 1,295 renters spend less than 30% of their monthly income on housing, meaning they are potential market rate renters for modern new rental housing.
- **Nearly 50% of survey respondents know people who would like to move to the region** but are unable to due to a lack of suitable housing.
- Because rural housing markets have been stagnant for so long, there is **room for “move up” and “move over” housing** if we can attract builders.

**NEARLY 4,800 HOMES ARE NEEDED TO FILL CURRENT WORKFORCE DEMAND**

**CURRENT HOUSING SHORTAGE BY COUNTY**

2,414

Grand Forks County

1,170

Walsh County

627

Pembina County

553

Nelson County

**ANNUALY** until 2030

**483 HOMES**

**234 HOMES**

**125 HOMES**

**110 HOMES**

## RESOURCES

- **FEDERAL.** Programs like HOME, Low Income Housing Tax Credits, and Housing Trust Fund are harder to use and less effective in small towns due to cumbersome regulations. USDA Rural Development has limited funding but may have underutilized programs that can be useful.
- **STATE.** North Dakota’s Housing Incentive Fund, Flex PACE for housing, Slum and Blight elimination grants, and Prairie Dog Fund have been effective in small towns and should be expanded.
- **REGIONAL.** A new regional fund focused on housing and community development could be capitalized by, employers, banks, municipalities, and regional philanthropy, and support place-based solutions.
- **NON-PROFIT.** A regional non-profit housing development organization like Red River Community Housing Development Organization (CHDO) can step in when the private market can’t make money on a housing development. Red River CHDO’s work is intended to fill development gaps and spark the private market when it isn’t working.

# Strategies

1

ENABLE

## NEW CONSTRUCTION

**LOCAL. REGIONAL.** Catalyze new housing development with zoning changes, incentives, and partnerships with builders & employers.

**LOCAL. REGIONAL.** Inventory and aggregate region-wide needs and assets to create scale to attract builders and developers

**LOCAL. REGIONAL.** Explore nontraditional ownership models such as coops and land trusts.

**LOCAL. REGIONAL.** Reach out to owners of underutilized property to encourage them to sell

**LOCAL. STATE.** Expand infrastructure to create additional buildable lots.

2

ENCOURAGE

## HOUSING INNOVATION

**LOCAL.** Enable innovative housing types in individual communities through pilot programs, zoning updates, and districting efforts.

**LOCAL. REGIONAL.** Incentivize transfer of ownership of larger existing homes occupied by singles, to ownership by families.

**REGIONAL.** Educate regional leaders and residents on alternative housing types such as accessory dwelling units (ADU's) cooperative housing, and modular construction.

**REGIONAL. STATE.** Support homebuyer education and financial fitness classes.  
**EMPLOYERS.** Invest in solutions that increase availability of employee housing.

3

DEVELOP

## WORKFORCE & HUMAN CAPITAL

**LOCAL.** Advance age appropriate educational opportunities to increase exposure and understanding of building trades and apprentice programs.

**REGIONAL.** Develop a stronger understanding of the region's workforce needs as they relate to housing development.

**REGIONAL.** Highlight housing development, construction, and back office opportunities for regional entrepreneurs.

**REGIONAL. STATE.** Support operations and growth of regional organizations to maintain professional capacity in housing & community development in the region.

4

FACILITATE

## REDEVELOPMENT, REUSE & REPAIR

**LOCAL.** Target individual homes for demolition and/or redevelopment, effecting incremental progress in creating new housing at a regional level.

**LOCAL.** Incentivize upkeep and productive use of property; disincentivize blight, vacancy, and under investment

**LOCAL. REGIONAL.** Inventory vacant and underutilized properties in the community/ region to facilitate redevelopment

**REGIONAL.** Explore and develop funding tools, policies, and marketing strategies that increase the volume of housing redevelopment, reuse, and repair in the region.

5

INVEST

## FUNDING

**LOCAL. EMPLOYERS. REGIONAL. STATE.** Explore creation of new regional housing development funding programs such as CDFI, Housing Trust Fund, or Investment Co-ops. Local money = local place based solutions.

**REGIONAL. STATE.** Invest in regional housing development capacity by supporting operations and growth of the non-profit Red River Community Housing Development Organization (CHDO).

**STATE.** Leverage and expand existing statewide finance programs such as the Housing Incentive Fund (HIF), Flex PACE for housing, R-WISH, and Slum & Blight Elimination Grants.

**STATE.** Raise the \$150,000 maximum on the two year tax abatement cities can offer for new home construction.

## Appendix B - Strategy Matrix

Theme → Recommendation → Strategy		Local	Regional	State	Employer
<b>1. New Construction</b>					
<b>1.1: Work with municipal leaders to help towns, cities, and counties take local actions that catalyze new housing development</b>					
	1.1.1: Advance local rezoning to make more areas available for new housing development.	x	x		
	1.1.2: Educate municipal leadership about best practices for zoning, incentives, and other tools that can facilitate housing development.	x	x		
	1.1.3: Inventory available land, property values, municipal land use, and infrastructure capacity throughout the region in a publicly searchable database and better data collection.	x	x		
	1.1.4: Extend municipal infrastructure to accommodate new housing development.	x		x	
<b>1.2: Empower region-wide actions that catalyze housing construction in areas that are viable for new development</b>					
	1.2.1: Work with regional property owners to put vacant properties on the market.	x	x		
	1.2.2: Bundle lots across municipalities to attract a builder, working with real estate agents to showcase available, shovel-ready lots to private developers.	x	x		
	1.2.3: Form a regional building co-operative (co-op) to encourage development of spec homes, and housing co-ops to lower costs of home ownership.	x			
	1.2.4: Create local or regional land trusts to acquire land for housing development.		x		
<b>2. Housing Innovation</b>					
<b>2.1: Educate regional leaders and residents on alternative housing types</b>					
	2.1.1: Develop an educational campaign around the development of multifamily homes, modular and manufactured homes, and accessory dwelling units (ADUs).		x		
	2.1.2: Host homebuyer education in small towns across Region 4 and incentivize home transfer.	x	x	x	
<b>2.2: Enable innovative housing types in individual communities through pilot programs, zoning, and districting efforts</b>					
	2.2.1: Shift local zoning codes to encourage accessory dwelling units (ADUs).	x			



Theme → Recommendation → Strategy		Local	Regional	State	Employer
	2.2.2: Create affordable housing districts in municipalities throughout the region, where appropriate.	x			
	2.2.3: Target denser microhome communities for senior citizens and H-2A seasonal agricultural workers.	x			
<b>3. Workforce and Human Capital</b>					
<b>3.1: Advance educational opportunities to create regional housing developers and homebuilders</b>					
	3.1.1: Incorporate age-appropriate career exploration and entrepreneurship into the K–16 curriculum.		x	x	
	3.1.2: Build more apprenticeship programs for high school students and adults in the building trades and associated industries, such as business banking and real estate.		x	x	x
	3.1.3: Create regional scholarships for students to pursue trades education.		x		x
<b>3.2: Develop a stronger understanding of the region’s workforce needs as they relate to housing development</b>					
	3.2.1: Conduct a workforce study to understand regional gaps and discover residents who may be underemployed.		x		
	3.2.2: Partner with workforce development entities to better market and advertise opportunities in the trades.		x		
	3.2.3: Launch a centralized job board that local employers can use to post job openings.		x		
	3.2.4: Increase staffing for regional housing organizations to adequate levels for required impact.		x		
<b>3.3: Highlight housing development as a priority for the region’s entrepreneurial ecosystem</b>					
	3.3.1: Provide business support services and incentives to enterprising local residents to develop startups and encourage entrepreneurship related to housing.		x		
	3.3.2: Amplify existing “builders exchange” directories and encourage more participation by local Region 4 construction companies, builders, and tradespeople.		x		
<b>4. Redevelopment, Reuse, and Repair</b>					
<b>4.1: Explore funding tools, policies, and marketing strategies that increase the volume of housing redevelopment, reuse, and repair in the region</b>					
	4.1.1: Create a redevelopment fund that provides low-interest loans for repair and renovation.		x	x	
	4.1.2: Expand the use of tax increment financing (TIF) for redevelopment throughout the region.		x	x	

Theme → Recommendation → Strategy		Local	Regional	State	Employer
	4.1.3: Develop ordinances that incentivize upkeep of vacant properties. Tax unoccupied properties at a higher rate to disincentivize blight, vacancy, and underinvestment.	x	x		
	4.1.4: Raise awareness of the redevelopment, reuse, and repair projects that are possible in the region.	x	x		
<b>4.2: Target individual homes for demolition and/or redevelopment, effecting incremental progress in creating new housing at a regional level</b>					
	4.2.1: Empower local municipalities to condemn and demolish blighted buildings through funding and ordinance.	x	x	x	
	4.2.2: Sponsor engineering surveys of available lots, properties, and parcels to facilitate redevelopment.	x	x		
<b>5. Funding</b>					
<b>5.1: Explore the creation of new regional housing development funding programs</b>					
	5.1.1: Provide loan guarantees to housing lenders.		x	x	
	5.1.2: Create a revolving loan fund (RLF) to finance the appraisal gap seen in many Study Area communities.		x	x	
	5.1.3: Create a regional community development financial institution (CDFI).		x	x	x
	5.1.4: Issue regional bonds to create a higher volume of development-ready capital.		x		
<b>5.2: Leverage and expand existing statewide housing finance programs</b>					
	5.2.1 Propose changes to the Bank of North Dakota's Flex PACE for Affordable Housing program to include not only housing development but repair and rehabilitation.			x	
	5.2.2: Advocate for an expansion of the North Dakota Housing Incentive Fund (HIF) program.			x	
	5.2.3 Work with state leaders to expand the two-year tax exemption limit.			x	

## Endnotes

1. Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2008–2012 and 2018-2022
2. Chase Bank: “Vacancy rate in real estate: What is it and how does it work?”
3. North Dakota Labor Market Information; <https://www.nd.gov/>
4. Lightcast™ Unique Job Postings. May 2024.
5. U.S. Department of Justice, Justice Department Reaches Major Olmstead Settlement Agreement with North Dakota, 2020
6. US Census Bureau – [Walsh County, North Dakota QuickFacts \(Housing\)](#)
7. Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2008-2012 and 2018-2022
8. Fourth Economy Analysis of US Census ACS data, 2012-2022
9. US Census Annual Estimates of the Resident Population: April 1, 2010, to July 1, 2019, and US Census ACS 2022 1-Year Estimates
10. Note: This is based on ACS 2022 5-year data, and contains a +/- 10 percent margin of error. Due to small population numbers, margin of error in rural data tends to be large.
- 11-11. Fourth Economy Analysis of Census OnTheMap data, 2021
12. Chase Bank: “Vacancy rate in real estate: What is it and how does it work?”
13. Site Selection Group, 2024
14. Note: Value is measured by the Census Building Permits Survey, which provides national, state, and local statistics on new privately owned residential construction. The United States Code, Title 13, authorizes this survey, provides for voluntary responses, and provides an exception to confidentiality for public records.
15. North Dakota Labor Market Information, Long-Term Employment Projections, 2020–2030
16. Lightcast™ Unique Job Postings. May 2024
17. Fourth Economy Analysis of Census Business Builder data
- 18-19. North Dakota Labor Market Information, Long-Term Employment Projections, 2020–2030
- 20, 22-23. Fourth Economy Analysis of Lightcast™ Data
21. Supercommuters are a category of commuters who undertake a significantly longer than average commute each day in terms of time and/or distance—in this case, more than fifty miles.
24. [Value Capture - Tax Increment Financing](#)
25. [FHWA - Center for Innovative Finance Support - Value Capture - Land Value Tax](#)