

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2227

2005 SENATE FINANCE AND TAXATION

SB 2227

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2227

Senate Finance and Taxation Committee

Conference Committee

Hearing Date January 26,2005

Tape Number	Side A	Side B	Meter #
1		X	1-END
2			1-2.5
Committee Clerk Signature <i>Sharon Rynow</i>			

Minutes: **Chairman Urlacher** opened the hearing on SB 2227. All Senators were present.

**Senator Robert Erbele**, the prime sponsor of the legislation, introduced the bill.

**Representative Pam Gulleon**, a co-sponsor of the bill appeared before the committee. The housing needs are very high for the elderly who are transition with their living arrangements. If we can provide accomodations for the elderly, we then accomodate younger families moving in.

**Senator Erbele** presented some amendments to the committee with an emergency clause.

**Representative Mike Brandenburg**, a co-sponsor of the legislation appeared before the committee. People in our smaller towns need better housing to help improve the community.

**Jody Bruns, a County Extension Agent in Dickey County** appeared in support of the bill.

Several people want to move into our smaller communities, but adequate housing does not exist.

I visited with community leaders in South Dakota who have did what this bill intends to do for our state, they have been very successful.

**Chairman Urlacher-** What level of income was there in South Dakota, low to moderate income?

**Jody-** It was moderate income. There is already low income housing in the communities.

**Senator Bercier-** Are the elderly people moving because there is not adequate health care in their area?

**Jody-** We are finding out that people don't want to leave their families and friends in the community.

**Senator Cook-** If people with income do not want to live in the housing that is available, can't they build their own home?

**Jody-** People who are elderly often do not want to make the investment of building a new home.

Many don't have the income necessary to do so.

**Senator Tollefson-** Are we talking about the type of housing where everything is taken care of for them? Are they rental units?

**Jody-** That is one of the forms of housing we are looking at. They are rental units.

**Senator Cook-** The housing you vision being built, is it just for the elderly?

**Jody-** It would not be just limited to the elderly.

**Don Kosel, Mayor of the City of Ashley** appeared in support of the bill. See written testimony.

**Senator Cook-** So, the reason that private industry is not building any of these homes is because they would not be able to afford the rent they would need to finance it? How will this bill lower the rent?

**Don-** There would be reduced taxes through this bill and a reduced interest rate.

**Senator Cook-** If you pay reduced taxes, how would that effect school districts?

**Don-** After a period of time, the tax would go back to the normal rate.

**Bob Kudrna, with the Adams County Development Corporation in Hettinger** appeared in support of the bill. We need this type of housing available to retain the residents in our smaller communities. The problem is we don't have large developers or contractors to build these this type of housing.

**Monica Peldo, Mayor of Ellendale** appeared in support of the bill. See attached testimony.

**Senator Cook-** Wouldn't you be losing tax dollars with this bill?

**Monica-** We would be gaining tax dollars with more people moving back to our town.

**Senator Cook-** The city, school district, and county would be losing taxes right?

**Monica-** A lot of the property is vacant at this time, so we would not be losing anything. It would be to our advantage if it was developed.

**Tim Brown, President of Dacotah Plains Credit Union in Edgeley** appeared in support. He was involved with forming a 7 community economic regional development. They have identified that housing need, which is different in each community. Real estate values are always an equity issue, that can become extremely difficult.

**Senator Cook-** Is your community served by a housing authority?

**Tim-** Yes.

**Senator Cook-** Why can't the existing authorities serve the needs that you want addressed?

**Tim-** I don't think they can come up with the money necessary.

**Senator Bercier-** Would this place the lower income people on a lower tier than those with a moderate income?

**Tim-** I don't see that becoming an issue.

**Senator Bercier-** How would you define moderate income?

**Tim-** \$34,000 for a family of four.

**Senator Every-** Would it be fair to say that most likely counties would not have the resources necessary to put housing in each community that has the need?

**Tim-** I am not familiar with that.

**Diane Weick, represented the ND Horizons Leadership Program** appeared in support of the bill with written testimony. See attached.

**Senator Tollefson-** I am interested in finding out about havens established in lieu of taxes.

**Diane-** Payments in lieu of taxes are tax exempt. In Minnesota and South Dakota, we see around 5% of the rent revenues collected on a project.

**Senator Cook-** The state has to be covered by 100%, because it is their authority to administer low income housing program. What is your definition of moderate income, is there a dollar amount?

**Diane-** There is not a dollar amount in ND or in neighboring states. It is designed to be broad and minimizes the risks.

**Senator Cook-** Could they qualify in one community and not the other, depending on their income?

**Diane-** That could be the case if the housing authority in that area were to establish that criteria. These projects are financed at 100% of cost with no cash equity, banks are looking for additional security on these projects in order to issue the bonds. There are two avenues to attain additional security on these bonds. The rent revenues would help make the bond payment. The other options is the general obligation backing on the bonding, through the city or the county. Most

cities choose not to utilize that option. We publicly bid the project and then subcontract the work out in each local community. The costs are therefore streamlined, however the competition is at the developer level.

**Senator Bercier-** So, you would be acting on behalf of the owner?

**Diane-** It would be a project manager. We find this work most effective, charging a fee for each unit that is being built. We guarantee the total cost of the project.

**Senator Bercier-** I am concerned that low income people might be moved out of the equation with the rentals.

**Jim Stewart, an attorney from Fargo** appeared in support of the bill with written testimony.

See attached.

**Senator Cook-** You make reference to a survey that has been done, do you know how many of these people qualify for the elderly programs that are out there now?

**Jim-** No.

**John Fox, Assistant Attorney General** brought forth an amendment to the bill. He appeared on a neutral basis.

**Keith Hafey, Business manager of Trinity Bible College** appeared in support of the bill. Their college is growing, and adequate housing is a major need in their community of Ellendale. It is difficult for people who are married or who have a family trying to find a place to live while going to college.

**No one appeared in opposition to the bill.**

**Chairman Urlacher closed the hearing on SB 2227. No action was taken.**

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2227

Senate Finance and Taxation Committee

Conference Committee

Hearing Date February 1, 2005

Tape Number	Side A	Side B	Meter #
# 2		X	28.3 - 61.2
Committee Clerk Signature <i>Sharon Renshaw</i>			

Minutes: AFTERNOON COMMITTEE WORK

**SEN. BERCIER:** mentioned there were some amendments offered by Sen. Erberle to insert the word "jurisdiction" and declare an emergency add a section 9 for emergency clause.

**SEN. WARDNER:** Someone also brought amendment for on page 7, line 22. The 2 amendments should be stuck together.

**SEN. COOK:** I don't see a need for the language of "to assist the governing body, city or county of an authority". This is enabling legislation that enables a governing body to exercise their power, if they exercise that power, they have some responsibilities that lie solely on them.

**SEN. WARDNER:** I make a motion to **MOVE SEN. ERBERLE'S AMENDMENTS**, seconded by Sen. Every.

**VOICE VOTE: 6-0-0 Motion carries.**

**SEN. URLACHER:** Is there something in the law books now?

**SEN. COOK:** there is something in the law books now that explain the reason for the problem in Williston.

**SEN. URLACHER:** I have some problem with authority within an authority, we have authority covering the area and now establishing a new authority within that authority. I'm not sure what complications that going to relate to existing authority on the overlap and the other thing is the moderate income and the competition of private industry on other programs.

**SEN. COOK:** I have those same concerns. I understand what they are trying to do here, they are trying find a creative way of financing and they look at housing authority to piggy back on as a means of accomplishing that end. Right now the state of ND I think its something like 35 housing authorities that cover the entire state, many of them are too small. The other concern is competition with others, we heard it in testimony, by doing this, the definition for moderate income. There is no asset test involved whatsoever, these people that move in there could be millionaires.

**SEN. TOLLEFSON:** in Minot, they've really had a tough time with subsidized housing, at the private enterprise, in the Realtors, really fight it and rightfully so. My feeling is that this organization that is attempting to set up this package for them has really got them stirred up.

**SEN. COOK:** explanation, all housing authorities handle our voucher program where the low income person can live where ever they want and they get a voucher and the size of that voucher is relative to what their income is. Quite frankly, I think we ought to amend this bill so that no housing authorities can own property, they can own property but they would have to pay the property taxes and the specials and right now as we speak all the housing authorities are being surveyed on that.

**SEN. WARDNER:** it just talks about just 5,000 or less, I do know that in our community we want the smaller communities to make it. One of the issues is housing, you have to worry about private, they are not going out there to build them, only if there is a rich individual who says I want to live in Richardton or New England is that happening. So what's happening is that there just not getting the housing they need so they move to Dickinson. I just feel it could help them build hosing in these smaller communities.

**SEN. BERCIER:** I support the idea of this, I do have some concerns, when you go to page 8, it dials into the moderate income. It appears that there group is going to make a determination, there going to take a moderate income person over a low income person so that person is then going to be again without adequate housing.

**SEN. COOK:** made a **MOTION FOR DO NOT PASS AS AMENDED**, seconded by Sen. Tollefson.

**ROLL CALL VOTE:** 3-3-0 Motion failed.

**SEN. EVERY:** made a **MOTION FOR DO PASS AS AMENDED** seconded by Sen. Bercier

**ROLL CALL VOTE:** 4-2-0 Sen. Wardner will carry the bill.

:

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/22/2005

Amendment to: Engrossed  
 SB 2227

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2227 with House Amendments grants a property tax exemption for moderate income housing. It is not known how many parcels of property will qualify, or how much shifting of property tax burden will occur if this bill is enacted.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	03/23/2005

January 20, 2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2227

Page 1, line 3, after "jurisdiction" insert "; and to declare an emergency"

Page 13, after line 26, insert :

**"SECTION 9. EMERGENCY.** This Act is declared to be an emergency  
measure."

Renumber accordingly







**REPORT OF STANDING COMMITTEE**

**SB 2227: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2227 was placed on the Sixth order on the calendar.**

Page 1, line 3, after "jurisdiction" insert "; and to declare an emergency"

Page 13, after line 26, insert:

**"SECTION 9. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

2005 HOUSE POLITICAL SUBDIVISIONS

SB 2227

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2227

House Political Subdivisions Committee

Conference Committee

Hearing Date March 4, 2005

Tape Number	Side A	Side B	Meter #
1	x		0.1 to end
		x	0.2 to 18.1
Committee Clerk Signature <i>Lauren R. Zinke</i>			

Minutes: **Rep. Devlin, Chairman** opened the hearing on SB 2227, a bill for an Act to amend and reenact sections 23-11--1, 23-11-03, 23-11-11, 23-11-14, 23-11-20, 23-11-21, 23-11-23, and 23-11-24 of the North Dakota Century code, relating to housing authority jurisdiction; and to declare an emergency.

**Sen. Erbele** representing District 28 and prime sponsor of the bill explained the purpose of the bill and asked for favorable support. A copy of his prepared remarks is attached. Currently the law allows formation of housing authorities in communities of 5,000 population and only for low income buyers. Now smaller communities have had a series of local meetings to assess the need for affordable housing in today's market in all but particularly smaller communities. Many developer are interested in larger markets and the one or two homes or units per year or even two are not attracting builders.

**Rep. Ekstrom ( 4.2 )** Do you know what the original basis for limiting the law to 5,000 and above?

**Sen. Erbele** --No

**Rep. Dietrich ( You mentioned moderate income -- what do means by that term?**

**Sen. Erbele** It is not defined in the code with a dollar amount -- presumably it is everything above low income.

**Rep. Koppelman ( 4.9 )** What is the historical mission of the Housing Authorities?

**Sen. Erbele** -- I am not the expert -- just a legislator --

**Sen. Guleson** representing District 26 appeared to speak for the bill. She stated that the State Alliance Council -- it is an economic development alliance for a multicounty area -- housing issue have risen time and time again as barriers to economic growth. The need for housing and often affordable housing in small communities is great. This bill will give these communities or even regions another tools or option in providing housing in small markets.

**Rep. Ekstrom ( 7.8 )** there is an emergency clause on the bill --- is there something in the pipeline?

**Rep. Guleson** No -- we just didn't want to et another construction season go by --

**Jodi Bruns** County Extension Agent for Dickey County spoke in support and need for the bill.

A copy of her prepared remarks is attached.

**Rep. Koppelman ( 11.4 )** On page 3 line -- moderate income what is the definition -- it says and he quotes that section -- please explain what the target is there?

**Jodi Bruns** -- moderate income is not subsidized -- subsidized housing-- it is anything but --

in looking at the present bill it say it can be anything -- not low cost housing, what we are asking for is moderate income housing.

**Rep. Koppelman ( 12.3 )** What is the history of Housing Authorities? Is there a changing mission?

**Jodi Bruns --** The reason for wanting to establish a city housing authority -- at least in the small communities -- is that the law no addresses on low income housing and it is a volunteer basis -thats it. By providing a housing authority in cities -- one, that it will give ownership of the project -- it will have to be overseen, every step of the way by local authorities -- they will have their hands on that project from beginning to end.

**Rep. Koppelman ( 113.5 )** You said there would no federal subsidy but with this there will be a subsiy of some kind -- right?

**Jodi Bruns -** It wouldn't be a subsidy because the housing authority would a nonprofit organization, they would bypass property tax -- and be eligible for low interest rates or for the bonds.

**Rep. Koppelman ( 13.8 )** So in a way it would be a property tax subsidy--

**Jodi Bruns** Yes - I guess so.

**Rep. Koppelman ( 13.9 )** So if you do this in some of the smaller communities -- in some communities there is some low cost housing available --- in fact most of it in fact-- what do you think this is going to do to the private market?

**Jodi Bruns -** The approach is to be very conservative -- build one and then wait until there is a need again for the next type of housing whatever it may be -- the type of housing.

**Rep. Koppelman ( 16.0 )** Is there any mechanism where the cities can incentivize the local market like -- Renaissance Zones

**Jodi Bruns**-- those don't address the types or needs for anything but new housing.

**Rep. Kaldor ( 17.2 )** Looking at the list -- a lot of the communities are in my district -- there is no way you can build and finance through conventional means without some kind of heavy duty down stroke. When you talk about this -- the housing authority would be this property and they would rent it back to those individuals -- is that how you would envision this?

**Jodi Bruns -** That is correct.

**Rep. Kaldor ( 18.2 )** So is there any point in time where -- or does the authority always own the property?

**Jodi Bruns -** No -- like I said in some instances -- it is up to the Authority to decide when to sell to the private sector once they have brought the costs down to where it can be sold at an affordable price -- to where they can cash flow it.

**Rep. Kaldor ( 18.9 )** The Kiwanis Club in Hillsboro -- they built housing -- how did they do that -- I know that they have moderate income people in there -- how did they get around the housing authority -- they are a nonprofit group?

**Jodi Bruns -** I am not familiar with that but there are some developers here who can address that.

**Rep. Wrangham ( 20.1 )** My concern would -- the low income housing authority has been working very well -- should we be concerned -- if not why not -- of larger towns -- say Jamestown -- all the way up to Bismarck and Fargo -- people using this as a way to escape property taxes -- moderate income people broadens it a long way -- should I be concerned that this will miss used?

**Jodi Bruns** The only thing I can say it that city council can pick who the members of the authority will be and they should pick wisely. People off the street can't form a housing authority and it is an arm of the city.

**Rep. Zaiser ( 21.9 )** What are the terms on how the housing authority transfers ownership -- is it a 'turn key' operation?

**Jodi Bruns** -- I suppose that you could say it that way.

**Diane Weick** Lobbyist # 399 from Marshall, Minnesota. A copy of her prepared testimony is attached.

**Rep. Wrangham ( 35.1 )** Did you say there are still some counties that do not have housing authorities?

**Diane Weick** My understanding from talking to Pat Fricke is there are still something like 11 counties but some of them have joined other counties and grouped together.

**Rep. Wrangham ( 36.1 )** Do you view that as a bad thing if a county doesn't have a HRA - if there is not a need for a housing authority -- is that a good thing or a bad thing?

**Diane Weick** I guess I am not going to say that is a good or a bad thing -- but from my perspective I guess that individual counties probably have hands on knowledge about what their housing needs are in their own county. That is what HRA s mission is.-- to identify the housing needs of their area and to address the needs for housing.

**Rep. Dietrich ( 37.0 )** On page 3 lines 17 - 24 -- subsection 12 - can you tell the difference between low income and moderate income besides just a little rewording -- they appear to be identical.

**Diane Weick** The part of the bill you get is only the part that has the revisions to it but the other sections in the North Dakota Century code in this Chapter the more specifically defines low income and has definite income amounts attached to the low income definitions -- it isn't this particular bill and is in the whole body of the code. I don't recall what those are but there are definite income guidelines.

**Rep. Dietrich ( 38.7 )** To me they specifically point a person of low income -- 13 is individuals with moderate income is not adequate -- I am looking at this and it is the same sentence -- 12 is low income -- 13 is low income

**Diane Weick** -- There is a section -- I can find it now either but it does identify the -- in this version I have -----

**Rep. Dietrich ( 39.6 )** again with the language I am looking at takes the definition of moderate income to a whole different degree -- and we are opening up a whole new avenue for bonding

**Diane Weick** -- we are --

**Rep. Dietrich** we are picking up another segment and putting it into low income and picking up another group for the moderate --

**Diane Weick** -- The way it is written is Sen. Erbele indicated would be anything above low income -- no the low income is specified in the Century Code but moderate is not.

**Rep. Dietrich ( 41.0 )** What would preclude a rancher coming off the land and wanted to live in the housing and he is a multimillionaire -- what would stop him?

**Diane Weick** -- There is nothing that would preclude him from doing that. The thought behind this is that we are asking the HRA s to take on this risk because the private sector is not doing it in these smaller communities.

**Rep. Koppelman ( 42.3 )** What are these rent levels in Your south Dakota and Minnesota units?

**Diane Weick** -- \$620 - 650 per month

**Rep. Koppelman ( 43.4 )** In West Fargo they are comparable -- when we look at this if I was in a small town - - I would want to economic development -- and you are taking tax dollars to do this and where is the economic -- where is the growth --

**Diane Weick** -- They told us 6 years ago that economic development would take place and pull up the housing but it hasn't happened yet.

**Rep. Koppelman ( 46.6 )** Even with all the incentive programs?

**Diane Weick** -- Yes the private developers -- these projects are financed entirely with revenue bonds -- there are no tax dollars directly. In those other programs you are subsidizing them with tax dollars directly. The revenue bonds are federally tax exempted to the banks which allows them to issue them at a much lower rate -- last week I got a quote at 4 ¼ % . We all know that interest is a large portion of our payments -- subsequently if we can lower our interest rates even 1 or 2 % that makes a difference of \$100 or more. If the private sector is going to finance a project the bank is going to want a 20 -25% equity in your project. They will add those 1 or 2% more interest -- those two things are going to add at least \$200 per month per unit to the payments on that project. -- in order to cash flow it. In my mind this is the least tax impact program out there. Plus it has the potential of going back to the private ownership in the future.

**Rep. Koppelman ( 50.2 )** Going back to the issue of the definition of a moderate income -- could it be fixed at say --for example at 150% of the poverty level.

**Diane Weick** -- that restriction is not placed on that anywhere else in my experience.

**Rep. Zaiser ( 51.2 )** Are local contractors building these buildings and aren't the building materials bought locally?

**Diane Weick** -- yes -- we give 105% preference to local builders.

To end of the tape 1 side A

**Seite B Tape 1**

**Rep. Dietrich ( 3.1 )** You said you had built about 1000 units over the last 10 -12 years -- how many of these are now back to private ownership and one the tax roles?

**Diane Weick** -- I would guess about 50.

**Jeff Langley** -- from Ellendale and a land lord owning a 29 years multi-famil housing unit in Ellendale. A copy of his prepared remarks is attached. His yestimony was to read his prepared remarks.

**Rep. Ekstrom ( 8.3 )** Have you spoken to people in your community -- are the businesses supporting this for their employees who might want to have access to more affordable housing?

**Jeff Langely** -- Yes they are.

**Rep. Dietrich ( 10.8 )** You said its becoming a bidders war -- are those homes being financed and are they being appraised?

**Jeff Langley** -- Some of them are and quite frankly I don't know where they are getting it -- it literally took me six months to find a bank to finance my duplex --- the replacement cost on this -- new --is over \$90,000 --- across the street I have two city lots sitting empty and I cannot financially build a new unit and the need is there -- its not possible to build new and finance them. We set our own definition for the income groups -- the federal government sets one and we set ours -- the low income group by the federal is \$14,000 and for a family of three it is \$32,000

or less and moderate income is \$52,000 or less. It s different in LaMoure County and its different here in Burleigh County. So the definition of those income levels is what we set it at.

**Keith Hefey** -- from Ellendale and works as the Trinity Bible College. His testimony followed closely his prepared remarks, a copy of which is attached.

**Bob Kudrna** -- Executive Director of the Adams County Development Corporation presented his written satement -- a copy is attached.

**Tim Brown** -- lives in Edgely, ND and manages a Credit Union -- rose to express his support and state there is a need for the bill.

**Tom Lovik** -- presented his written testimony -- a copy is attached.

There being no further testimony for nor against **Rep.Devlin, Chairman** closed the hearing on

SB 2227. ( 18.1 )

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2227 b

House Political Subdivisions Committee

Conference Committee

Hearing Date March 11, 2005

Tape Number	Side A	Side B	Meter #
1	x		37.6 to 38.6
Committee Clerk Signature <i>Louise B. Zink</i>			

Minutes: **Rep. Devlin, Chairman** in workd session expressed his concern about reovlving the issues was SB 2227 . Rep. Dietrich has some possible amendments -- I know Re. Wrangham has a lot amendments for that bill -- so we will subcommittee this one too -- therefore I ask **Rep. Kretschmar, Rep. Wrangham and Rep. Ekstrom** to report back to the committee. End ( 38.5 )

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2227 c

House Political Subdivisions Committee

Conference Committee

Hearing Date March 17, 2005

Tape Number	Side A	Side B	Meter #
1	x		14.0 to 26.4
Committee Clerk Signature <i>Lauren H. Zink</i>			

Minutes: In work session **Rep.Devlin, Chairman** opened the discussion for action on SB 2227

by asking Rep. Kretschmar whether the subcommittee had their amendments for the bill.

**Rep. Kretschmar** ( 14.2 ) stated that the proposed amendments could be discuss and that he

woul review what the subcommitte would be recommending but they were not ready to be

handed out because the Legislative Council is still preparing them. One of the objections that was

brought to the subcommittee was regarding -- currently the bill would allow an authority to

contract with a contractor to build houses without requiring competitive bidding. --The

subcommittee is in agreement and we are going get a provision to require competitive bidding --

that's on page 7 - nnumber 36 --- that --36 will be taken out and Council is going to draft it to say

there will be competitve bidding.

**Rep.Devlin, Chairman** ( 15.2 ) Do you know why the language is used there and where did it

come from ?

**Rep. Kretschmar** -- you mean "non competitive " bidding -- no I don't and I haven't seen it anywhere else ? I think they thought it would lessen the cost of construction.

**Rep. Herbal, Vice Chairman ( 15.6 )** so all of section 36 will be taken out.

**Rep. Kretschmar ( 15.6 )** All of that will come out of the bill -- and you are going to have an addition -- the requirement for competitive bidding to be put in there .

**Rep. Ekstrom ( 15.8 )** What we (the subcommittee ) the "lowest responsible bid" for that -- they will have fair amount of discretion -- so that the local guys can have a chance.

**Rep. Zaiser ( 16.0 )** In those bids -- is there any kind of check into their qualifications?

**Rep. Kretschmar ( 16.3 )** --Anyone who does work in excess of \$2,000 will be required to have a contractor's license by law. There was concern in the committee that these authorities would have the authority to issue general obligation bonds without the election of the electorate with out the city involved -- we want to allow general obligation bonds but in accordance with state law when issuing those bonds.

**Rep. Devlin, Chairman ( 17.2 )** What about a revenue bond?

**Rep. Kretschmar** It's in there -- they can do that.

**Rep. Ekstrom ( 17.5 )** The other thing -- we had Sen. Erbele come up and give us a hand on this a little bit -- while it was over in the Senate -- they said it was not likely they use these -- or would not use these but they were thinking about taking this section out anyway.

**Rep. Herbal, Vice Chairman ( 17.8 )** There was also some concerns expressed as to who qualifies -- has that been addressed --

**Rep. Kretschmar ( 18.0 )** That coming -- the next thing is that Rep. Wrangham brought in some proposed amendments that would put caps on persons who could live in these things ( ? Income

caps ). Rep. Wrangham has those amendments but our subcommittee was two to one not to adopt them. But they can be brought up before the full committee. Then Rep. Wrangham also brought up in his amendments that these properties would be subject to Ad Valorem and special assessments -- current law say that they are not subject to them -- the subcommittee agreed did not want them to be subject Ad Valorem Tax until the property reverted to private hands ( ? Ownership) but they would be subject to special assessments unless specifically exempted by the city council or what ever government body is over them.

**Rep. Koppelman ( 19.0 )** Is there -- any thing in the bill or the proposed amendments that would put these back into private ownership some day --

**Rep. Kretschmar ( 19.3 )** Currently there is nothing in the bill that would required that and the subcommittee didn't adopt any provision that would require that -- but the Housing Authority can do it anytime they want to require it -- if they want to.

**Rep. Ekstrom ( 19.6 )** --I believe that Rep. Wrangham did find a section in the Transmission Authority that would allow them to do that.

**Rep. Wrangham ( 20.2 )** then read the section which dealt with identifying the public purpose of the authorities ownership conditions which would make the authority's ownership no longer necessary for accomplishing the public purposes and a plan to divest the authority's ownership once economically prudent.

**Rep. Kretschmar ( 20.7 )** We agreed that would suffice and that is our amendments -- along those lines.

**Rep.Devlin, Chairman ( 20.9 )** You are having them drafted and will bring them before the committee --

**Rep. Kretschmar** -- Yes we will bring the completed draft before the committee.

**Rep. Koppelman** ( 21.0 ) **Rep. Ekstrom** -- 501 3c's can do this -- in other words non-profits can do this now -- is that true ? What the bill is trying to do -- the non-profits can do already?

**Rep. Kretschmar** -- they can do almost anything they want to.

**Rep. Kaldor** ( 21.5 ) I think where that note probably came from I was talking about the Hillsboro Kiwanis project.

**Rep. Ekstrom** ( 21.9 ) There is another project -- in Jamestown the Old Post Office building -- 501 c33 put that one together for senior housing and assisted living.

**Rep. Wrangham** ( 22.3 ) I think you remember we were going to put in that they are subject to special assessments

**Rep. Dietrich** ( 22.5 ) My recollection on 501 3c's is that they can do this now as long as it is a low income project -- this addresses moderate income.

**Rep. Kaldor** ( 23.0 ) This raises an interesting question because I know that their project has everything --it is not low income. They are retired but not low income -- I don't know if they got an exemption or what.

**Rep. Dietrich** ( 23.3 ) Did they use bonding?

**Rep. Kaldor** I am assuming they did but I don't know for sure.

**Rep. Pietsch** ( 23.5 ) From contacts -- our city had no problem with this but our assosors did. She then relay several projects and experience in the Fargo area.

**Rep. Dietrich** ( 24.9 ) From the information I have -- is that for is for low income housing.

**Rep. Pietsch** ( 25.3 ) But this bill is for moderate income and **Rep. Herbal**, Vice Chairman thought that was at about \$100 -150,000 annual income.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2227 d

House Political Subdivisions Committee

Conference Committee

Hearing Date March 18, 2005

Tape Number	Side A	Side B	Meter #
1	x		16.3 to 46.1
Committee Clerk Signature <i>Bruce L. Fisk</i>			

Minutes: In work session **Rep.Devlin, Chairman** opened the discussion for action on SB 2227 asking Rep. Kretschmar to present the subcommittee amendments to the bill.

**Rep. Kretschmar ( 17.4 )** These are the amendments we discussed yesterday. The Legislative council drew them up. We have taken 23 and 24 out of the bill and put in 23 and 29 which is at the bottom of the page -- the general obligation bonds to follow the current law -- and the Housing Authority has the duty to get rid of the housing when the opportunity arises -- the removed bottom of page 7 and 8 --then we added line 11- 12 requires the competitive bidding according to the current statutes -- then we took the bond out of 13 and we added the new section at the end of the bill on page 13 regarding taxation of those things -- that they are not subject to Ad Valorem tax but are subject to special assessments unless specifically exempted.

**Rep. Kretschmar ( 19.2 )** moved the amendments --LC - .0204 . **Rep. Ekstrom** seconded the motion.

**Rep.Devlin, Chairman ( 19.5 )** I know it is in existing law but on your new section -- about the

including the authority to created under Indian Law recognized by the Federal government --is there a way to put special assessments against something the tribes have?

**Rep. Kretschmar** ( 19.7 ) that would be under the tribal jurisdiction -- Indian law.

**Rep. Zaiser** ( 19.7 ) to make sure --Rep. Kretschmar -- we are not amending out moderate income housing ?

**Rep. Kretschmar** -- No.

**Rep.Devlin, Chairman** -- I think I can confidently tell you will have that as a possible amendment before these are done.

**Rep. Kaldor** ( 20.2 ) the language removed or replaced on page 7 -- lines 24-25 through 30 -- is that taken care of then -- that relates to the financing.

**Rep. Kretschmar** In the original bill that related to financing -- bonding-- and we are replacing that page 8 line 12 language and also on page 7 line 22 that they follow current statutory procedures for the bonds.

**Rep. Koppelman** ( 21.1 ) I think that is still a little confused -- the bonding that was in the bill was what? What did it do?

**Rep. Kretschmar** ( 21.2 ) they allowed them to issue general abligatin bonds without a vote of the electorate. The subcommittee thought that we -- if they want to issue general obligation bonds they shoul follow current statutory procedures -- which requires a vote of the people of the subdivision.

**Rep. Ekstrom** ( 21.5 ) According to the bill sponsor -- over in the Senate they didn't think they would ever use it -- they were going to take it out but then didn't.

On a voice vote the amendment carried without a dissent.

**Rep. Wrangham ( 22.1 )** offered Lc .0202 -- on page 1 line 2 -- that concern has taken care of by the subcommittee -- page 3 line 23 - after the second income insert "does not exceed 125% of mediium income of the area -- and at this point **Rep. Wrangham** moved that as an amendment.

**Rep.Devlin, Chairman** -- and what about page 3 line 26 -- ?

**Rep. Wrangham ( 23.9 )** remembering that last time we kept like things together -- I would continue with --page 3 line 26 -- after the underscorted " . " The term does does not include an individual with assets in excess of \$25, 000 or a family with assets in excess of \$50,000 .

**Rep. Dietrich** seconded the motion for the amendments on page 3 on .0202 .

**Rep. Zaiser** When this was brought in initially -- this was not only to provide housing in rural areas - - to be an economic development tool -- so to disallow this is to basically to disallow small communities housing.

**Rep.Devlin, Chairman ( 26.1 )** -- did you submit this to the subcommittee also - ANS. Yes I did.

**Rep. Wrangham ( 26.3 )** It was two to one against not to accept.

**Rep. Ekstrom ( 26.5 )** With regard to line 23 -- as to the word 'area' -- in the first part of the bill it is define as the area over which the Housin Authority would have dominion over. -- we will calculate the income -- those figures are kept county by county -- not by an arbitrary area that we define in the bill -- so I don't think you could calculate and then -- on line 26 we would be saying that we would have an asset test and during the discussion in the hearing -- the local authority would have the authority to say who will and who doesn't qualify --I resist this amendment.

**Rep. Koppelman ( 27.8 )** I am reluctantly going to resist the amendment -- but this would be a convuluted problem --

**Rep. Herbel, Vice Chairman ( 29.2 )** As I listened to the testimony -- I heard they were trying to help people stay in the local community by affording the affordable housing -- I too will resist the amendments.

**Rep. Wrangham ( 30.1 )** it this is an economic tool -- there are other sections of the law for that but this was specifically put into the housing section of the code.

**Rep. Dietrich ( 31.7 )** From working this area -- housing-- the test isn't fair because the medium income is going to be different in the city of Grand Forks than it would be in Thompson in the same county. There were other observations on moderate and medium income and the needs are different within the same categories and appraisals, fair market values, etc.

On a voice vote the amendments by Rep. Wrangham failed.

**Rep. Koppelman ( 35.5 )** I will propose an amendment -- if you will look at Rep. Wrangham's amendments -- page 3 line 23 I would move 200% of the federal poverty level as the --

**Rep. Wrangham** seconded the motion.

**Rep. Maragos ( 38.1 )** -- My comment is that one size doesn't fit all what ever happened to local control?

**Rep.Devlin, Chairman** -- editorial comment -- I have come to the conclusion that local control is more and more what this chamber says it is.

**Rep. Kaldor ( 39.1 )** One of the things I see about subsection 13 -- it is not so much what someone's income is but what the real estate market is like in that neighborhood.

**Rep. Wrangham ( 40.8 )** We should be careful -- we have to recognize the different responsibilities which respect to local control and our responsibilities-

**Rep. Ekstrom ( 41.4 )** In the city of Fargo -- just ten years ago we had 60% of our residents owning their own homes -- today 40% it is a question of affordable and its different in small towns -- its worse.

**Rep. Koppelman ( 42.9 )** I just asked our intern to check and furnish us what the federal poverty level is.

**Rep.Devlin, Chairman** is it going to make any difference?

On a voice vote Rep. Koppelman's amendment failed.

**Rep. Zaiser ( 44.2 )** moved a 'Do Pass as amended' for SB 2227. **Rep. Kretschmar** seconded the motion. On a roll call vote the motion carried **8 ayes 1 nay 1 absent**. **Rep. Kretschmar** was designated to carry SB 2227 on the floor. **End ( 46.1 )**

Date: March 18, 2005  
Roll Call Vote:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2227

House POLITICAL SUBDIVISIONS Committee \_\_\_\_\_

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as amended

Motion Made By Mr. Zaiser Seconded By Rutledge

Representatives	Yes	No	Representatives	Yes	No
Rep. Devlin, Chairman	✓		Rep. Ekstrom	✓	
Rep. Herbel, Vice Chairman	✓		Rep. Kaldor	✓	
Rep. Dietrich	✓		Rep. Zaiser	✓	
Rep. Johnson	<del>✓</del>				
Rep. Koppelman	✓				
Rep. Kretschmar	✓				
Rep. Maragos	✓				
Rep. Pietsch	✓				
Rep. Wrangham		✓			

Total (Yes) 10 No 1

Absent 1

Floor Assignment Rep. Kretschmar

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2227, as engrossed: Political Subdivisions Committee (Rep. Devlin, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Engrossed SB 2227 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and" and after "23-11-24" insert ", and 23-11-29"

Page 7, line 22, replace "under subdivision b of" with "in accordance with chapter 21-03."

Page 7, remove line 23

Page 7, line 24, replace "determine, within the authority's area of operation, that the authority dispense" with "develop a plan identifying the public purposes of the authority's ownership, conditions that would make the authority's ownership no longer necessary for accomplishing those public purposes, and a plan to divest the authority's ownership interest as soon as economically prudent once those conditions occur and to effectuate the plan."

Page 7, remove lines 25 through 30

Page 8, remove lines 1 through 5

Page 8, line 12, after the period insert "The construction of a housing project is a public improvement for which an authority is subject to the competitive bidding requirements of chapter 48-01.1."

Page 13, remove lines 11 through 20

Page 13, line 21, replace "c." with "b."

Page 13, after line 26, insert:

**"SECTION 9. AMENDMENT.** Section 23-11-29 of the North Dakota Century Code is amended and reenacted as follows:

**23-11-29. Tax exemptions and payments in lieu of taxes.** The property of an authority used for low-income housing, including an authority created under Indian laws recognized by the federal government, is declared to be public property used for essential public and governmental purposes and is exempt from all taxes and special assessments of the ~~city, the county, the state,~~ or any political subdivision thereof. In lieu of ~~such~~ taxes or special assessments, an authority may agree to make payments to the ~~city, county, state,~~ or any ~~such~~ political subdivision for improvements, services, and facilities furnished ~~thereby by the state or political subdivision~~ for the benefits of a housing project, ~~but in no event may such.~~ The payments may not exceed the estimated cost to such city, county, or political subdivision of the improvements, services, or facilities to be so furnished. Notwithstanding any other provision of law, the property of an authority used for moderate income housing is exempt from all taxes of the state or any political subdivision except special assessments unless specifically exempted from the special assessment by the political subdivision.

Renumber accordingly

**2005 TESTIMONY**

SB 2227



January 26, 2005

Mr. Chairman and members of the Committee, my name is Donald Kosel, Mayor of the City of Ashley. I am in favor of SB2227 for the following reasons. In our city, we have a great need for housing for senior and middle income people. Many of our residents are senior citizens and are looking to move from their home because of its floor plan or because it is just getting to hard to maintain. If we cannot provide this housing for them they will move to another city for homes or apartments that will provide them with the accommodations they need such as being wheelchair assessible, walkers and other demands. If this happens, this will greatly affect our business places, medical facilities, and remove these residents from the community they have lived in, helped develop, and are proud of.



We need places of so called "transitional" housing which allows the elderly to ease their way into assisted living and also to provide living quarters for middle income people moving into our community until they find a house to buy or to build a new one, along with providing housing for some people who just are not ready to purchase their own home.

This bill if passed in my opinion will open up homes which the elderly now own for other people to purchase and will provide affordable rent to senior citizens. We have had no new homes or apartments built by private developers in our city because our residents cannot afford to pay the amount of rent that these developers would need for a return on their money. SB2227 would provide a more affordable rent for people of all income levels.



According to the Statewide Housing Needs Assessment, the percent of state residents age 65 and older is projected to grow by 35 percent between the years 2000-2015, which represents 20 percent of the population. With this happening, there is going to have to be more development taking place then there has been in the past and SB2227 can do a lot to help with this development.

Thank you.

Good Morning Mr. Chairman and members of the Committee...  
I am Monica Peldo, Mayor of Ellendale a community of approximately 1550 citizens.  
Thank you for allowing me to share you the housing concerns in Ellendale.

We are experiencing a housing crunch in many different areas.. Finding rentals for the married students, retired and young families is almost impossible.

Our major employer in Ellendale is the Trinity Bible College. Their annual payroll, with benefits, is just over 2 million dollars. Their married housing units have deteriorated and are being torn down or moved out so placing these families has become difficult and will not improve unless the city does something to help them.

This measure would allow the housing authority to assist and work with the college in building housing for the elderly thus freeing up units for married students and their families.

As stated in the Statewide Housing Needs Assessment completed by the state, (ndhfa.state.nd.us.) "The demand for housing to accommodate seniors cannot be understated." "This includes the need to address the issue of retrofitting homes in which elderly reside". We need to address this issue as we have many elderly that continue to live in their homes alone who shouldn't be; and then others that have retired moved to Aberdeen, South Dakota because of the many assisted living units available there.

This bill would give the housing authority the advantage and opportunity to build assisted living units at affordable rates for these seniors freeing up some starter homes for young families.

There are a large number of Ellendale residents that commute to Aberdeen for work on a daily basis. There are several more young families in Aberdeen that have been interested and trying to move back to Ellendale, but the lack of houses and rental units prevent them from doing so. If we provide assisted living units for the elderly this would free up some of the starter homes for these young families.

Another major employer that has been growing the past few years and adding employees is Dickey Rural Communications. These employees have had to drive up to 120 miles round trip on a daily basis because of the lack of housing.

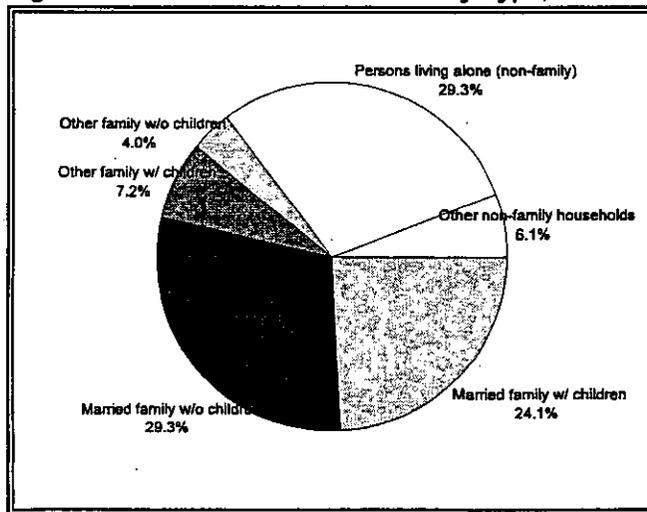
In all of these instances we were losing dollars our school district could receive, banking dollars, tax dollars,...the list can go on and on; I can go on and on giving you instances and specifics about the people we lose, the families we lose, the elderly we lose, but it all boils down to the money that not only Ellendale loses but we as a state of North Dakota lose.-

downsize) and larger homes (for those positioning themselves to care for aging parents or for those working at home wanting office space).

The most dramatic shift in households during the past 40 years has been the explosion of non-family households. As noted in Figure 5, non-family households represented fewer than 24,000 households in 1960. However, by the year 2000 this household type nearly quadrupled to over 91,000 households or more than one in three households in the state. Approximately 83 percent of these non-family households are accounted for by persons living alone. Residents ages 45 to 54 living alone doubled during the past decade, largely due to divorce; they represent 13 percent of single-person households. While elderly (i.e., ages 65 and older) are 15 percent of the population in North Dakota, they are 40 percent of all persons living alone.

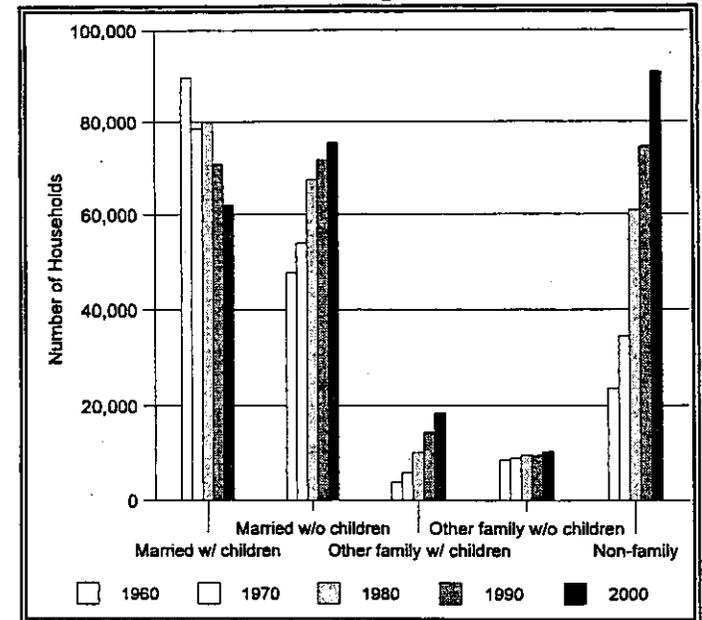
The current composition of households in the state highlights many of the important housing challenges that need to be addressed. As noted in Figure 6, more than one-third of the households in the state are non-family households, the vast majority of which are single persons. This is partly a result of the dramatic increase in elderly in North Dakota as noted earlier. More importantly, the proportion of elderly will dramatically increase during the next two decades. Therefore it is likely that single-person households will increase as well. The demand for housing to accommodate seniors cannot be understated. This includes the need to address the issue of retrofitting homes in which elderly reside to make them more "elderly accessible," especially with regard to mobility concerns. This is most problematic in rural areas of the state.

Figure 6. North Dakota Households by Type, 2000



Source: U.S. Census Bureau.

Figure 5. North Dakota Households by Type and Presence of Children Under Age 18, 1960 to 2000



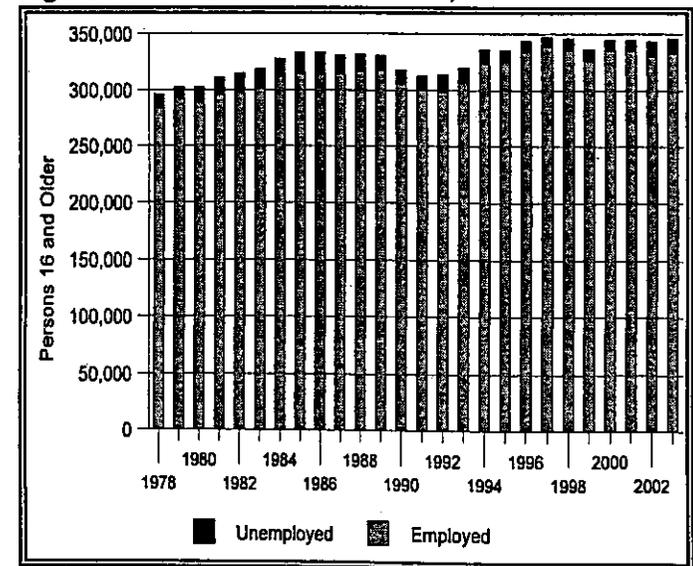
Source: U.S. Census Bureau.

A second trend is the changing size of households. As the proportion of households with children under age 18 declines, the need for larger homes declines. In 1970, the average number of persons per household in the state was 3.25. By 2000 it had declined to 2.41. However, desire for larger homes has increased. The median number of rooms per household increased from 5.0 in 1970 to 5.4 in 2000 (U.S. Census Bureau).

#### RACIAL DIVERSITY

The racial and ethnic mix in North Dakota is changing modestly. Over the past 20 years, the proportion of the state's population

Figure 7. North Dakota Labor Force, 1978 to 2003



Source: North Dakota Job Service.

SB #2227, Senate Finance and Taxation Committee Hearing 1/26/05; 10:15 a.m.  
Transcript of testimony of Diane M. Weick, 907 East Fairview Street, Marshall,  
MN 56258, Lobbyist #399 representing ND Horizons Leadership Program

I would like to address the economic benefits of housing. Many out-state communities have experienced declining population. Various causes of declining population have been identified; one of them being affordable housing options.

A Fargo Forum article published January 10<sup>th</sup> cites a projected 35% growth in state residents aged 65 and older between 2000 and 2015. A housing needs assessment commissioned by the North Dakota Housing Finance Agency specifically recommends making "senior friendly" housing a priority in the state. As the baby boomer generation retires, it is expected this need will only increase.

The proposed amendments to North Dakota Century Code, Chapter 23-11 are essentially for the purpose of:

- Allowing any North Dakota City to form a Housing Authority
- Allowing Housing Authorities to own "moderate income" housing
- Allowing federally tax exempt bonds for financing new construction housing
- Maintaining population base in out-state North Dakota communities

Success with this housing program has been demonstrated in numerous communities in neighboring states; my personal experience has been with dozens of communities as indicated on the attached list, all of which have been successful. A positive economic benefit has been experienced in these communities by maintaining the population base, and keeping the economic value of those citizens living in the community.

The proposed legislation will allow all North Dakota communities to consider their individual needs, the merits of providing moderate income housing, and afford them an avenue to address their needs if they so choose. We are asking for your support to approve these legislative amendments.

Thank you.

ESSENTIAL FUNCTION BOND HOUSING COMMUNITIES

City/Project	Year	# of Units	City/Project	Year	# of Units
ADRIAN, MN I	2000	4	GLENCOE, MN I	1997	16
ADRIAN, MN II	2001	4	GLENCOE, MN II	1999	16
APPLETON, MN I	2002	4	GLENCOE, MN III	2003	8
ARLINGTON, SD I	2000	4	GRANITE FALLS, MN I	1995	8
ARLINGTON, SD II	2001	4	GRANITE FALLS, MN II	1996	8
ARMOUR, SD	2000	4	GRANITE FALLS, MN III	1998	12
ATWATER, MN I	1996	6	GROTON, SD I	1998	4
ATWATER, MN II	2001	4	GROTON, SD II	1999	8
BELVIEW, MN I	2002	4	GROTON, SD III	2002	4
BENSON, MN I	2001	8	GROVE CITY, MN I	2001	4
BENSON, MN II	2002	12	HANSKA, MN I	1998	4
BERESFORD, SD	1999	8	HANSKA, MN II	1999	4
BIRD ISLAND, MN	1998	4	HILLS, MN	1995	4
BRANDON, MN	1996	4	HURON, SD I	1997	24
BROWNTON, MN I	1996	8	HURON, SD II	1999	24
BROWNTON, MN II	2001	4	JASPER, MN I	2000	4
BUFFALO LAKE, MN	1997	4	JASPER, MN II	2003	4
BUTTERFIELD, MN I	2003	4	JASPER, MN Rehab	1995	20
CENTERVILLE, SD	2001	4	KANDIYOHI, MN I	1997	4
CHANDLER, MN	1993	8	KANDIYOHI, MN II	1998	4
CLARK, SD I	1999	4	KERKHOVEN, MN I	2000	4
CLARK, SD II	2002	2	LAKE BENTON, MN I	1996	4
CLARK, SD III	2004	4	LAKE BENTON, MN II	1999	4
CLARKFIELD, MN I	1996	4	LAMBERTON, MN	1996	4
CLARKFIELD, MN II	1997	4	LENNOX, SD I	2004	16
CLARKFIELD, MN III	1998	4	LESTER PRAIRIE, MN I	1996	8
CLARKFIELD, MN IV	1999	4	LITCHFIELD, MN I	1998	16
CLEAR LAKE, SD I	2000	8	LITCHFIELD, MN II	1999	16
COSMOS, MN I	1998	4	LUVERNE, MN C	1992	29
COSMOS, MN II	1999	4	MADELIA, MN I	2003	4
DANUBE, MN I	1998	4	MADISON, MN - PHASE III	1999	8
DASSEL, MN I	2002	8	MADISON, MN-PHASE I & II	1995	14
DAWSON, MN I	1995	8	MADISON, SD I	2000	24
DE SMET, SD I	1999	4	MELLETTTE, SD I	2004	2
DE SMET, SD II	2000	4	MOBRIDGE, SD I	2004	8
DE SMET, SD III	2001	4	MONTEVIDEO, MN-PPE I	1995	16
EDEN VALLEY, MN I	2001	8	MONTEVIDEO, MN-PPE II	1997	14
ELKTON, SD I	1996	4	MONTEVIDEO, MN- MEADOWLAND	1994	16
ELKTON, SD II	1997	4	MORGAN, MN I	2004	20
FAIRMONT, MN I	2001	8	MURDOCK, MN I	2001	4
FAIRMONT, MN II	2003	16	NEW LONDON, MN I	2000	4
FRANKFURT, SD I	2000	4	NO SIOUX CITY, SD I	1997	20
FRANKFURT, SD II	2003	4			

ESSENTIAL FUNCTION BOND HOUSING COMMUNITIES

City/Project	Year	# of Units	City/Project	Year	# of Units
OLIVIA, MN I	1997	8			
OLIVIA, MN II	1998	8			
PENNOCK, MN I	2000	4			
RAYMOND, MN I	1997	4			
RAYMOND, MN II	1998	4			
REDFIELD, SD I	2004	8			
REDWOOD FALLS, MN I	1995	16			
REDWOOD FALLS, MN II	1997	16			
REDWOOD FALLS, MN III	2001	16			
ROSHOLT, SD I	2000	4			
ROSHOLT, SD II	2002	4			
SACRED HEART, MN I	1996	4			
SACRED HEART, MN II	1998	4			
SACRED HEART, MN III	2001	4			
SALEM, SD I	2000	8			
SHERBURN, MN I	2001	4			
SILVER LAKE, MN I	1997	4			
SPRINGFIELD, MN I	2001	8			
SPRINGFIELD, MN II	2002	4			
SPRINGFIELD, MN III	2003	4			
SPRINGFIELD, SD I	2001	4			
ST. JAMES, MN I	1996	4			
ST. JAMES, MN II	1997	8			
ST. JAMES, MN III	2000	8			
STEWART, MN I	1996	4			
STEWART, MN II	2001	4			
TABOR, SD I	1999	4			
TANGLEWOOD	1997	24			
TEA, SD I	1999	8			
TRACY, MN I	1995	8			
VALLEY SPRINGS, SD I	2001	4			
VIBORG, SD I	1999	4			
VOLGA, SD I	2001	8			
VOLGA, SD II	2003	6			
WATKINS, MN I	1998	4			
WATKINS, MN II	1999	4			
WATKINS, MN III	2001	4			
WATKINS, MN IV	2002	4			
WEBSTER, SD I	2000	4			
WORTHINGTON, MN EFB	1995	16			
WORTHINGTON, MN LMI	1997	24			



Subscribe Today

[Log In](#) | [Register](#)

[Entertainment](#) | [Contact Us](#) | [Audio/Video](#) | [Subscribe](#) | [PressPass](#)

Search

Past 30

[Jobs Homes Apartments](#)  
[Cars](#)  
[Home News Associated](#)  
[Press Weather Sports](#)  
[Opinion Valley R & R](#)  
[Columnists Business](#)  
[Farm](#)

[Weddings Obituaries](#)  
[Photography Births](#)  
[Calendar Dining Special](#)  
[Projects Outdoors](#)  
[Corrections](#)

[Classifieds Internet](#)  
[Access Marketplace](#)  
[Personals Travel](#)

[Member Center Archive](#)  
[Company Site Ethics](#)  
[File E-Mail Index](#)  
[InfoGuide Newspapers in](#)  
[Education Public Notices](#)  
[Resources Subscribe](#)  
[Yellow Pages](#)

# Elderly housing needed

By Mike Nowatzki, The Forum  
Published Monday, January 10, 2005

· advertisement ·

North Dakota will need significantly more housing tailored to the elderly as the state's population grays during the next decade, a new report says.

The percentage of state residents age 65 and older is projected to grow by 35 percent between 2000 and 2015, representing 20 percent of the population, according to the recently released 2004 Statewide Housing Needs Assessment.

That means the state will have to offer new homes and apartments designed for the elderly, or remodel existing housing to accommodate wheelchairs, walkers and other demands, said Richard Rathge, director of the State Data Center.

"If we don't provide that type of housing, certainly they're going to find other places that provide that type of housing, which is important for our policymakers as well as our developers," he said.

Rathge's office compiled the report at the request of the state Housing Finance Agency and Department of Commerce.

State and local agencies will use the data to decide how to address housing issues, said Pat Fricke, executive director of the state Housing Finance

Text S  
A A  
Pr  
ar  
Er  
ar  
M  
pc  
ar  
Pl  
a  
B  
N  
A

View a  
a



Agency.

The report recommends making elderly housing a top priority and creating a task force to explore innovative approaches to housing development.

Fargo and West Fargo could see the greatest impact from aging residents, the report shows.

## RELATED CONTENT

- 
[Graphic: Housing trend](#)
- 
[Should North Dakota take steps to provide more affordable housing for the elderly?](#)

By 2015, the number of homeowners and renters ages 55 to 74 is projected to increase 123 percent in Fargo and 126 percent in West Fargo, compared with almost 50 percent for the entire state.

Fargo developer Gerald Eid said his future housing developments will have to set aside more room for "empty-nester" homes, which typically feature fewer bedrooms, larger living spaces and smaller yards.

That will be a major shift from the current trend in which almost all new homes are designed for families with children, said Eid, chairman of the Housing Finance Agency's advisory board.

"There's going to have to be more development taking place than there's been in the past," he said.

At the River Square apartment complex along South University Drive in Fargo, the Presentation Sisters opened a second building in November for those ages 55 and older, bringing the total number of units to 60, Finance Director Tom Donaldson said.

"These types of buildings, at least from our experience, we're finding that there's a great demand for," he said. "I think there's a greater level of security."

Next door at Riverview Place, a 150-unit assisted and independent living facility operated by Catholic Health Initiatives, Marketing and Communications Director Bonnie Peters said she's seen a boom in apartments being built for aging baby boomers.

"I think we're all looking at this and preparing," she said.

Demand also is on the rise for so-called "transitional" housing that allows the elderly to ease their way into assisted living, Rathge said.

Jane Bologna, 85, lived in her six-bedroom home in south Moorhead for 10 years after her husband died before deciding to move into Riverview Place. Now the 85-year-old said she prefers her two-bedroom, two-bathroom apartment that includes a full kitchen and hallway access to her garage.

"I think it's very comfortable, and I wouldn't go back to all those steps and stairs and roofs leaking and all those things," she said.

Although demand for elderly housing will be high, the 170-page report found that the greatest need in the next 10 years will be for low- to moderate-income housing, which North Dakota lacks.

The report used 30 percent of household income as a benchmark for affordable housing and a statewide median family income of \$52,500 in 2000.

It found that 43 percent of owned or rented homes in North Dakota are affordable to those earning less than 30 percent of median family income.

Affordable housing also is an issue for the elderly. Fifteen percent of residents 55 and older in owner-occupied units have housing cost burdens that exceed 30 percent of their household income, the report found.

The figure jumps to 35 percent for renter-occupied units.

The report is available to the public on the Housing Finance Agency's Web site at [www.ndhfa.org](http://www.ndhfa.org). The Statewide Housing Needs Assessment Resource Project, or SHARP, also included designing a Web site to make information on housing and land use more accessible. The site will be updated with data collected monthly, in addition to census data collected every 10 years like, Rathge said.

It can be viewed at <http://www.ndsu.nodak.edu/sdc/sharp/> Rathge hopes communities will take advantage of the data.

"There's a lot of future development in the drafting stage right now, and we're hoping that those planners and developers are using the data to develop housing that is really going to fit the demand," he said.

Readers can reach Forum reporter Mike Nowatzki at (701) 241-5528

**Photo caption:** Jane Bologna stands in her Riverview Place apartment in Fargo. Darren Gibbins / The Forum

[News](#) | [Weather](#) | [Sports](#) | [Valley R & R](#) | [jobsHQ](#) | [homesHQ](#) | [apartmentsHQ](#) | [i25](#)  
[Business](#)

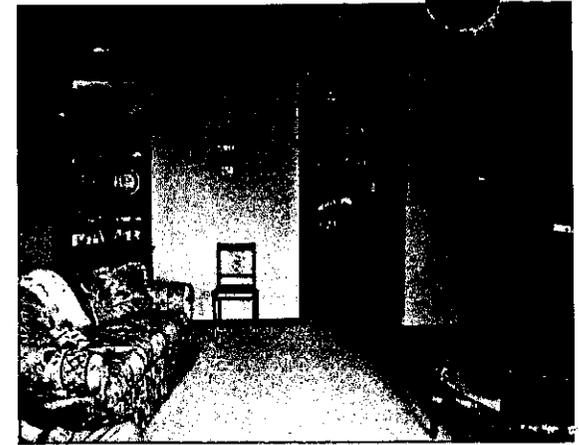
[Comments/Questions](#) | [FCC Careers](#) | [Privacy Statement](#) | [Terms & Conditions](#)  
[Archives](#) | [Press Pass](#) | [Make Us Your Homepage](#)

[Forum Communications Company](#)      Media Partners: [The Forum](#) | [WDAY TV 6](#) | [WI](#)  
©2005 Forum Communications Co. Fargo, ND 58102      [AM](#) | [WDA](#)  
— All rights reserved      The Forum: [Home Delivery](#) | [e](#)



## Essential Function Bond Housing

- 4-plex Townhome Style
- Typical Unit—2-Bedroom with 1 3/4 Baths
- Attached Garage to each unit
- 1178 Sq. Ft. Living Area
- 300 Sq. Ft. Attached Garage
- One level (no steps)
- Private entrance (no common corridor)
- Laundry hookups in each unit
- Walk-in closets in each bedroom
- Central Air Conditioning
- Utilities separately metered to each unit
- Appliances furnished, including range, refrigerator, dishwasher, garbage disposal, electric garage door openers



3/4 Bath



Full Bath

## **ESSENTIAL FUNCTION BOND HOUSING PROGRAM FACT SHEET**

1. A local Housing and Redevelopment Authority is the only eligible entity to utilize the Essential Function Bond program.
2. The local Housing and Redevelopment Authority is a five-member board appointed by the Mayor and approved by the City Council. Members of the board must be residents of the city. The HRA is considered a "governmental subdivision".
3. The Essential Function Bonds used to finance a housing project are revenue bonds, and rental revenues from the project pay off the debt. City tax revenue is not used.
4. The Essential Function Bonds may be placed privately through local banking institution(s).
5. The Essential Function Bonds are issued to the owner of the project - the local Housing and Redevelopment Authority (they are not issued to the City). The bonds do not affect the City's bonding authority or bonding limit, and the bonds are not considered a city obligation.
6. The Essential Function Bonds are federally tax exempt to banking institutions, and therefore, the bonds can be issued at a lower interest rate. In the past two years, the rate has fluctuated between 4.5% and 5.0%.
7. The total cost of the project is financed 100%. The bonds are issued for a 30-year term, with 5-year interest rate adjustments, which are tied to a bank index such as the 5-year US Treasury Note. The index tie and rate of 5-year re-sets are negotiated with the bank.
8. The HRA is tax exempt, but may establish a "payment in lieu of taxes" on the property, which has typically been 0% to 5% of the rent revenues collected on the property annually. The PILOT taxes are treated the same as real estate taxes and split between the City, School District, and County at the same local distribution as real estate taxes. The PILOT rate is somewhat lower than the usual real estate tax rate. PILOT taxes are paid half in May and half in October, the same as real estate taxes.
9. The savings in the lower interest rate, and lower tax rate on the property, amount to approximately \$200.00 to \$250.00 per unit in rent revenue needed to cashflow a project.
10. As a part of the bond financing security, and to assist with negotiating an attractive interest rate on the bonds, a Debt Service Agreement is required between the City and the Housing and Redevelopment Authority. The Debt Service Agreement is a pledge on the part of the City to assist the HRC on a loan basis only, and on an as needed basis only, if the project should experience negative cashflows. The Debt Service Agreement is limited in an aggregate amount to 25% of the total bond issuance. As an alternative to cash contributions, assistance (if needed) may be provided in the form of "in-kind" services to the project, such as lawn mowing/snow removal and caretaking services.

11. The Debt Service Agreement is considered a "contingency debt" to the City, and cash funds for the Debt Service Agreement are not required to be set aside in the City's annual budget.
12. On the other side of the coin, if the housing project is eventually sold to the private sector at a profit, any profits must be spent on additional housing needs or for municipal reasons only.
13. An additional part of the bond financing security is a mortgage filed on the property.
14. The housing projects built with this program are designed to be "market-rate" units. The program does not restrict tenants to income limitations or rent restrictions, and therefore, the rental market is broad. There are no rent subsidies, the housing is not "low-income" housing and does not compete with the low-income housing sector. It is designed to address a different clientele.
15. By utilizing the Essential Function bond program, the public sector is addressing an existing housing shortage in smaller communities where the shortage is not being met with new construction. As the bond principal balance is paid over a period of approximately 10 years, some Housing Authorities have sold the properties to the private sector for the mortgage balance, allowing the private sector the ability to cashflow them and maintain affordable rent levels.
16. Essential Function Bonds may be used to build new housing, to acquire and rehab housing, and can be used for various types of housing such as senior friendly 4-plexes, congregate care facilities, single family rental homes, and assisted living facilities.

## **ADVANTAGES OF THE ESSENTIAL FUNCTION BOND PROGRAM**

1. New construction of affordable rental housing units is promoted through the program with the lower interest bond financing, and lower tax rate on the project, allowing rents to be \$200.00 to \$250.00 per unit less.
2. One-level housing units, with attached garages, private entrances, laundry hookups in each unit, and appliances furnished are being built with the program - the type of unit currently in high demand. A typical unit is no less than 2-bedroom consisting of 1178 square feet of living space, plus a 300 square foot attached garage.
3. The housing projects built with the program are locally owned by the HRA, locally financed, and locally managed, all contributing to the local economy.
4. Local contractors in each city are encouraged to bid the projects. The goal is to leave as much of the construction economic value of the project in the community as possible.
5. The housing units are "senior friendly, but not senior exclusive". The large majority of tenants are retired members of the community and surrounding area. However, the units have also provided transitional type housing for the newly hired teacher, law enforcement officer, manager or professional in the community who would like to rent before buying or building a home in the community.
6. At a time when it is becoming increasingly difficult to increase industry in our communities, many community leaders view adding new housing stock as a form of economic development to maintain the population base, and attract population growth.
7. Although various types of housing are needed in every community, this program addresses a market-rate type of housing, for which there is a high demand and for which the demand has not been met by the private sector. Housing experts predict the demand for this type of housing will only increase in the future as the "baby boomer" generation retires. The clientele served by the housing will move to where it is provided.
8. After building over 1000 units in dozens of communities using the Essential Function Bond program, none of the projects developed by F&L have considered exercising the Debt Service Agreement. In fact, our experience is that all of our projects are 100% occupied, and the projects are building cashflow reserves.
9. In evaluating housing programs available at this time, we believe the Essential Function Bond program provides the optimal housing value in terms of the type of housing built using the program, the clientele the housing serves, and in terms of economic return to the community.
10. By offering the units for sale to the private sector once the principal balance on the bonds is paid sufficiently to cashflow them at affordable rent levels (approx. 10 year period), the HRA bond debt is paid in full, and the projects are placed on the local tax rolls.
11. Construction and interest costs will continue to increase the cost of housing units. The sooner the units are built, the lower the costs and the less rents will be required to cashflow the project.

VOLGA HOUSING & REDEVELOPMENT  
WESTSIDE APARTMENT &  
COUNTRY VIEW ESTATES  
601 Samara Ave.  
Volga, S.D. 57071  
e-mail-aglovjLb@itctel.com  
FAX 605-627-5434  
Phone 605-627-5249  
December 1, 2004

To F&L Managment;

We at Volga Housing agreed with F&L Management in 2000 to build two four-plex townhouses. By the time land was acquired and the financial assistance was arranged, we started building in May of 2001.

The first 4 were completed by November 1, 2001 and all occupied by that time. The second four were completed by January 1, 2002 and were all occupied 90 days after completion. Because of the good reports and word of how nice they were, we decided to build six more, 2-3 plexes. The first phase were all two bedroom single garage and due to the inquiries, we decided to build the second phase with 2 2 bedroom, single garage; 2 2 bedroom with double garage and 2 3 bedroom with double garage. All in the second phase have 1 3/4 bath. These units were all occupied within 90 days of completion. We also had 20 units of other apartment under construction at the same time of our, just 2 blocks away from our and ours have been occupied and we have a waiting list at present.

We have one couple that is leaving the end of December for an internship and will be returning again in the fall of 2005. They have given us phone numbers so they can be contacted if we have anything available at that time, as they want to return. When I was given their 60 day notice, I went to my waiting list and immediately rented it as of January 1, 2005.

There are some occupants who had moved to Brookings because they could not find housing in Volga and when they heard about our complex being built, they put their name on the waiting list and are now once again residents of Volga.

One of the other residents is the mother of a son who owns another apartment complex in the city and she has moved from there to ours since there are no steps and it is handicap accessible.

We had Open Houses after the completion of each phase and as we are in various groups, the thing we hear is that they are the nicest rentals in Volga.

We've found that double garages are quite important even if there is only one car family. The extra space for storage is nice. Also the three bedroom is appealing to older couples as they quite often live in a larger home and are downsizing.

We enjoyed working with F&L Management but as in all building projects had questions and quandries at times. The finished product was worth it all and we appreciated their doing all the preliminaries and foot work for us.

There has recently been another 10 apt. building built in our town but we still get phone calls all the time for rentals. We have several on our waiting list. One is looking at May '05 and another in Sept. '05 as previously stated, plus several others as they become available.

We feel our complexes are a great addition to Volga, a town of about 1400 and also an economic boost to the city.

Sincerely,

*Jean Byorklund*  
*Volga Housing Sec.*

Professional Management, Inc.  
423 NW 2nd Street  
PO Box 220  
Madison, SD 57042  
(605) 256-6904 - phone  
(605) 256-0863 - fax

# MHRC

Madison Housing & Redevelopment Commission

Public Housing Office  
Lakeview Tower  
111 S. Washington Ave.  
Madison, SD 57042  
(605) 256-2112 - phone  
(605) 256-9677 - fax

November 30, 2004

Jodi Bruns  
NW Area Foundation Horizons Leadership  
NDSU Extension  
PO Box 40  
Ellendale, ND 58436

Becky J. Meidinger  
Heartland Rural Assistance Program  
4775 Hwy 11  
Ashley, ND 58413

Re: Essential Function Bond Program

Dear Ms. Bruns and Ms. Meidinger:

I understand you are pursuing efforts in North Dakota to establish the Essential Function Bond housing program, and I am writing regarding the positive impact of the program in Madison, SD.

The Madison HRC main focus with the program was providing affordable student housing for Dakota State University. DSU was experiencing increasing student enrollment annually, and had a critical student and staff housing shortage, as well as a lack of funding for housing. Our collaborative efforts with DSU and the City of Madison culminated in 2000 with the construction of a 24-unit project consisting of two 8-plexes and two 4-plexes. The project is owned by the Madison HRC and leased to DSU on a long-term lease, with an option to purchase.

The Essential Function Bond program provided a creative solution to addressing a critical student housing shortage in Madison, and promoted increased enrollments at DSU. The positive economic benefits to the City of Madison will be realized well into the future.

Please feel free to contact me if you desire additional information.

Sincerely,



Victoria Blair  
Madison HRC Contract Manager  
Professional Management, Inc.

Equal Housing Opportunity

SD TTY Service Available at 1-800-877-1113

Email: rroling@profmgtinc.com or mhrcpmi@svtv.com



## Meeker County Economic Development Authority

325 North Sibley Avenue  
Litchfield, Minnesota 55355

(320) 693-5272  
Fax: (320) 693-5287

December 1, 2004

Jodi Bruns  
NW Area Foundation Horizons Leadership  
NDSU Extension  
PO Box 40  
Ellendale, ND 58436

Dear Ms. Bruns:

Please let this letter serve to convey my recommendation for an Essential Function Bond Housing Program in North Dakota and the services of F&L Management & Development, Inc.

From 1991-1997, I was the Executive Director for the Montevideo, MN, Economic Development Authority. From 1997 to present I have held a similar position with Meeker County, MN (Litchfield). Over this period my organizations have overseen the construction and ownership of 120 market-rate rental housing units, 76 of which are here in Meeker County. Today, my office also manages the units in Meeker County.

Let me put the most remarkable numbers before you first. Since coming to Litchfield in 1997, my organizational budget has grown 642%, from \$112,200 to \$719,819 approved for 2005. Our total organization assets have grown 1282%, and today I administer a \$9.3 million organization—the single largest local economic development organization in Southwest Minnesota.

Over my 7 years and 7 months here, in addition to facilitating more than \$25 million in business growth, our organization's total assets have grown \$4,629 per day (260 working day calendar). Our net assets have grown \$1,741 per day. In 1997, we had \$21,818 in cash. Today, after spending \$21,000 this year to add an irrigation system and well at our Litchfield complexes, and \$51,000 to refinance our bonds at a lower rate, we still have over \$280,000 in cash on hand in addition to our two revolving loan funds.

- Serving the Communities of Meeker County -  
"This institution is an Equal Opportunity Provider."

While we have successfully written \$1.6 million in grants since 1997, the largest percentage of our growth by far has come as a result of housing development using Essential Function Bonds (EFB'S).

Make no mistake—housing development is a very difficult process; and working with housing developers is not easy. Consider, too, there are literally dozens of state and federal housing programs; but none are as user-friendly for use by local organizations as EFB'S. And none are as practical for local organizations as EFB'S.

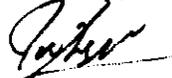
I am familiar with Community Development Block Grants in both entitlement and non-entitlement communities. I have experience with Low Income Housing Tax Credits. I have equal experience working with the difficulties of private development of rental units, and most other local options you may throw at me. None, make that NONE, work as well in Rural Minnesota as EFB'S. I can quote chapter and verse the many problems with most state and federal programs. I can explain all the headaches with EFB'S. I can also show you why the headaches are better than the other government program problems.

By now you must be thinking I am either an eccentric or an organizational magician, but I am neither. I am just a hard-working organizational manager holding certificates from the National Development Council in both Economic Development Finance and Housing Development Finance. I have passed the Minnesota license exam for real estate agents, and I am a licensed Minnesota real property appraiser.

With this background and recorded achievements, I recommend the Essential Function Bond program for your state and community. Also, despite a conflict-of-interest regarding Tom Serie (the same as I explained to my board of directors nearly eight years ago), I highly recommend F&L as the developer who will give you the best design, size and functionality of rental units for the best price.

I am available to answer any questions you may have at 320.693.5272 or the other contact info on my email. I am also available on a consultant basis to work with organizations and communities struggling to meet the adequate affordable housing needs of their citizens. I trust you will feel welcome to contact me at your convenience.

Sincerely,



Joe Egge, CEDFP, CHDFP  
Executive Director

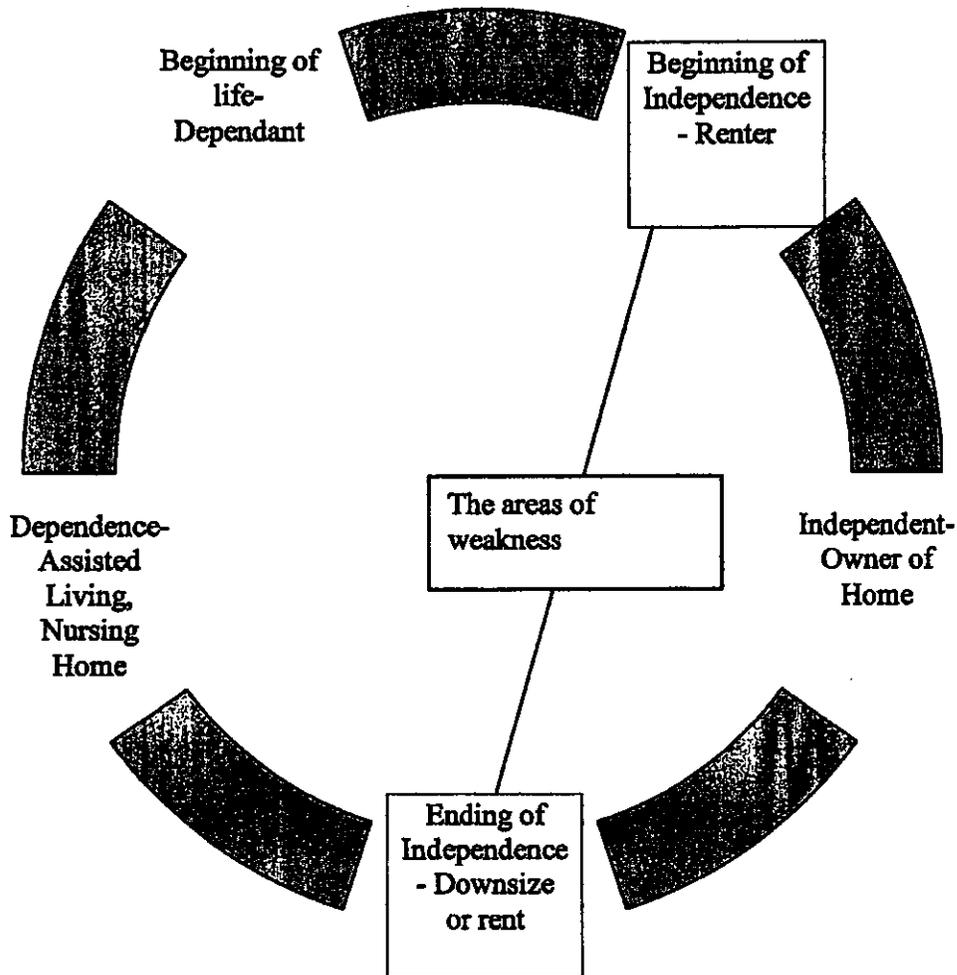
**GREETINGS:**

I am a nationally recognized bond attorney whose practice focuses primarily on state and local bond financings. I have been involved in both the first time home buyer program, bonds issued by the South Dakota Housing Authority, and local housing authorities which issue multi-family housing bonds and essential function housing bonds.

South Dakota's essential function bond program was an attempt to copy the successful Minnesota program. Like Minnesota, South Dakota is experiencing two economies: one rural and one urban. The urban economy is younger and growing while the rural economy is aging and stagnant. The rural economy is not seeing any replacement housing being build. In the last 30 years, the average community has seen little if any replacement housing being built while the economic and functional life of existing housing is nearing the end of its use full life.

Even though many rural communities had rental vacancies at below market rents, these vacancies were not being filled due to the failure to satisfy renter's market expectations. Current market expectation is apartments with size, storage and modern appliances.

The effect of failing to meet market expectations was the 1) failure to retain retirees and 2) failure to attract young people to the communities. In studying the housing cycle, it became apparent that rural economies had an inadequacy in two areas: 1) beginning of independence where the person rents and 2) the end of independence where the person downsizes or rents. The essential function bond program plugged that gap by providing a market expectation rental for those individuals.



Both the young and the old wanted a rental which providing the amenities similar to their previous housing. Even though there was significant rental housing vacancies, this housing was not similar to what they were leaving. The essential function bond program created such housing and keep and attracted the individuals they were loosing.

I have viewed this program as a beneficial program and would recommend it.

**CONTACT INFORMATION:**

Jodi Bruns  
NW Area Foundation Horizons Leadership  
NDSU Extension  
PO Box 40  
Ellendale, ND 58436  
Phone: 701-349-3249, Ext. 2  
Fax: 701-349-4639  
Email: [jbruns@ndsuext.nodak.edu](mailto:jbruns@ndsuext.nodak.edu)

Becky J. Meidinger  
Heartland Rural Assistance Program  
4775 Hwy 11  
Ashley, ND 58413  
Phone: 701-288-2383, Ext. 1  
Email: [heartrap@drtel.net](mailto:heartrap@drtel.net)

Thomas D. Serie  
F&L Management & Development, Inc.  
113 North Cedar Street  
Luverne, MN 56156-1624  
Phone: 800-422-0209  
Fax: 507-283-4258  
Email: [fldevelop@iw.net](mailto:fldevelop@iw.net)

Diane M. Weick  
F&L Management & Development, Inc.  
907 East Fairview Street  
Marshall, MN 56258  
Phone: 507-532-1051  
Fax: 507-532-1047  
Email: [dweick@chartermi.net](mailto:dweick@chartermi.net)

## TESTIMONY RELATIVE TO SENATE BILL 2227

Presented to the Finance and Taxation Committee  
January 26, 2005

### INTRODUCTION

Mr. Chairman, members of the Finance and Taxation Committee, my name is James Stewart. I am an attorney with the law firm of Arntson & Stewart, P.C. in Fargo. Our firm has served as bond counsel to several Minnesota housing and redevelopment authorities and economic development authorities in connection with multifamily housing bonds.

Senate Bill 2227 will amend Chapter 23-11 of the North Dakota Century Code, the Housing Authorities Law. The major changes will (i) permit cities under 5000 population to establish housing authorities; (ii) permit housing authorities to construct, own and operate housing facilities for "moderate" income individuals and families; and (iii) permit cities or counties to support the projects by providing operating loans or by backing bonds with a general obligation pledge.

### BACKGROUND INFORMATION

The North Dakota Housing Finance Agency and the North Dakota Department of Commerce recently completed a Statewide Housing Needs Assessment. Among the findings in the report are the following:

- Between 2000 and 2015, residents 65 years and older are projected to expand by 35% and represent 20% of the statewide population.
- Households in their early retirement or retirement years are expected to dramatically increase over the next decade. Householders between ages 55 and 74 will grow over 48% within 10 years while householders 75 years of age or older will expand by 42%.
- Three of four key leaders surveyed expressed the need for the state to play a role in increasing the supply of adequate and affordable housing.
- In rural areas, loss of equity and challenges of appraisals were seen as significant barriers to housing development, as were issues surrounding construction, such as lack of people with appropriate expertise or high costs of construction due to limited competition.

The number one recommendation of the report was to give top priority to exploring ways to best address future elderly housing needs. SB 2227 is one step in addressing that need.

### PUBLIC HOUSING FOR MODERATE INCOME INDIVIDUALS AND FAMILIES

Chapter 23-11 establishes Housing Authorities within the state and currently authorizes them to provide housing only for "persons of low income." Senate Bill 2227 will expand their authority to

also provide housing for "persons of moderate income." The projects will continue to be owned and operated by the local housing authorities but the amendments will permit them to serve a larger segment of the population. This will be increasingly important in the smaller communities where private developers are unwilling or unable to construct multifamily housing.

SB 2227 also includes provisions that permit the city or county to support the project, thereby reducing the credit risk to the investors. The support may be in the form of an agreement to provide funds for debt service or operating expenses. The city or county may also issue general obligation bonds to finance a project if the governing body approves the issue following a public hearing.

#### CONCLUSION

Senate Bill No. 2227 will expand the powers of Housing Authorities to permit them to provide housing for both low and moderate income persons. This will help alleviate the projected shortage of housing for the elderly in the next ten years. The projects will continue to be owned and managed by the local housing authorities and financed by the private sector.

I will be happy to respond to any questions you may have. Thank you.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2227

Page 7, line 22, after "To" insert "assist the governing city or county of an authority to"

Renumber accordingly



United States Department of Agriculture  
Rural Development  
North Dakota State Office

January 24, 2005

Mr. H. John Loerch  
HJL Management Associates  
P. O. Box 517  
Mandan, ND 58554

Dear Mr. Loerch:

Listed below is the information you requested in your Freedom of Information Request. The information is as of January 1, 2005.

1. Total number of projects contained in the ND Rural Development portfolio: 250
2. Total number of units contained in these projects: 3310
3. Total number of vacant units: 467 15%
4. Total number of units contained in any projects which might currently be owned by Rural Development or in the process of being placed in that category:  
Presently, there are no projects in the Government's inventory

If you require any additional information, please contact Kathy Lake, Multi-Family Housing Coordinator, at 701-530-2049.

Sincerely,

  
DONALD WARREN  
Rural Housing Program Director

220 East Rosser Avenue • Rm 208 • PO Box 1737 • Bismarck, ND 58502-1737  
Ph: (701) 530-2048 • (800) 582-7584 Ext. 3 • Fax: (701) 530-2111 • TTY (701) 530-2113 • <http://www.rurdev.usda.gov/>

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

**TITLE 21**  
**GOVERNMENTAL FINANCE**

Chapter	
21-03	Bonds.
21-04	Depositories of Public Funds.
21-10	State Investment Board.

**CHAPTER 21-03**

**BONDS**

Section	
21-03-07.	Election required — Exceptions.

**21-03-07. Election required — Exceptions.** No municipality, and no governing board thereof, may issue bonds without being first authorized to do so by a vote equal to sixty percent of all the qualified voters of such municipality voting upon the question of such issue except:

1. As otherwise provided in section 21-03-04.
2. The governing body may issue bonds of the municipality for the purpose and within the limitations specified by subdivision e of subsection 1 of section 21-03-06, subdivision g of subsection 2 of section 21-03-06, and subsections 4.1 and 7 of section 21-03-06 without an election.
3. The governing body of any municipality may issue bonds of the municipality for the purpose of providing funds to meet its share of the cost of any federal-aid highway project undertaken under an agreement entered into by the governing body with the United States government, the director of the department of transportation, the board of county commissioners, or any of them, including the cost of any construction, improvement, financing, planning, and acquisition of right of way of a bridge eligible for federal matching funds, federal-aid highway routed through the municipality and of any bridges and controlled access facilities thereon and any necessary additional width or capacity of the bridge or roadway thereof greater than that required for federal or state bridge or highway purposes, and of any necessary relaying of utility mains and conduits, curbs and gutters, and the installation of utility service connections and streetlights. The portion of the total cost of the project to be paid by the municipality under the agreement, including all items of cost incurred directly by the municipality and all amounts to be paid by it for work done or contracted for by other parties to the agreement, may not exceed a sum equal to thirty percent of the total cost, including engineering and other incidental costs, of all construction and reconstruction work to be done plus fifty percent of the total cost of all right of way to be acquired in connection therewith. The initial resolution authorizing issuance of bonds under this subsection must be published in the official newspaper of the municipality. Within sixty days after publication, an owner of taxable property within the municipality may file with the auditor or chief fiscal officer of the municipality a written protest against adoption of the resolution. A protest must describe the property that is the subject of the protest. If the governing body finds protests have been signed by the owners

of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property in the municipality, as most recently finally equalized, all further proceedings under the initial resolution are barred. Nothing herein may be deemed to prevent any municipality from appropriating funds for or financing out of taxes, special assessments, or utility revenues any work incidental to any such project, in the manner and to the extent otherwise permitted by law, and the cost of any work so financed may not be included in computing the portion of the project cost payable by the municipality, within the meaning of this subsection, unless the work is actually called for by the agreement between the municipality and the other governmental agencies involved.

4. The governing body of any city may also by resolution adopted by a two-thirds vote authorize and issue general obligation bonds of the city for the purpose of providing funds to pay the cost of any improvement of the types stated below, to the extent that the governing body determines that such cost should be paid by the city and should not be assessed upon property specially benefited thereby; provided that the initial resolution authorizing such bonds must be published in the official newspaper, and any owner of taxable property within the city may, within sixty days after such publication, file with the city auditor a protest against the adoption of the resolution. If the governing body finds such protests to have been signed by the owners of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property within the city, as theretofore last finally equalized, all further proceedings under such initial resolution are barred. This procedure is authorized for the financing of the following types of improvements:
  - a. Any street improvement, as defined in subsection 2 of section 40-22-01, to be made in or upon any federal or state highway or any other street designated by ordinance as an arterial street.
  - b. The construction of a bridge, culvert, overpass, or underpass at the intersection of any street with a stream, watercourse, drain, or railway, and the acquisition of any land or easement required for that purpose.
  - c. Any improvement incidental to the carrying out of an urban renewal project, the issuance of bonds for which is authorized by subsection 4 of section 40-58-13.

Nothing herein may be deemed to prevent any municipality from appropriating funds for or financing out of taxes, special assessments, or utility revenues any work incidental to any such improvement, in the manner and to the extent otherwise permitted by law.

5. The governing body of any city may also by resolution adopted by a two-thirds vote dedicate the mill levies as authorized by sections 57-15-42 and 57-15-44 and may authorize and issue general obligation bonds to be paid by these dedicated levies for the purpose of providing funds for the purchase, construction, reconstruction, or repair of public buildings or fire stations; provided, that the initial resolution authorizing the mill levy dedication and general obligation bonds must be published in the official newspaper, and any owner of taxable property within the city may, within sixty days after publication, file with the city auditor a protest against the adoption of the resolution. Protests must be in writing and must describe the property which is the subject of the protest. If the governing body

- finds such protests to have been signed by the owners of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property within the city, as theretofore last finally equalized, all further proceedings under the initial resolution are barred.
6. The governing body of any county may also by resolution adopted by a two-thirds vote dedicate the tax levies as authorized by sections 57-15-06.6 and 57-15-06.9 and may authorize and issue general obligation bonds to be paid by these dedicated levies for the purpose of providing funds for the purchase, construction, reconstruction, or repair of regional or county correction centers, or parks and recreational facilities; provided, that the initial resolution authorizing the tax levy dedication and general obligation bonds must be published in the official newspaper, and any owner of taxable property within the county may, within sixty days after publication, file with the county auditor a protest against the adoption of the resolution. Protests must be in writing and must describe the property which is the subject of the protest. If the governing body finds such protests to have been signed by the owners of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property within the county, as theretofore last finally equalized, all further proceedings under the initial resolution are barred.
  7. The governing body of any public school district may also by resolution adopted by a two-thirds vote dedicate the tax levies as authorized by section 15.1-09-47, 15.1-09-49, or 57-15-16 and may authorize and issue general obligation bonds to be paid by these dedicated levies for the purpose of providing funds for the purchase, construction, reconstruction, or repair of public school buildings or for the construction or improvement of a project under section 15.1-36-02 or 15.1-36-03. The initial resolution authorizing the tax levy dedication and general obligation bonds must be published in the official newspaper of the school district, and any owner of taxable property within the school district may, within sixty days after publication, file with the business manager of the school district a protest against the adoption of the resolution. Protests must be in writing and must describe the property that is the subject of the protest. If the governing body finds the protests to have been signed by the owners of taxable property having an assessed valuation equal to five percent or more of the assessed valuation of all taxable property within the school district, as theretofore last finally equalized, all further proceedings under the initial resolution are barred.
  8. The governing body of any city having a population of twenty-five thousand persons or more may use the provisions of subsection 3 to provide funds to participate in the cost of any construction, improvement, financing, and planning of any bypass routes, interchanges, or other intersection improvements on a federal or state highway system which is situated in whole or in part outside of the corporate limits of the city; provided, that the governing body thereof shall determine by resolution that the undertaking of such work is in the best interest of the city for the purpose of providing access and relieving congestion or improving traffic flow on municipal streets.
  9. The governing body of a municipality or other political subdivision, located at least in part within a county that is included within a disaster or emergency executive order or proclamation of the gover-

nor under chapter 37-17.1, may by resolution adopted by a two-thirds vote authorize and issue general obligation bonds of the political subdivision without an election for the purpose of providing funds to pay costs associated with the emergency condition. The political subdivision may dedicate and levy taxes for retirement of bonds under this subsection and such levies are not subject to limitations as otherwise provided by law.

10. The governing board of any county, city, public school district, park district, or township may by resolution adopted by a two-thirds vote dedicate the tax levy authorized by section 57-15-41 and authorize and issue general obligation bonds to be paid by the dedicated levy for the purpose of providing funds to prepay outstanding special assessments made in accordance with the provisions of title 40 against property owned by the county, city, public school district, park district, or township.

**Source:** S.L. 1927, ch. 196, § 5; 1933, ch. 170, § 1; R.C. 1943, § 21-0307; S.L. 1947, ch. 192, § 1; 1947, ch. 195, § 1; 1951, ch. 171, § 1; 1957, ch. 179, § 1; 1957 Supp., § 21-0307; S.L. 1967, ch. 192, § 1; 1967, ch. 323, § 43; 1969, ch. 247, §§ 1, 2; 1971, ch. 251, § 1; 1975, ch. 217, § 1; 1975, ch. 218, § 1; 1975, ch. 219, § 1; 1977, ch. 375, § 1; 1983, ch. 82, § 44; 1983, ch. 149, § 3; 1985, ch. 281, § 1; 1989, ch. 145, § 6; 1989, ch. 209, § 8; 1989, ch. 290, § 1; 1989, ch. 291, § 1; 1993, ch. 186, § 7; 1993, ch. 241, § 1; 1995, ch. 239, § 1; 1997, ch. 222, § 1; 2001, ch. 161, § 23; 2003, ch. 48, § 19.

**Effective Date.**

The 2003 amendment of this section by section 19 of chapter 48, S.L. 2003 became effective August 1, 2003.

## CHAPTER 21-04

### DEPOSITORIES OF PUBLIC FUNDS

Section

21-04-09. Pledge of security in place of depository bond.

**21-04-09. Pledge of security in place of depository bond.** The board of any public corporation may accept from any financial institution, as security for repayment of deposits, a pledge of securities in lieu of a personal or surety bond. When securities are so pledged to the board of any public corporation, the board shall require security in the amount of one hundred ten dollars for every one hundred dollars of public deposits. Securities that are eligible for the pledge are bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, irrevocable standby letters of credit issued by federal home loan banks of a rating of AA or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, letters of credit issued by the Bank of North Dakota, and all other forms of securities issued by the state of North Dakota, its boards, agencies, or instrumentalities, or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body, and bonds issued by any other state of the United States or such other securities approved by the banking board. The securities and securities sold under agreements to

SB2227 Introduction by Robert Erbele District 28

Good morning Chairman Devlin and members of the committee.

SB2227 comes to you as a result of a series of community meetings involving at least 4 communities in my District as well as several communities from Representative Gulleason's District which is immediately east of my district.

Since I've been a legislator I often have people come up to me and say "What are you going to do for me"? My answer is "nothing". Which always gets their attention. I proceed to ask them "What do you want to do?"

Our job as legislators is to facilitate the needs of our constituents. We can help to build the roads to help people reach their goals, or we can in many cases remove roadblocks that are in the code to help people realize their dreams, but we can not give people, or communities, the "dream".

For successful economic development to take place; the passion, the dream, the goal has to come from within the local community itself. Once that is established, then we know what we have to do to help facilitate that dream.

SB2227 removes a couple of roadblocks that are keeping rural communities from satisfying a recognized and well established need of their communities. That need is- adequate and affordable housing.

Currently our housing law only permits Housing Authorities to be established in communities of over 5,000 people, and is limited to low income housing. SB2227 seeks to 1. remove the limitation of community size, and 2. allow for housing to be built for moderate income level citizens.

In our meetings beginning last July the communities we met with shared that they are seeing opportunities for growth. Some are attracting new businesses of varying sizes, some are in need of student housing and housing for teachers, some have farmers who are wanting to stay in their home communities when they retire and some have senior citizens who are living in large older homes that are looking to downsize, but want to remain in their home communities with their friends and family.

Today, there are leaders from our communities and also a development consultant that will share the need of their communities, and explain how the financing and the bonding and the building of moderate income housing units will work and benefit their communities. I know you will give them your full attention and consideration, and I thank you for this opportunity to present you with a bill that will have a tremendous positive effect in many smaller, viable communities throughout our state.

Political Sub division hearing  
SB2227  
3/2/05

Chairman and committee members, thank you for the opportunity to speak to you today.

My name is Jodi Bruns, I am a county Extension agent in Dickey County. For the past 16 months I have overseen the Extension sponsored Horizons Leadership program in the communities of Ellendale, Ashley and Eureka SD. The participants of the program held community meetings in each town to query the public to find out what the needs of each community were.

Approximately 800 residents attended the meetings. One overall theme generated from each meeting was the need for moderate income housing for residents as well as potential residents. After seeing these results, I contacted Dr. Rich Rathge from the State Data Center to accumulate some housing and demographic data for the 3 communities. What was found was that we have an overwhelming need for transitional housing for senior citizens due to the large number of aging citizens. There has also been an overwhelming need for moderate income transitional housing for young professional singles and couples.

By not providing adequate housing in rural communities we are allowing viable citizens to leave our communities along with their finances, in search of housing elsewhere.

In the communities I represent, there is adequate, and in some cases an abundance of low-income housing provided for its citizens. Because of federal programs, and the workings of the county housing authorities, this need is being met.

There is a considerable difference in the property values in various rural communities, and for many there is a large gap in what it costs to build housing versus what the banker will allow for a loan on the appraised value. In most cases the appraised value is much lower than the cost to build.

By allowing essential function bonds to be used to fund housing projects in small communities, it will allow city housing authorities to bypass property tax, and higher interest rates, in turn creating an obtainable rent structure.

This process has been working very successfully in rural communities in Minnesota and South Dakota. In many cases housing authorities have maintained ownership of a 4-Plex unit and used revenues for beautification or infrastructure projects in their communities. In other instances housing authorities have sold the units to the private sector once the unit has begun to cash flow, returning them to the tax roll.

This law is not a catch-all for small ND communities, but simply another tool to create some economic growth while guarding itself from out-migration.

This bill will no means be a compulsory law for all, but simply an option to those in need.

Please keep in mind that land values in Ellendale are not what they are in Fargo. An empty lot in Ellendale is not contributing to the local school districts. However, If we are able to provide adequate senior friendly housing for someone looking to move from their multilevel home, in turn opening that home up for a family with children to enroll in our schools, this will create a win, win situation for all..

For these reasons I am asking for your support of SB 2227.

Thank You for your time today.

Identified Communities in need of moderate income housing

Ellendale  
Gwinner  
Wishek  
Jamestown  
Edgeley  
Harvey  
Kulm  
Beach  
Killdeer  
Finley  
Hillsboro  
Lidgerwood  
Portland  
Paige

Ashley  
Forman  
Hettinger  
Carrington  
LaMoure  
Fessenden  
Bowman  
Scranton  
Milnor  
Hope  
Hankinson  
Mayville  
Hatton  
Oakes

November 30, 2004

Jodi Bruns  
NW Area Foundation Horizons Leadership  
NDSU Extension  
PO Box 40  
Ellendale, ND 58436

Becky J Meidinger  
Heartland Rural Assistance Program  
4775 Hwy 11  
Ashley ND 58413

Dear Becky and Jodi:

Diane from F & L Development has asked me to tell you about my city's experience with Essential Function Bonds. About ten years ago we participated in a program (MAP) which studied our community's strengths and weaknesses. We discovered that a shortage of housing was one of our top problems. We especially lacked nice, spacious, 2 or 3 bedroom apartments. None of the private individuals or groups seemed interested in investing money in this type of apartment construction.

Within a year of that study I met Tom Serie of F & L Development and he knew exactly what Groton needed and how to get it. I invited Tom to a City Council meeting and the program he explained was started immediately. We now have four 4-plex apartment buildings built under the Essential Function Bonds which are all fully occupied. The Essential Function Bonds made them affordable. The rents pay the bond payments, taxes, and maintenance. They look good and fill a need for our community.

We needed the apartments for new persons coming to our community and for older persons wanting to retire out of their homes, and thus, free up some large houses for larger families. The area we started the first building in was on the extreme west edge of town. With one nice new building there, it spurred a whole new housing development of 14 homes in the area. It changed a slumping area of town into a great place to live. This came at an ideal time for our community because of the new ethanol plant nearby and a larger school consolidation. The apartments are a welcome addition to the community.

Our first 3 units are arranged in a small cul-de-sac which allows these 12 apartments to make their own neighborhood. These 12 apartments are filled with retired persons and they call back and forth and share food, time, gardens, and concerns. It is a great deal for all of them. The 4<sup>th</sup> unit is about 3 blocks away and tends to attract younger couples who are looking for a nice place before building a permanent home.

We are grateful for this addition to our community. If you have any questions please feel free to call me.

Sincerely,

Anita Lowary, Finance Officer  
City of Groton  
PO Box 587  
Groton, SD 57445  
Phone: 605-397-8422

**TESTIMONY RELATIVE TO SENATE BILL #2227**  
**Presented to House Political Subdivision Committee Hearing**  
**March 4, 2005 at 9:00 a.m.**

Mr. Chairperson and Members of the House Political Subdivision Committee:

My name is Diane M. Weick, 907 East Fairview Street, Marshall, MN 56258, Lobbyist #399 representing ND Horizons Leadership Program. Our housing development firm has served as a consultant and project manager for dozens of communities in South Dakota and Minnesota who have utilized the "Essential Function Bond" housing program to address housing shortages in their communities. We have been asked by several ND communities how we can assist them with addressing their housing needs.

The proposed amendments to North Dakota Century Code, Chapter 23-11 are essentially for the purpose of:

- Allowing any North Dakota City to form a Housing Authority
- Allowing Housing Authorities to own "moderate income" housing
- Allowing federally tax exempt bonds for financing new construction housing
- Maintaining population base in out-state North Dakota communities

A statewide housing needs assessment was just completed in December, 2004, and I refer you to the Briefing Points prepared from that study included in your packets. Specific statistics related to your districts may be found on the NDHFA website at [www.ndhfa.org](http://www.ndhfa.org). A definite need for "moderate income" housing in the state has been identified, the need is expected to increase significantly in the next 10 years, and the need is not being met currently.

I have also included in your packets recent economic statistics directly related and derived from 28 townhome units developed during the past 3 years with the Essential Function Bond program. The benefits are obvious, and with declining population, many of your smaller communities in outstate North Dakota see affordable housing as a vital part of their economic development efforts.

Success with this housing program has been demonstrated in numerous communities, and I have had personal experience with dozens of communities listed in your packets, all of which have been successful. A positive economic benefit has been experienced in these communities by maintaining the population base, and keeping the economic value of those citizens living in the community.

The proposed enabling legislation is providing a proven successful tool for any North Dakota community to consider their individual housing needs, the merits of providing moderate income housing, and afford them an avenue to address their needs if they so choose. We are asking for your support to approve this legislation.

I am happy to respond to any questions you may have. Thank you.

## NORTH DAKOTA STATEWIDE HOUSING NEEDS ASSESSMENT



### PURPOSE

The North Dakota Statewide Housing Needs Assessment was conducted by the North Dakota State Data Center at North Dakota State University for the North Dakota Housing Finance Agency (NDHFA) and the North Dakota Department of Commerce Division of Community Services. The research is available through the NDHFA website at <http://www.ndhfa.org>. The purpose of this housing needs assessment is threefold. First, it offers policy-makers, developers, housing agency administrators, and others directly related to housing an overview of the current housing situation in the state. Second, it describes the changes that have occurred in the state's population base and corresponding shifts that have resulted in housing stock. This relationship provides context for forecasting housing needs. Finally, the analysis presents an objective assessment of future housing needs based on a combination of a) historical trends in housing utilization, b) recent trends in housing construction, and c) demand for housing based on population and income shifts.

It should be understood that determining future housing needs is a complex issue. There is no single indicator that adequately predicts future needs. Therefore, housing forecasts should be used only as one tool in developing housing policy. Nonetheless, insight can be drawn from historical trends regarding the relationship between population dynamics and corresponding housing development. The patterns that emerge, when placed within the appropriate economic and political context, are useful for predicting future housing needs. Consequently, in the needs assessment you will find a series of projections that allow you to contrast forecasts for population movement, predicted trends in occupied housing, and two scenarios for projected housing supply. The first projected housing supply forecast is based on a historical pattern of housing construction while the second projected housing supply scenario is based on shifts in an area's population profile. Contrasting these two forecasts will allow you to assess how well the current pattern of housing construction, if continued into the future, fits the expected housing needs based on population projections.

### KEY FINDINGS

#### *Population Change*

1. North Dakota's population has remained relatively stable over the past 60 years, fluctuating by no more than 35,000 people or 5 percent.
2. North Dakota's population continues to consolidate into its largest cities. Currently, 53 percent of the population resides in only 15 cities and more than half of the state's 371 incorporated places have fewer than 200 residents.
3. Population movement within the state has led to very uneven growth patterns. Between 1990 and 2000, only six of 53 counties gained population.
4. North Dakota's age profile is changing dramatically.
  - a. In 2000, 15 percent of all residents were 65 years and older (in 27 of the state's 53 counties, this proportion was over 20 percent).
  - b. Between 2000 and 2015, residents 65 years and older are projected to expand by 35 percent and represent 20 percent of the statewide population by 2015.
  - c. Residents 24 years and younger are projected to decline by 13 percent between 2000 and 2015 while those between the ages of 25 and 54 will decline by 11 percent.

#### *Changing Household Composition*

5. Statewide, the number of married-couple families with children declined by 31 percent or by nearly 28,000 households since 1960. In contrast, during the same time period, married-couple households without children increased by 58 percent.
6. Non-family households have become the dominant form of household in the state, nearly quadrupling since 1960. Currently, they represent just over one-third of all households. Approximately 83 percent of non-family households are persons living alone, 39 percent of whom are elderly.

### **Housing Stock**

7. Occupied housing units in the state increased by nearly 7 percent or 16,274 units between 1990 and 2000.
8. Owner-occupied housing units grew at a faster pace between 1990 and 2000 than renter-occupied units: 9 percent relative to 4 percent.
9. Overall vacant housing units have declined over the past decade and account for approximately 11 percent of total housing units. The greatest declines in vacant units were among year-round homes and mobile homes, down 19 percent and 24 percent, respectively, between 1990 and 2000.
10. Growth in housing since 1960 has been centered on single-family units and larger multi-family structures (i.e., five or more units).

### **Affordable Housing**

11. North Dakota lacks sufficient affordable housing, especially for those in low- and extremely low-income brackets. Using 30 percent of household income as a benchmark for affordable housing and statewide median family income (MFI) for 2000 at \$52,500, the data indicate that:
  - a. 43 percent of current owner-occupied or renter-occupied homes in North Dakota are affordable to those earning less than 30 percent of MFI.
  - b. Only 69 percent of owner-occupied homes are affordable to those with income between 31 percent and 50 percent of MFI.
  - c. Approximately 83 percent of renter-occupied units are affordable to those with income between 31 percent and 50 percent of MFI.

### **Housing Conditions**

12. The general housing conditions in North Dakota are very good.
  - a. Less than one-half percent of owner-occupied units lack complete plumbing or kitchen facilities.
  - b. Approximately 1 percent of owner-occupied units are overcrowded, having more than one occupant per room.
  - c. One-half percent of renter-occupied units lack complete plumbing facilities and 1 percent lack complete kitchen facilities.
  - d. Nearly 4 percent of renter-occupied units are overcrowded, having more than one occupant per room.

### **Special Populations**

13. Survey data of homeless indicate that there is an unmet need in the state for nearly 2,136 homeless, 40 percent of whom are families with children.
14. There is an important housing need for low- and moderate-income elderly.
  - a. 15 percent of residents 55 years and older in owner-occupied units have housing cost burdens that exceed 30 percent of their household income.
  - b. 35 percent of residents 55 years and older in renter-occupied units have housing cost burdens that exceed 30 percent of their household income.

### **Projected Housing Demand**

15. The distribution of households will change dramatically over the next 10 years. Forecasts indicate that for the time period 2000 to 2015:

- Age:**
- The number of young adult households (i.e., ages 15 to 34) will decline by 4,938 or 8 percent.
  - Middle-age households (i.e., ages 35 to 54) will decline by 15,367 or 15 percent.
  - Early retiree and young senior households (i.e., ages 55 to 74) will increase by 29,801 or 50 percent.
  - Older senior households (i.e., age 75 and over) will increase by 12,586 or 38 percent.
- Income:**
- Households with income below 30 percent of MFI will increase by 7,426 or 15 percent.
  - Households with income between 31 percent and 50 percent of MFI will increase by 4,789 or 12 percent.
  - Households with income between 51 percent and 60 percent of MFI will increase by 3,490 or 9 percent.
  - Households with income above 115 percent of MFI will increase by 2,555 or 8 percent.
- Type:**
- First-time homebuyers are expected to decline statewide by nearly 9 percent.
  - Upscale homebuyers are expected to increase by nearly 8 percent.
  - Low-income homebuyers are expected to increase by nearly 6 percent.
  - Moderate homebuyers are expected to increase by nearly 8 percent.
  - Elderly homebuyers are expected to increase by 42 percent.

### Projected Housing Supply

16. If the current level of housing construction continues, the state's overall housing stock will expand by less than 1 percent or by 30,562 units between 2000 and 2015. Housing supply forecasts for the same time period based on population change rather than on the past decade's building trend are slightly more robust and indicate housing stock will expand by 32,157 units. The projected housing expansion will slightly exceed anticipated housing demand assuming current vacancy levels persist. However, the type of housing unit and location will vary markedly throughout the state.
- Greater housing growth than current levels will be needed to meet demand in Region IV (Grand Forks area).
  - An increased demand for elderly housing, especially in Region I, Region III, and Region VII, will require more specialized construction even though overall housing units will exceed demand.
  - The current level of housing growth in Region II will likely outpace future demand, therefore a housing slowdown in this region is probable.

### Survey of Key Leaders Results

17. A telephone survey of 183 key leaders representing every county, major city, and reservation in North Dakota was conducted in the summer of 2004. Representatives from the financial community, public housing authorities, realtors, apartment associations, builders, and statewide housing organizations also were included in the study. Topics covered in the survey included housing supply and demand issues, housing quality and affordable living, barriers to development, special population needs, and concerns regarding housing policies and programs. Key findings indicate:
- Overall, key leaders generally agreed that the economic health of their communities is good and that community leaders are visionary.
  - Important local issues of key concern include economic development, retention of young adults, an aging population, infrastructure, social issues such as drug and alcohol abuse, and services for special populations.
  - A general sense among key leaders is that there is growing demand for larger apartments, duplexes/townhomes for rent, single-family houses for purchase or rent, and starter homes. There is general consensus that there is sufficient public housing to meet the needs of their communities.
  - Overall, leaders generally agreed that the housing stock in their area is in good repair, with the major exception of reservation areas. Representatives of the reservation areas felt housing quality in their communities was worse than other communities, in general.
  - Leaders felt affordable housing has changed little over the past 10 years with the exception of Region V and the top 12 cities in the state, where leaders said that rising housing costs have made housing less affordable.
  - Approximately one-fourth of the key leaders indicated concern regarding barriers to housing development in their communities. The major concerns included zoning issues, cost of development, availability of infrastructure, restrictions regarding development of multi-family units, lot size, development of agricultural land, equity and appraisals, and the need for stricter codes to improve property values and pride in ownership.
  - Three of four key leaders expressed the need for the state to play a role in increasing the supply of adequate and affordable housing.

## RECOMMENDATIONS

An overall analysis of the findings, including comments and suggestions from key leaders, leads us to offer the following top six recommendations as a way to prioritize future housing development strategies:

- Top priority should be given to exploring ways to best address future elderly housing issues.
- Special attention should be given to housing for special needs populations including the frail and physically disabled, mentally disabled, veterans, and the homeless.
- Attention should be given to initiatives that will increase the likelihood of rehabilitating or remodeling older homes, especially for elderly use.
- Agencies should position themselves for a significant increase in demand for programs that address housing for extremely low-, low-, and moderate-income residents.
- A contingency plan should be developed for possible significant reductions in federal housing support. The Center on Budget and Policy Priorities forecasts a possible reduction that may exceed \$8 million in Section 8 Vouchers as a result of cuts in federal housing assistance. This would likely eliminate 2,101 vouchers in North Dakota by 2009.
- Priority should be given to creating a task force that can explore the feasibility of innovative programs or approaches to housing development.

\*\*\*

<p>North Dakota State Dept. of Community Development 1000 East Grand Avenue Bldg. 2400 Grand Forks, ND 58202 (701) 231-8621</p>	<p>For more information, contact: Dr. Richard Rathge, Director (701) 231-8621 Richard.Rathge@ndsu.edu</p>	<p>View research online at: &lt;<a href="http://www.ndhfa.org">http://www.ndhfa.org</a>&gt;</p>
---	---	---

January 24, 2005

Vicki Syverson, Director  
Jim Hilleren, President  
Swift County HRA  
301 14<sup>th</sup> Street No., Box 286  
Benson, MN 56215-0286

Re: Swift County HRA Housing Economic Impact

Dear Vicki, Jim and HRA Board Members:

With the completion of HRA Housing Phase I and II in Swift County, and the information from the tenant surveys, the economic impact of the units has been of particular interest to you. Therefore, the following summary is provided regarding the statistics relating to both phases:

- 45% of the tenants moved to the units from the City of Benson
- 25% of the tenants moved to the units from surrounding Swift County
- 30% of the tenants moved to the units from out of town
- 4 Children live in/were added to school district in Murdock
- 1 Child was added to school district in Benson
- 8 tenants sold their homes to move into the units (6 in Benson, 1 in rural Swift County, 1 out of state)
- 3 tenants bought or built a home in Swift County upon moving out of the units
- \$72,795.00 is spent annually for gas/electric utilities
- \$13,544.00 is spent annually for phone services
- \$13,228.00 is spent annually for cable services
- Approximately \$10,000 is paid annually in PILOT
- Approximately \$1,800,000.00 was spent in Swift County for construction of the units
- 85% of tenants do their banking in Swift County (80% in Benson)
- 90% of tenants obtain medical services in Swift County (85% in Benson)
- 95% of tenants purchase groceries in Swift County (90% in Benson)
- 65% of tenants obtain legal services in Swift County (65% in Benson)
- 95% of tenants purchase insurance in Swift County (85% in Benson)
- 100% of tenants purchase gas in Swift County (90% in Benson)

The statistics verify the success of the housing in terms of economic development and providing affordable housing in Swift County.

The numbers speak for themselves, and the HRA most certainly should be commended for their foresight and involvement in providing a critical need. It is apparent that the units have had an extremely positive economic impact in Swift County, and especially in the City of Benson.

Sincerely,

Diane M. Weick  
Project Coordinator

# A

# City of Ashley

113 1st Avenue NW

PO Box 97

Ashley ND 58413

December 9, 2004

State Legislators  
Capitol Hill  
Bismarck, ND 58501

Ladies and Gentlemen

In our community of Ashley, we are in great need of housing for all ages of people and income levels. We are especially in need of apartments for modern income people and for people older who would sell their house and move into an apartment if available. This would free up homes in our community for people moving in and looking for modern homes. This would also keep our senior citizens who have worked so hard in our community and surrounding area to stay in Ashley rather than having to move to a larger town in order to find apartment rental.

Keeping people in our town is very important to us and by having additional homes this would enhance economic development. Our businesses, hospital, and school would especially benefit by this.

Because of these issues, the City Council of Ashley supports legislation that would aid us in ways to provide additional housing for all aged residents and income levels.

Thank you for your consideration.

Sincerely



Donald A. Kosel, Mayor  
City of Ashley

# City of Kulm

Mailing: Box 332, Kulm, ND 58456

Delivery: Ten 1<sup>st</sup> St. SW

Phone: 701-647-2451, Fax 701-647-2441

The City of Kulm is an Equal Opportunity Provider and Employer

E-mail: [kulmcity@drtel.com](mailto:kulmcity@drtel.com) [www.KulmND.com](http://www.KulmND.com)

December 1, 2004

To All North Dakota Legislators

I am sure that many of you are aware of the need for housing in our rural communities. In most cases there seems to be enough or adequate "low-income" housing but there is often a real shortage in the "moderate income" categories.

Those of us who have a desire to grow our rural communities recognize that people will not live in them unless there is quality housing. It is our hope and we support the types of development that F&L Development and Management of Minnesota have accomplished in Minnesota and South Dakota.

Sincerely,



Eugene Taszarek  
Mayor of Kulm

**Diane Weick**

---

**From:** "Bruce Lindgren" <lindgren@drtel.net>  
**To:** "Becky Meidinger - TRAP" <heartrap@drtel.net>  
**Cc:** "Jodi Bruns" <jbruns@ndsuent.nodak.edu>; "Diane Weick" <dweick@chartermi.net>  
**Sent:** Thursday, March 03, 2005 12:53 PM  
**Subject:** Hearing

Hi, the way I feel today I don't believe I will make it to the hearing Mar. 4 as much as I would like to. This bill, is it the complete answer? Maybe not, but it is a option we need. My mother is 80+ years old, she lives in a two story house she bought 25 years ago when she moved to Kulm, it has served her well as she has had room for her children and grandchildren to come and visit. Now the steps are a major problem so she will have to make a decision as to where to move to eliminate the steps. She could move to independent living in another community where she doesn't have family or out of state where I have a sister and brother. If that should happen Kulm and ND lose, not only my mother and the money she spends within the state but also instead of my sister and brother coming to ND, my sister and brother and I will now go out of state to visit her. Run the numbers as to how that will effect the states economy if 10 % of the seniors make that decision. I just seen an article in USA Today that said for every one moving truck that comes into the state, two leave. We have to start doing something different to change that. This is a small start. We have some low income housing in Kulm but not all elderly need low income housing. Thanks Bruce lindgren

3/3/2005

**Diane Weick**

---

**From:** "Doug Sitzler" <eri@engreb.com>  
**To:** <dweick@chartermi.net>  
**Cc:** <heartap@drtel.net>; "Charlie Kraemer" <cwkraemer@drtel.net>  
**Sent:** Thursday, March 03, 2005 4:59 PM  
**Subject:** SB 2227

Diane,

My name is Doug Sitzler. I am the President of the Dakota State Line Regional Alliance (DSLRA) Champion Community. The DSLRA is comprised of Dickey County and communities in LaMoure and Sargent Counties in North Dakota, as well Britton and Hecla, in South Dakota. I just received an e-mail notice from Becky Meidinger regarding the committee hearing on SB 2227 that is taking place tomorrow. I am unable to attend on such short notice, but I am hoping you would be able to direct this e-mail to the appropriate people.

The DSLRA is in strong support of housing bill SB 2227. South Dakota has such a program in place and Britton has used it with great success. Steve Dahlstrom is one of the board members from Britton, as well as a local banker. He has first hand experience with the South Dakota program and has only positive things to say about the affect it has had on Britton. He would be willing to speak to anyone necessary regarding this matter.

The rural communities throughout the state who have banded together to form Champion Communities recognize that their only chance to survive and prosper is to band together and approach their common concerns regionally. Affordable housing is concern specifically identified in the strategic plan of the DSLRA. Please pass SB 2227 so that we can add that tool to our efforts to maintain and grow our rural communities.

Thank you for your consideration on this matter.

Doug Sitzler  
Dakota State Line Regional Alliance

Cc: Becky Meidinger, Charlie Kraemer

# CITY OF WISHEK

P O Box 306 • Wishek, ND 58495 • 701 / 452-2567 • FAX 701 / 452-0173

Victor Vilhauer, Acting Mayor  
Sandy Paulus, City Auditor  
Tom Welder, Chief of Police  
Perry Turner, Municipal Judge

Larry Wald  
Mitch Bosch  
Sonya Schumacher  
Berneice Nagel  
Brent Thielges

Dec. 6, 2004

To Whom It May Concern:

The Wishek City Council is fully supportive of efforts being made by the Dakota Heartland Champion Community to explore any and all options to address housing concerns within the Champion Community.

The City Council recognizes that having quality single and multiple family housing available is a critical component of successful economic development. As we work together to improve our communities, attracting new families to our city can not happen without the availability of clean, affordable single and multi-family housing.

The Wishek City Council encourages the North Dakota Legislature to review all existing housing laws and do what is necessary to assist entities such as the Dakota Heartland Champion Community and all cities in our state solve their individual housing issues.

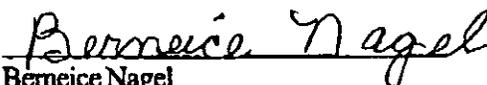
Respectfully,

Wishek City Council

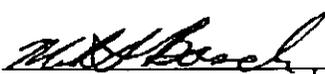
  
\_\_\_\_\_  
Victor Vilhauer, Acting Mayor

  
\_\_\_\_\_  
Sonya Schumacher

  
\_\_\_\_\_  
Larry Wald

  
\_\_\_\_\_  
Berneice Nagel

  
\_\_\_\_\_  
Brent Thielges

  
\_\_\_\_\_  
Mitch Bosch

SB 2227

Good Morning Mr. Chairman, and members of the committee.

I am Jeff Langley of Ellendale, ND. I am presently a landlord, and own a 29-year-old multi-family housing unit in Ellendale.

I rise today in strong support of SB 2227.

I first want to say what a great honor it is for me to be here today. To participate in our great democracy is a privilege that I do not take lightly. I served on active duty for over 20 years in the US Air Force defending our Republic. And to be able to participate in the system for which I defended, is a memory I will not soon forget.

SB 2227 was developed with one thing in mind, Mr. Chairman and members of the committee, North Dakota rural economic development.

Under present economic conditions, it is virtually financially impossible to develop new, affordable, multi-family housing, in rural North Dakota. The cost of development, combined with property tax rates, and loan interest rates, together as a whole, does not allow for cash-flowing a new project in small towns with the present earning rates of our labor force, and present labor wages being paid by small town businesses.

The cost of rent needed to ensure a reasonable rate of return on a developer's investment, would be far too high for that local economy, thus making affordable housing out of the economic reach of most rural North Dakota citizens, as well as feasible impossible for those individuals considering a return to North Dakota's great rural areas.

Mr. Chairman, and members of the committee, this bill would help in that area.

I would respectfully remind you Mr. Chairman, and members of the committee, that you have during this very session attempted to assist our State in doing this very thing in the area of developing new and upgrading old transmission lines in the area of new wind tower construction in North Dakota.

HB 1169, which was passed on the full floor of the North Dakota House of Representatives by a vote of 92-0, created a State agency for this very purpose, for this very reason. During testimony on the floor of the House, it was stated that the present Federal Use Tax Rates are such as not to allow the cash-flowing of new transmission lines to be built, for the development of Wind Energy resources in North Dakota. This new state agency would be permitted to, in effect, co-sign on the monies needed to finance these new transmission lines. This will temporarily eliminate that federal use tax, enabling the development to go forward.

It was also testified on the floor of the House, that this would be with the goal in mind of selling those new transmission lines to the power companies when it was economical feasible, and when the power companies could cash-flow the project.

Mr. Chairman, and members of the committee, this is exactly what we are asking you to do today. These new multi-family homes would be built with the goal in mind of redeveloping rural North Dakota. With the revitalization of vacant property, to the temporary elimination of the property tax, combined with the lower interest rates that would be available under this bill, these factors will reduce the necessary cash flow and capital investment to temporarily finance these projects. Once the balance of the project is reduced to a level feasible for local citizens, private developers, or investors to purchase these homes, they will be placed on the tax role generating new support for taxing districts.

This new revenue source, as you are well aware, is greatly needed in rural North Dakota. With the present debate in changing the system of financing our state school system, I am sure you can see the value of increasing the property tax base in rural North Dakota for this purpose. While this bill is by no means a quick solution to our present challenges that we face in some areas, it is a solid investment in the future of rural North Dakota.

Thank you for your attention and consideration of SB 2227.

Good morning Chairman Devlin and Committee members. My name is Bob Kudrna, Executive Director of the Adams County Development Corporation in Hettinger. Our community is like most small rural communities – we have a need for moderate income type housing. We have adequate low-income housing. We have widows, widowers, and couples who have retired and living in their homes – the kids are gone and they would like to move into a nice modern one-level, attached garage, condo-type housing. If we had this moderate housing available, these residents could sell their homes and move into this new housing thereby freeing up their homes for other families looking for a larger home. We need this type housing to keep our retirees living in our community and not have them moving to the larger cities like Dickinson or Bismarck. I know in visiting with the leaders in Dickinson and Bismarck, they know how important it is to keep rural towns alive and vibrant as we serve as feeder communities to them. The availability of modern moderate-type housing will enable us to keep our residents living in our communities and using the services we provide. The problem we have, is that nobody wants to make this type investment in a rural community to construct this type housing – we have no large construction firms. We do have independent carpenters, but they too don't have the resources to build this type housing. Another problem we face in rural towns, is the appraisal gap. For example, a new home built in Hettinger for \$100,000 would probably appraise at between \$65,000 to \$70,000 for financing purposes.

When we testified before the Senate committee on this bill, it was mentioned that we should be working with our County Housing Redevelopment Authority. However, that is not the answer either because they do not have any access to funding except for low-income housing through USDA –Rural Development which doesn't address our need for

this moderate-type housing. Most small communities have vacant lots which are not generating much tax revenue, so establishing the payment in lieu of taxes provided for in this type financing would not affect local tax revenue structure. The Economic Developers in the southwest meet on a regular basis to discuss common projects or issues in our region, and every county in the southwest has the same need for this moderate-type housing. I am sure this moderate-type housing need is prevalent for all small rural communities throughout the state. On behalf of the southwest area, I am here today to ask for your support for Senate Bill 2227 which would provide funding for this housing with the use of the Essential Function Bonds. This financing tool would be helpful and welcomed by all rural communities statewide. Thank you for allowing me to appear before you today.

3/4/05

Re: SB2227

Testimony in support of the essential-function-bond housing bill

Mr. Chairman and members of the committee,

I am here this morning to request your support of SB2227. I live northwest of Ellendale and work at Trinity Bible College in Ellendale in the position of Business Manager. The nature of my job permits me to witness first-hand the importance of adequate housing in a community that hopes to stabilize itself and grow.

The college is one of the largest employers in Ellendale with a payroll that exceeds 2 million dollars. There is no doubt that housing is one of the key factors considered by outsiders as we try to attract qualified persons to fill faculty and staff positions. Yes, they walk around the campus, and then drive around town and check out the parks, public school, medical facilities, grocery store, dining establishments, and main street shops. They also look around town to determine where they might live. In most cases, if they can't locate adequate housing, there is hesitation about accepting the position.

The fact that I work for a large employer isn't an issue. I could just as well be standing here as the smallest businessman in town who wants to expand and bring in my first employee, or as a member of the group hiring a new nurse, a new public school teacher, or a new coach. No matter who it is, the new employee will need a place to live.

Small and medium size towns simply do not attract the private developers that larger cities attract due to the risk and low-profit potential involved. **In cases where a smaller community believes that better housing is an essential part of its economic development plan in order to attract new persons into the community, and to keep retiring persons from leaving, I believe we should give the housing authorities of those communities all the tools we can so they can develop the housing they need. This bill provides one of those tools.** From the reports I've heard, it appears that Essential Function Bonds have been used successfully by several communities in both MN and SD. Please give this bill your support.

Thank you for this opportunity to speak.



Keith Hafey

7615 89<sup>th</sup> St SE

Ellendale, ND 58436

701-396-7561 (home) or 701-349-5448 (work)

[keithhfy@msn.com](mailto:keithhfy@msn.com) (personal) or [khafey@trinitybiblecollege.edu](mailto:khafey@trinitybiblecollege.edu) (work)

**Points to ponder regarding the housing bill SB 2227 – submitted by Becky J. Meidinger, Ashley Community Development Coordinator and Coordinator for the Dakota Heartland Champion Community consisting of all of McIntosh County and Napoleon, Edgeley and Kulm**

- This bill will give rural communities of 5000 and under a **CHOICE** in whether or not they want to establish a housing authority to build moderate income housing for their communities.
- There will be community meetings to discuss this housing authority before a community makes this decision and they can decide if the need is present to move forward on additional housing – **IT IS ONLY A TOOL FOR THEM IF THEY WANT AND NEED TO USE IT!!**
- There is a considerable difference in the property values in various rural communities, and for many, there is a large gap in what it costs to build housing versus what the banker will allow for a loan on the appraised value, and the majority of the time the appraised value is much lower than the cost to build.
- Private developers have not met the need to build new housing in the rural communities – approximately six years ago a plan was put before former Governor Schaffer to address building single family homes utilizing the prison labor and have this housing located in the rural communities, as there was a definite housing shortage even then. The private developers stated that they would step up to the plate and build housing in the rural communities, and they have not done this over the past six years, and the housing shortage of quality, affordable housing is not being met and is even greater now than then, because much of the rural housing is inadequate, and in disrepair.
- As the aging population in many of the rural communities increases, there is a major shortage of quality, affordable housing options for seniors and for transitional housing for teachers and other professionals who may be moving into the community to take on a new position. They may not be willing or able to purchase a home immediately upon moving to the community, and there is very little rental housing for them. Example of Cooperstown, Gwinner and others.
- The majority of the housing in the smaller communities was built in the 40's and 50's, and much is even older than that. The style of houses then was a two-story, small, compact home which does not address the needs of the population now. Many of those homes have not been taken care of the way they should have been and therefore there needs to be major rehabilitation on many of the existing homes to even make them livable.
- Please keep in mind that the moderate income level for many of the rural communities and counties is very close to the poverty levels in the more urban and prosperous communities, and the rural communities need tools to develop the housing that is needed for the moderate income level residents, and the private developers cannot afford to build the needed housing and keep the rent to a level that these people can afford to pay. There are plenty of low income housing units, but very few moderate income units available in rural communities.
- The community housing authorities that would be created by this bill would have options to develop only the housing that they would have a need for – the idea is to have the community meetings before any final decisions are made, get preliminary commitments from local residents to determine the amount of housing that is needed and then build only the number of units necessary to address the demand.
- If senior residents are able to move into this type of housing, it would free up existing larger homes for families to either rent or purchase – these are very few and far between presently. There are many seniors who want to stay in their home communities, but are having difficulties keeping up the maintenance on their existing homes. This could be addressed if they had someplace else to move into.