

Senate Finance and Taxation Testimony on Senate Bill 2220

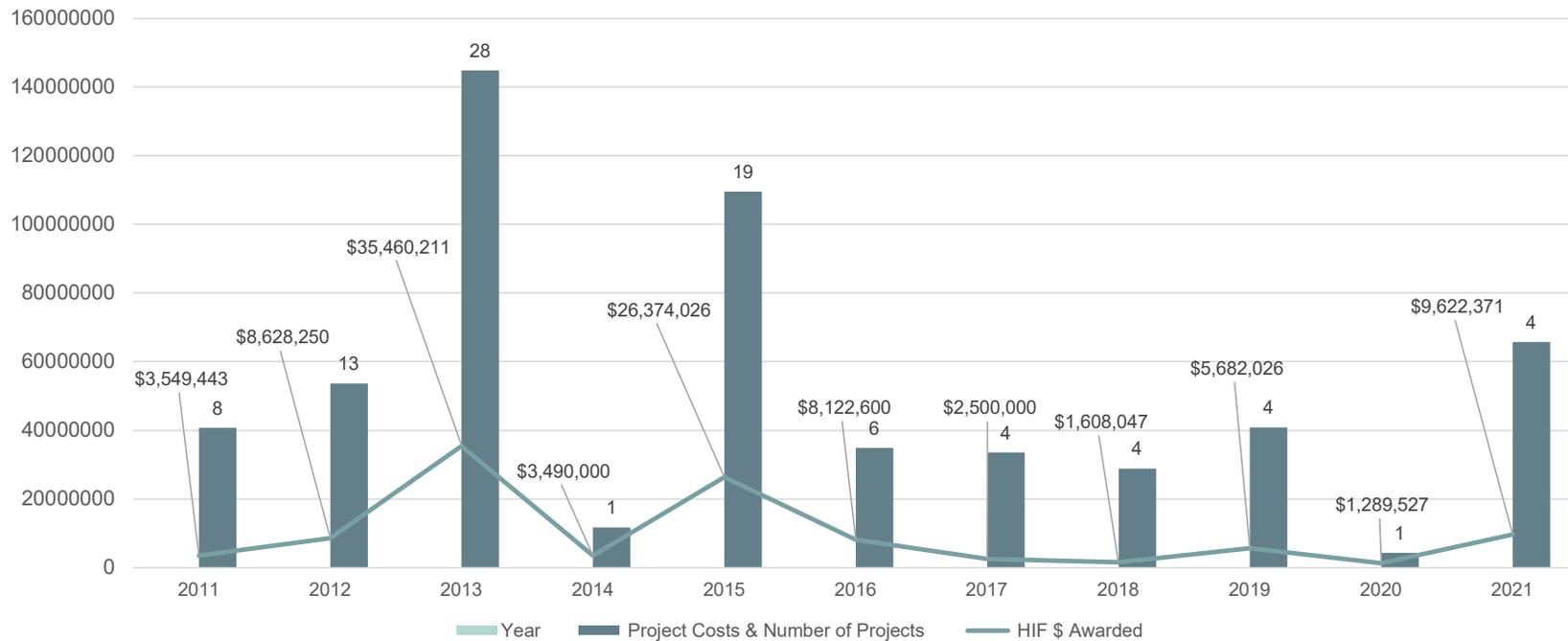
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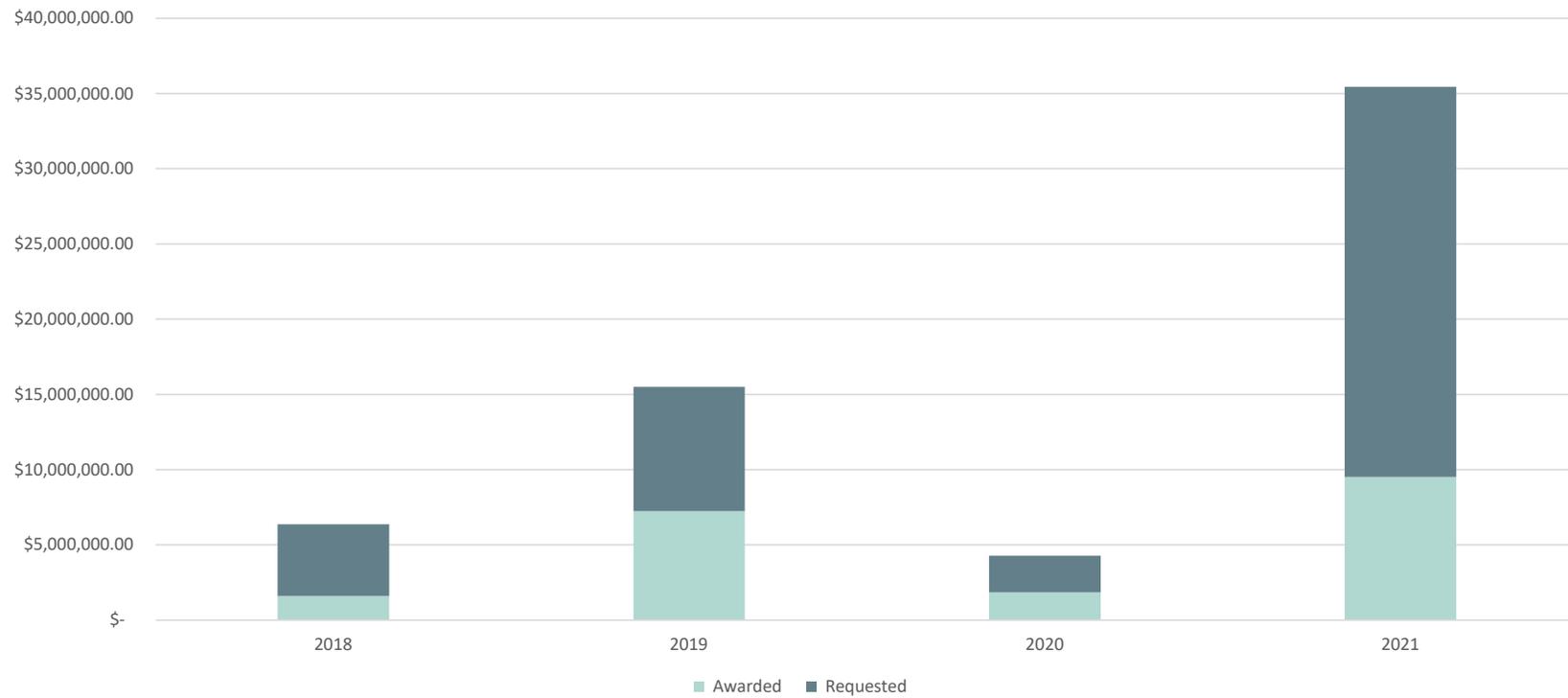
HOUSING INCENTIVE FUND TIMELINE



HIF INVESTMENTS - TOTAL DEVELOPMENT COSTS - # OF UNITS



HIF DEMAND

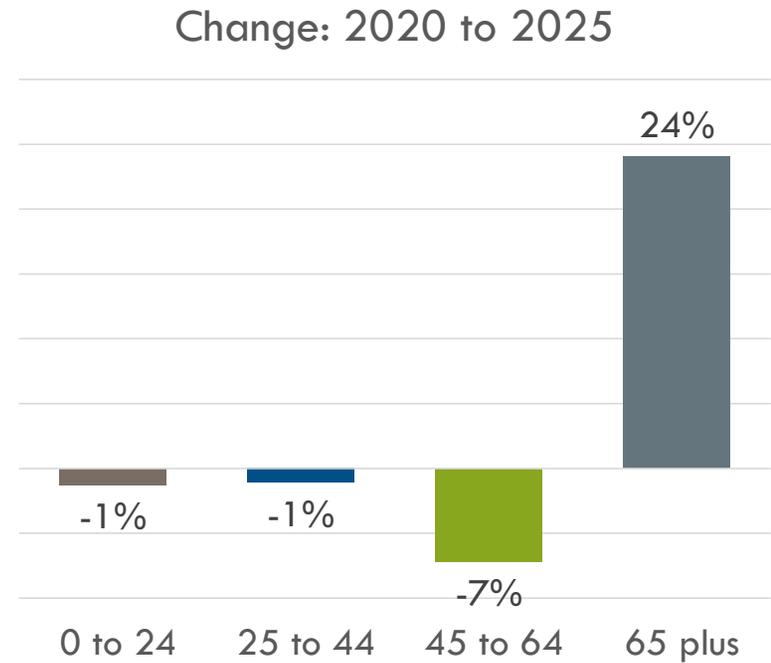
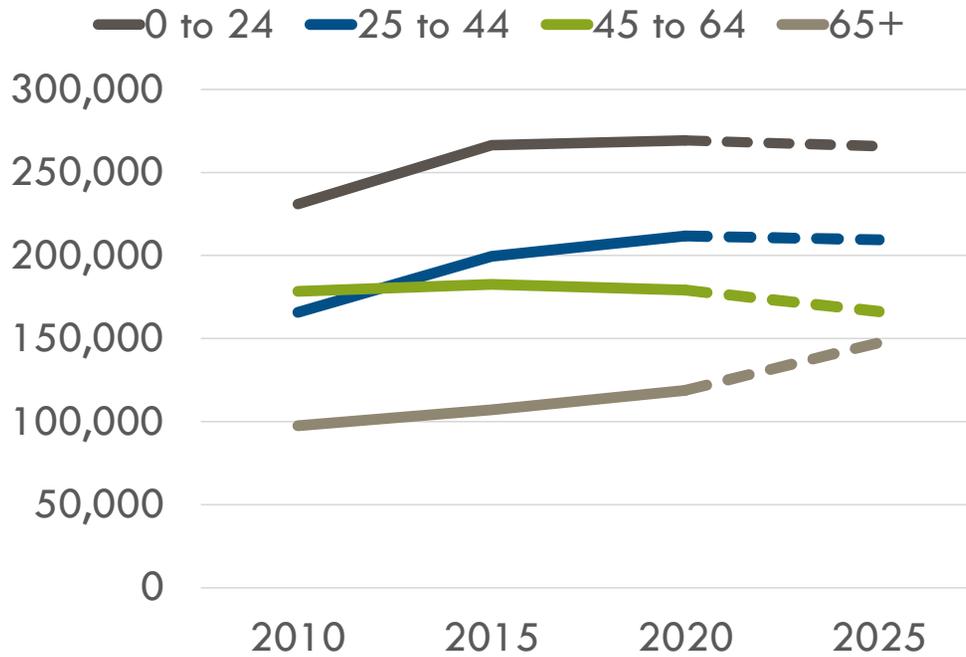


RETURN ON INVESTMENT

- High 19.83
- as low as 1 to 1 (rural project)
- Rural projects
- Gap filler

TOTAL STATE POPULATION BY AGE

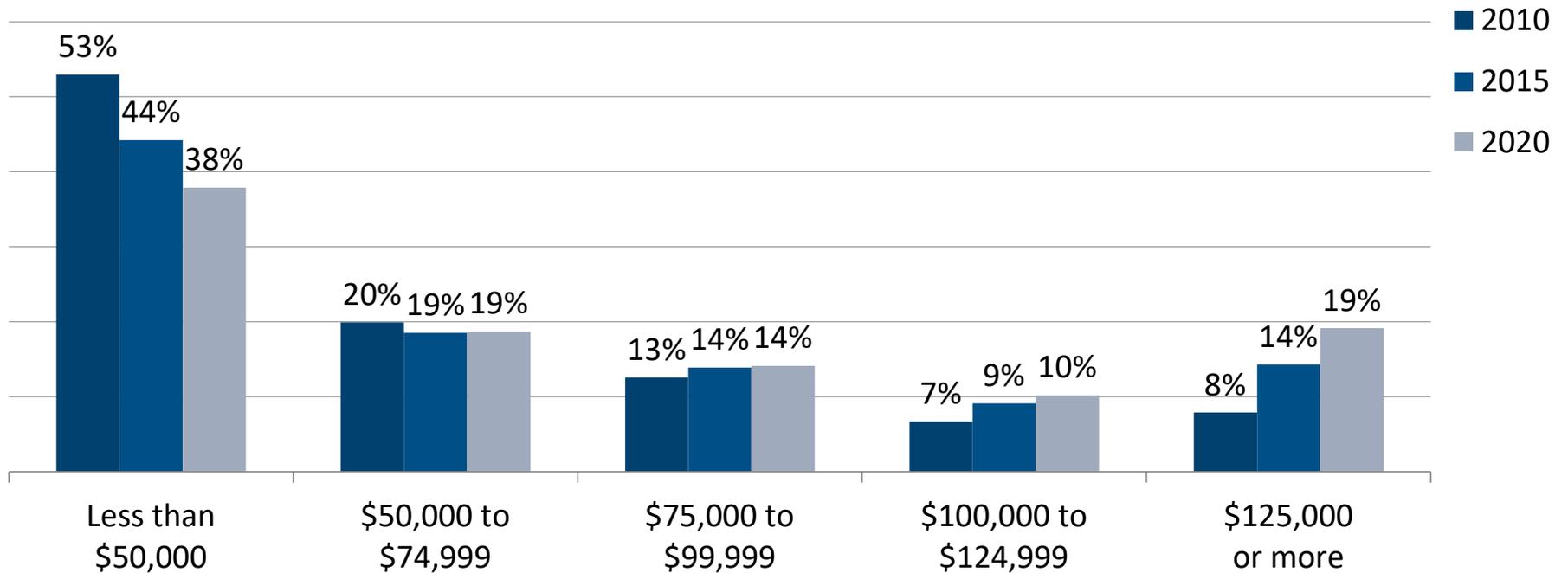
2010-2020, 2025 PROJECTION – AND PERCENT CHANGE FROM 2020 TO 2025



Source: U.S. Census Bureau and the Center for Social Research (2022b)

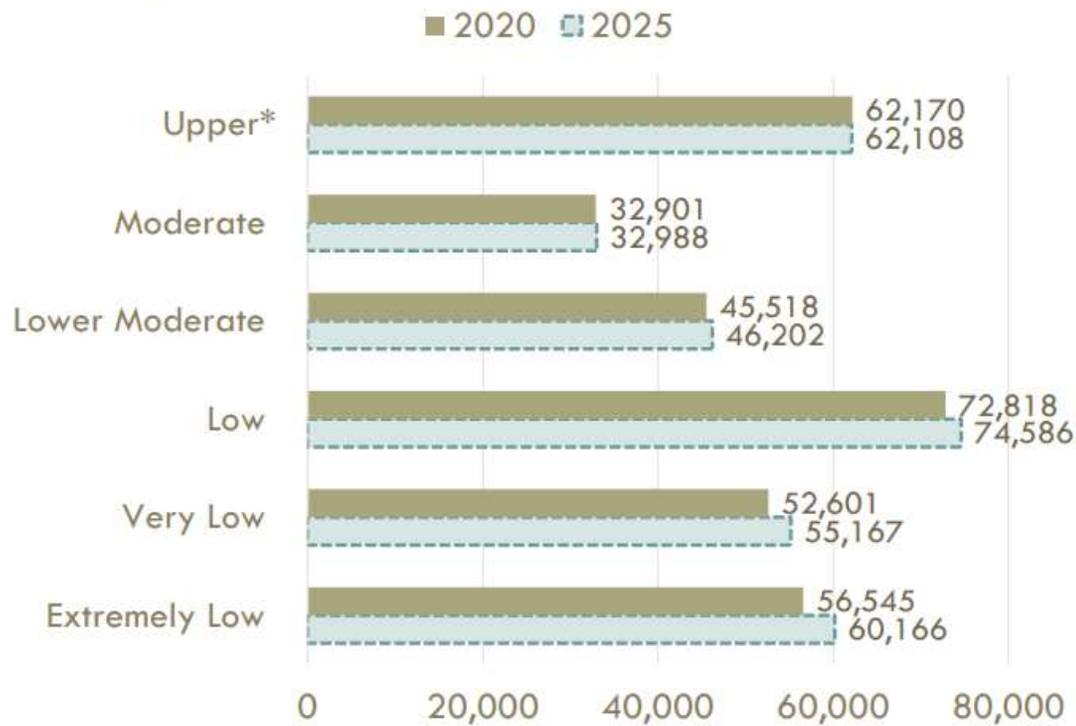
HOUSEHOLD INCOME IN NORTH DAKOTA

North Dakota Households by Household Income Level, 2010, 2015, and 2020



Source: U.S. Census Bureau (2021c)

PROJECTED CHANGE IN HOUSEHOLDS BY INCOME



Source: Center for Social Research (2022b)

- Higher income households are expected to hold steady
- Lower income households are expected to increase by 2025

Household Income	% Change 2020 - 2025
Extremely Low (less than) \$26,070)	6.4%
Very Low (\$26,070-\$43,450)	4.9%
Low (\$43,451-\$69,520)	2.4%
Lower Moderate (\$69,521-99,935)	1.5%
Moderate (\$99,936-\$121,660)	0.3%
Upper (greater than \$121,661)	-0.1%

HOUSING STOCK

Prior to 1960 = 29%

1960 to 1979 = 27%

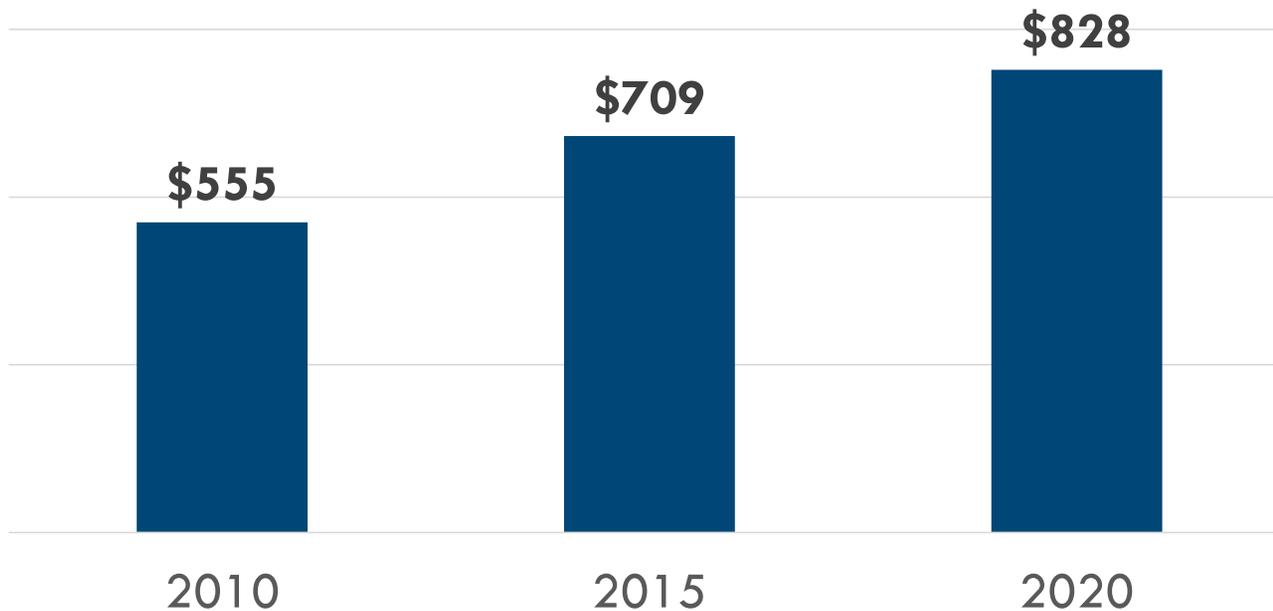
1980 to 1999 = 20%

Since 2000 = 24%



STATEWIDE CHANGE IN MEDIAN RENT

Median Monthly Gross Rent in North Dakota



Median rent in North Dakota was less than \$600 just 10 years ago - that's a 49% increase in 10 years.

2020 ACS Data

- Efficiency: \$628
- 1-bedroom: \$690
- 2-bedroom: \$826
- 3-bedroom: \$1,118
- 4-bedroom: \$1,327

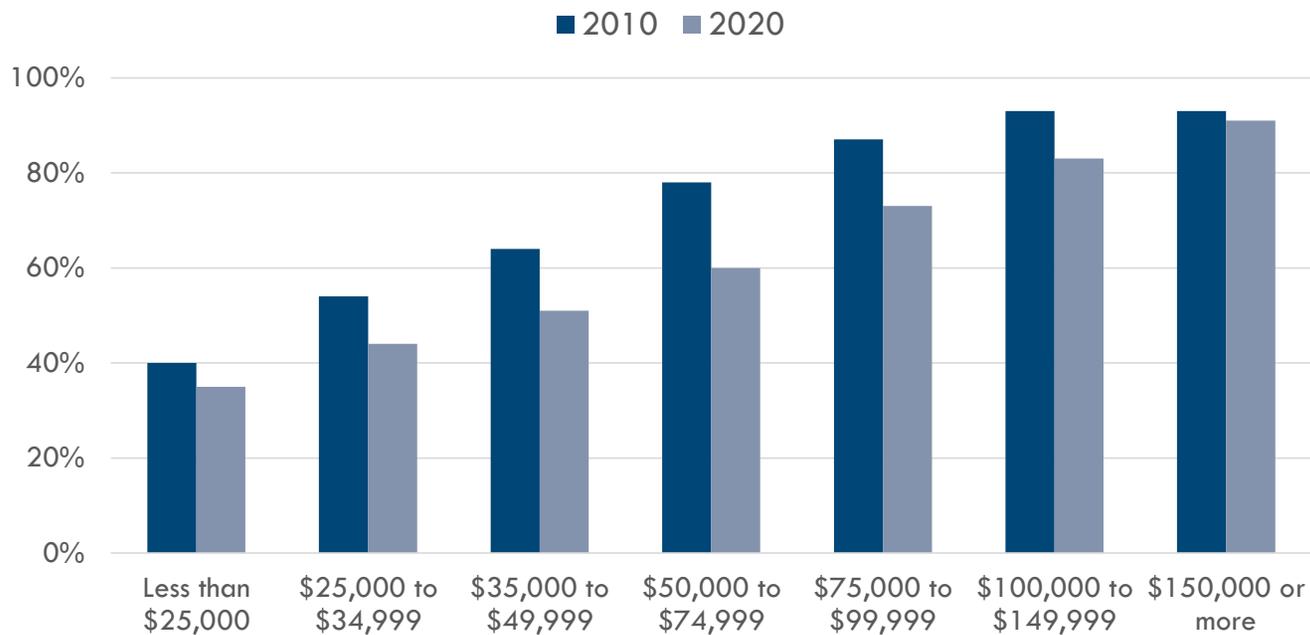
Source: U.S. Census Bureau (2021C)

RENTAL AFFORDABILITY BY HOUSEHOLD INCOME, 2020

Household Income Category	Income Limits based on the 2020 MFI of \$86,900 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds	Affordable Monthly Housing Costs
Extremely Low	Less than \$26,070	56,545	\$652
Very Low	\$26,070 - \$43,450	52,601	\$1,086
Low	\$43,451 - \$69,520	72,818	\$1,738
Lower Moderate	\$69,521 - \$99,935	45,518	\$2,498
Moderate	\$99,936 - \$121,660	32,901	\$3,042
Upper	\$121,661 or more	62,170	\$3,650

TREND IN HOME OWNERSHIP RATES BY INCOME

Home Ownership Rates by Household Income in North Dakota

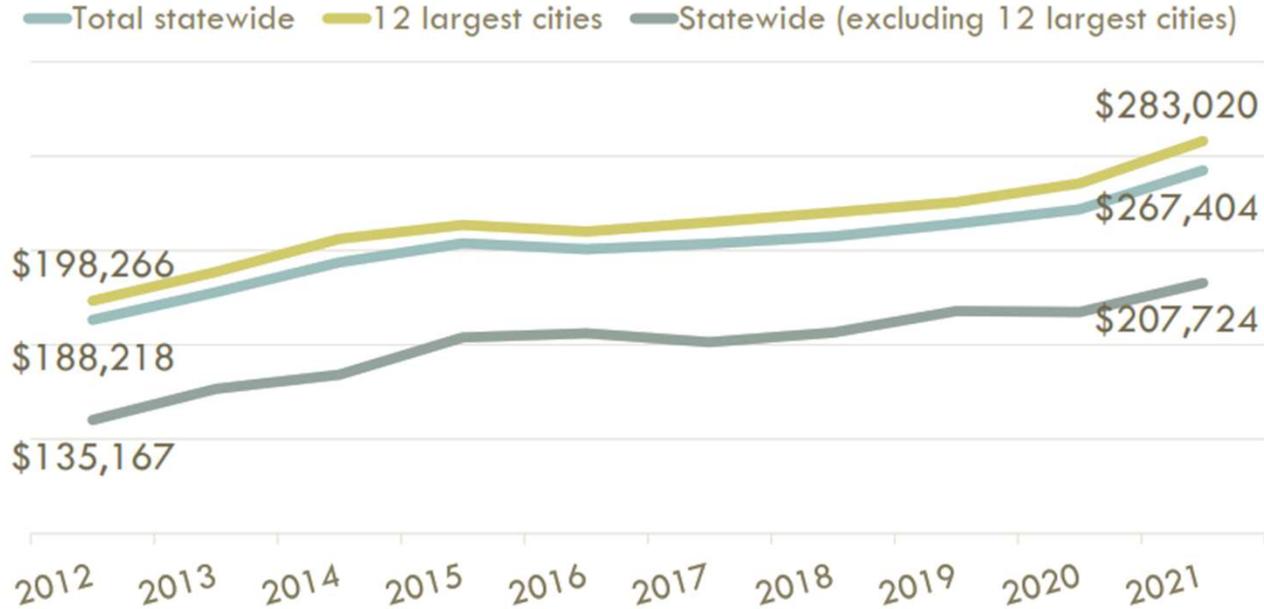


Household Income	% Change 2010 - 2020
Less than \$25,000	-12.5%
\$25,000 to \$34,999	-18.5%
\$35,000 to \$49,999	-20.3%
\$50,000 to \$74,999	-23.1%
\$75,000 to \$99,999	-16.1%
\$100,000 to \$149,999	-10.8%
\$150,000 or more	-2.2%

Source: U.S. Census Bureau (2021C)

AVERAGE PRICE OF RESIDENTIAL HOMES SOLD

MLS DATA

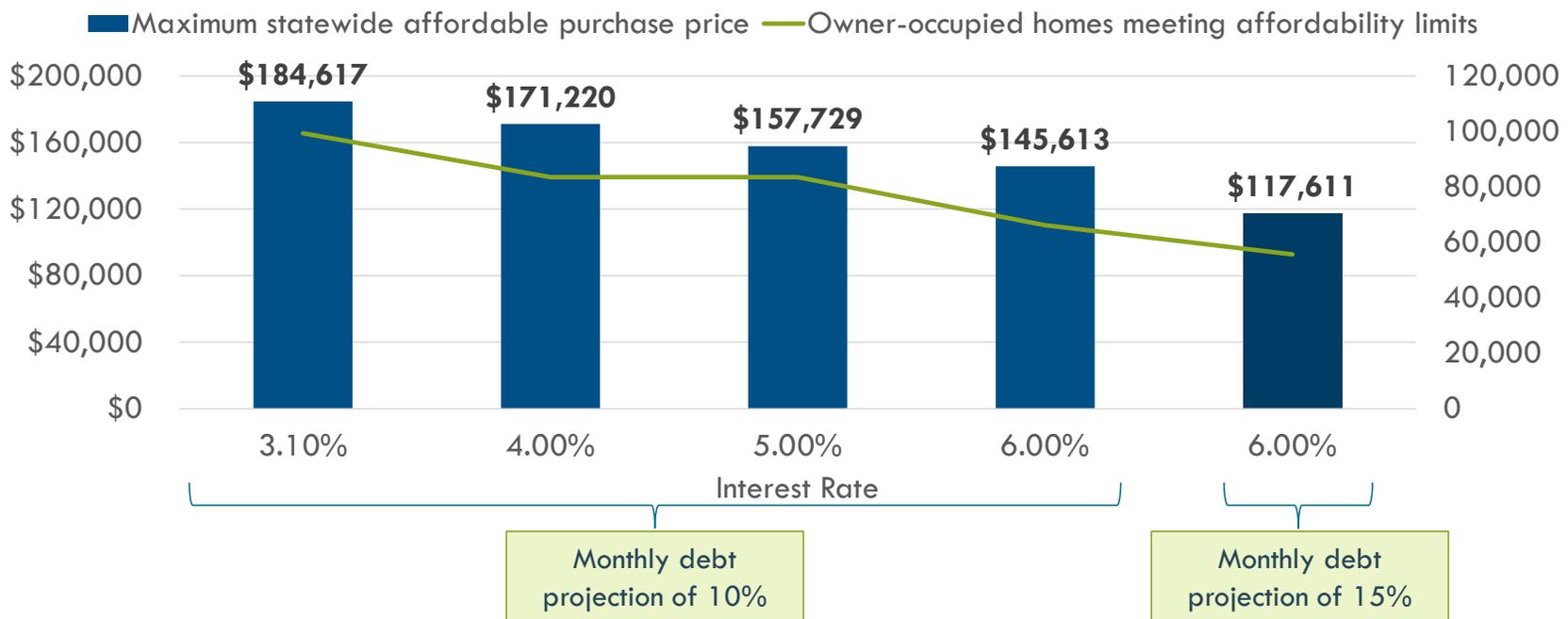


Since 2012 Average Prices have:

- Increased by 42% statewide
- Increased by 54% in rural ND
- Increased by 12% in 12 largest cities

Source: Multiple Listing Services of North Dakota (2022)

AFFORDABILITY EXAMPLE: IMPACT OF HIGHER INTEREST RATES ON LOWER INCOME HOUSEHOLDS (EARNING LESS THAN \$52,140)

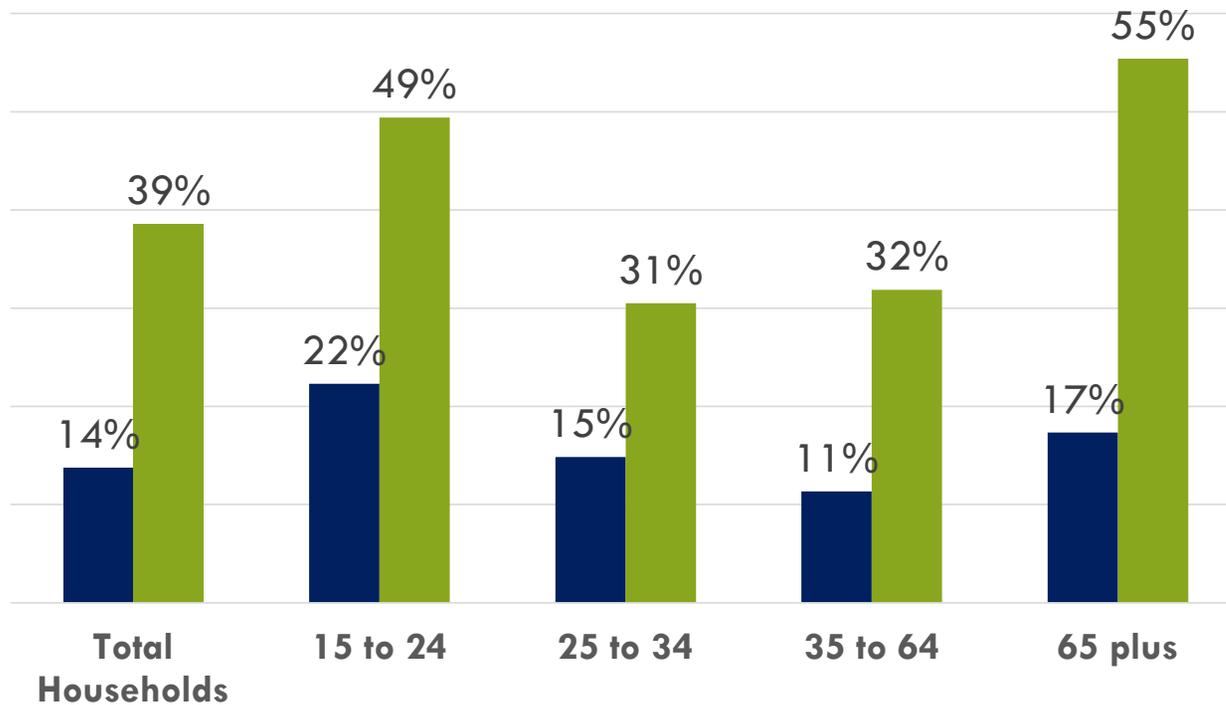


Assumptions: 30-year loan fixed, property taxes at 1% of the loan, property insurance at 1% of the loan, front-end debt-to-income ratio at no more than 28%, back-end ratio including all monthly debts at no higher than 36%

Note: Lower income households are defined as those households earning less than \$52,140 in 2020 (i.e. up to 60% MFI)

HOUSING COST-BURDENED HOUSEHOLDS IN NORTH DAKOTA, BY AGE OF HOUSEHOLDER, 2020

■ Owner ■ Renter



Source: U.S. Census Bureau (2021C)

HEADWINDS

- Aging baby boomers will be a significant demographic driver of housing needs.
- Projections suggest an increase in the number of lower income households which suggests the need for affordable housing to meet needs of lower income households and seniors.
- Projections suggest more than 9,000 housing units (single- and multifamily) are needed by 2025.
- Age of housing stock – ability to produce new housing limited – rehab existing

NDHFA SOLUTIONS

- Homeownership – below market rate loans and purchase assistance, NDHFA funded
- Single family rehab programs – funded with NDHFA assets
- Rural Construction Loan Guarantee – funded with NDHFA assets
- Rural Housing Development Loan Program – funded with NDHFA assets
- Administration of federal housing programs – new construction and rehab
- Housing Incentive Fund – legislative appropriated funds

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