

Testimony Presented on SB 2220 to the
Senate Finance and Taxation Committee
Senator Jordan L. Kannianen, Chairman

by

Nicole Crutchfield, Planning Director
City of Fargo

January 21st, 2023

This statement expresses the support of the Fargo City Commission to Senate Bill 2220, relating to an allocation from the legacy earnings fund and eligible projects under the Housing Incentive Fund.

SB 2220 proposes to amend subsection 4 of section 21-10-13 by adding subsection (c) to allocate fifty million dollars (\$50 million) to the Housing Incentive Fund for eligible housing projects under section 57-10-40. SB 2220 also proposes to amend subsections 3a and 4 of section 54-17-40 to eliminate the requirement that assistance from the fund be used only for multifamily housing projects, and to allow assistance from the fund be used for single-family housing rehabilitation and rural housing projects. Thus, a greater variety of housing projects would be eligible to receive assistance from the fund.

Resources to close the financial gap for new housing throughout North Dakota helps everyone and is a critical component of a healthy economy. The amendments address a variety of housing situations plaguing the State and curtails the projections that both the state, regional and local housing studies are estimating including:

- workforce housing shortages;
- lack of ability for older individuals to age-in-place within their local communities—the population of individuals age 65 and older is projected to grow by 24 percent by 2025 with many of these households being lower income;
- vulnerable populations without housing to address their unique needs-- largest population growth projections by household income are in the extremely low- to moderate-income populations; and
- too few housing opportunities for families with children.

The proposed amendment relating to single-family housing rehabilitation recognizes the reality that 56% of the State's housing built before 1980 requires significant rehabilitation or replacement. Fargo's 2021 Core Neighborhoods Master Plan outlined a need for Housing Reinvestment Tools to support at minimum 250 homes and 10 apartments that need repair or updating in order to be safe and contribute to the quality of the neighborhoods. The proposed amendments in SB 2220 can reinforce identified needs in Fargo.

Fargo, West Fargo and Horace metropolitan region has added nearly 23,000 jobs in the last 10 years and new housing unit production has not kept pace with job growth at a ratio of 1.5 jobs to units compared to 1.3 nationwide. Housing is a critical component to continue to grow North Dakota's economy, as noted in the 2022 Fargo-Moorhead Regional Housing Needs and Strategies draft plan.

The significant increase in construction costs, labor shortage and limited availability of contractors has challenged our ability to build new and rehabilitate existing housing in the pace needed to keep up with demand. More housing is needed across all housing types and price points to support the anticipated growth in North Dakota. The proposed amendment supports an identified shortage of affordable housing supply for the lower earning renter and owner, which is the metro's most pressing need.

An example project in Fargo includes gap financing with Housing Incentive Funds of \$3 million to make possible a \$23 million 120 unit senior housing project. These State housing funds provided access to millions in Low Income Housing Tax Credits, property tax exemptions, and bonding. Without the Housing Incentive Funds, access to other tax credits, federal grant funds and bonding would not have been feasible.

These amendments are significant and increase the Housing Incentive Fund's flexibility to address housing shortages for a growing population. The State's commitment to provide a variety of housing opportunities are a critical component to assure North Dakotans have access to housing throughout the state. By adding the amendments, more opportunity will exist to efficiently combine federal, state and local funds to resolve the State's housing needs.

The City of Fargo strongly encourages your committee to recommend "Do Pass" for this bill.