

2021 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2127

2021 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Fort Union Room, State Capitol

SB 2127
1/13/2021

Relating to the housing incentive fund
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Chair Klein called the hearing to order at 2:00 p.m. All members present. Senators Klein, Larsen, Burckhard, Vedaa, Kreun, and Marcellais.

Discussion Topics:

- Low income housing
- Different types of housing

Senator Kreun introduced the bill and testified in favor [14:00].

Senator Hogan testified in favor and submitted testimony #724 [14:06].

Dan Madler, CEO Beyond Shelter Inc. testified in favor and submitted testimony #674 [14:11].

Terry Hanson testified in favor and submitted testimony #752 [14:21].

Rick Clayburgh, President of ND Bankers Association testified in favor.

Jennifer Henderson testified in favor and submitted testimony #595 [14:31].

Dave Flohr, Director of ND Housing testified in favor and submitted #602 [14:33]

Additional written testimony: #712, 728, 739, 748, 749, 750, 751.

Senator Kreun moved a DO PASS and rerefer to Appropriations [14:53].

Senator Vedaa seconded the motion [14:54].

Senators	Vote
Senator Jerry Klein	Y
Senator Doug Larsen	Y
Senator Randy A. Burckhard	Y
Senator Curt Kreun	Y
Senator Richard Marcellais	Y
Senator Shawn Vedaa	Y

Motion passed 6-0-0

Senator Kreun will carry the bill

[14:54].

Chair Klein closed the hearing at 2:53 p.m.

Gail Stanek, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2127: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2127 was rereferred to the Appropriations Committee.

TESTIMONY
Senate Industry Business and Labor Committee SB 2127
January 13, 2021
Senator Kathy Hogan

Chairman Klein and members of the Industry, Business and Labor Committee, my name is Kathy Hogan. I represent District 21 the heart of Fargo. This bill recognizes and begins to address the growing crisis many ND families are facing in securing affordable house. Even prior to the Covid Crisis and resulting economic recession, many individuals and families were forced to choose between housing and food, prescriptions and car payments. I strongly support this bill.

In North Dakota, poverty is often invisible, it is present in every area east/west/urban and rural. According to the census bureau, 11% of ND live below the poverty level and in my district almost 50% live below the 200% of Poverty level. This results in people temporarily living with family or friends, moving to emergency shelters, living in their cars and camping in parks. Often time people facing a housing crisis are working but cannot secure enough money for a deposit and first months rent.

Many human service providers including behavioral health providers, child welfare systems, services for persons with disabilities, seniors and people who work with people who the working poor have recognized that without stable housing, all other types of services are very difficult to provide. Attached is a recent survey completed by the ND Community Action Agency on needs by region of current needs.

This bill will help address the low and moderate housing crisis.

Thank you, Chairman Klein, I would be more than willing to answer any questions.

Testimony in Support of SB 2127
Industry, Business and Labor
Chairman: Senator Jerry Klein
January 13, 2021

Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter Inc. (BSI),
701-730-2734, dmadler@beyondshelterinc.com, Lobbyist #30

Chairman Klein and members of the Committee, my name is Dan Madler, I live in ND District 27 and I am the CEO of Beyond Shelter, Inc. (BSI), a mission driven North Dakota nonprofit developer of affordable housing. I would like to express my support for Senate Bill 2127 and the requested \$50,000,000 appropriation to fund the Housing Incentive Fund (HIF).

Invest in things that work and the Housing Incentive Fund works:

- It is a great tool for Community and Economic Development
- It strengthens local North Dakota communities
- It provides a positive return on investment (for example, for every \$1 of HIF investment BSI has been awarded, BSI has been able to develop \$7.48 in long-term affordable housing assets serving Bismarck, Burlington, Fargo, Minot, and West Fargo)
- It supports an increase in the availability of affordable housing options within North Dakota communities and I would say that we all thrive when there is housing available for all incomes within every community
- It has improved the quality of life for North Dakota residents that call one of 2,979 HIF units created or improved "home"

The need for HIF is absolute:

- NDHFA has always received far more applications for HIF funding than HIF funds available
- Beyond Shelter's average 2020 vacancy rate was 4.80% among 786 affordable homes serving families and seniors in the communities of Burlington, Dickinson, Minot, and Fargo.
- Beyond Shelter's average 2020 vacancy rate was 2.21% among 407 affordable homes serving seniors in the communities of Dickinson, Minot, and Fargo.
- To be competitive, North Dakota communities need to increase their availability of affordable housing options

In closing, I respectfully request your support for \$50M of HIF funding.

Thank you for your time and consideration.

STATE OF NORTH DAKOTA

HOUSING INCENTIVE FUND, AN ARGUMENT FOR

Fund History

The North Dakota Housing Incentive Fund was created during the 2011 Legislative Session. Senate Bill 2210, Introduced by Senators Wardner, Lyson and Krebsbach and Representatives Hawken, Keiser and Winrich, was introduced January 13th 2011. Governor Dalrymple signed the legislation into law on April 26, 2011.

Funding for the Housing Incentive Fund has been accomplished two ways, through an Income Tax Credit and through Direct Appropriation from the General Fund. Through 2020 \$97.1 million of Housing Incentive Fund funding has been expended on \$507.5 million in residential multifamily projects. This funding was used to create a total of 2,898 units, of which 2,288 units are Housing Incentive Fund assisted. Of the total \$97.1 million allocated towards affordable housing units: \$28.4 million was expended in Region I; \$15.7 million was expended in Region II; \$3.8 million was expended in Region III; \$4.4 million was expended in Region IV; \$10.1 million was expended in Region V; \$5.3 million was expended in Region VI; \$14.2 million was expended in Region VII; and, \$15.2 million was expended in Region VIII. See graph (and supporting data) attached expressing Housing Incentive Funds expended within regions and selected cities in relation to total development costs.

Through the entire program, for every \$1.00 of Housing Incentive Funds expended \$4.23 of Federal and Private funds have been expended. For the select cities, for every \$1.00 of Housing Incentive Funds expended \$5.33 of Federal and Private funds have been expended.

Since inception, the average Housing Incentive Funds expended on each Housing Incentive Fund assisted unit has averaged less than \$43,000. (\$42,443.26)

Need

It is important to not “shelve” the housing study prepared for and presented to the State of North Dakota in November of 2016 by the Center for Social Research and the Department of Agribusiness and Applied Economics at North Dakota State University. At the time of publication of this document economic activity in the state had begun to decline and the study is written with this knowledge. Much of the study remains highly relative to the issue of affordable housing.

Following are excerpts from the **CONCLUSIONS AND IMPLICATIONS** of the **2016 NORTH DAKOTA STATEWIDE HOUSING NEEDS ASSESSMENT: POPULATION & HOUSING FORECAST**

“Population growth has been driven by strong in-migration as a result of employment opportunities in the state and from a substantial increase in the prime child bearing age cohort.” . . . “Economic growth is likely to continue to increase population statewide, albeit at more temperate rates.”

“Housing needs are projected to increase across nearly all age and household income categories. Housing needs will be especially acute for lower income households and elderly households. The number of households in the extremely low, very low, and low income categories are projected to increase by 23 percent or approximately 39,000 households through 2029. The need for elderly housing will increase substantially over the course of the study period as the number of elderly householders ages 65 and older are projected to increase by 54 percent or approximately 37,500 households as the last of the baby boom generation begins turning 65 in 2029.”

“The shift in householder characteristics is likely to continue to alter the mix of housing, acting to decrease the relative percentage of new single family housing and increase the relative percentage of rental housing.” . . . “Renter-occupied units as a percentage of total housing increased while owner-occupied housing as a percentage of total housing decreased. These historical trends will likely continue as a result of population growth in younger age cohorts and strong demand for elderly housing.” . . . “These trends may suggest a greater future demand for rental or multifamily housing units. The need for elderly housing will likely also impact the future mix of housing.”

“Housing affordability will be a key challenge for state and local policymakers. The projected increase in the need for low cost affordable housing is a critical consideration.” . . . “Affordable housing is a key consideration for attracting new residents and retaining young adults. Housing affordability will be an important component of continuing efforts to grow and diversify the state’s economy.”

. . . “However, one thing that is consistent across all regions is the need for affordable housing. First-time homebuyers and low income households are projected to increase in nearly every region of the state. The number of elderly households is projected to increase in every region of the state.” . . .

The complete study can be accessed here: https://www.ndhfa.org/wp-content/uploads/2020/07/NDSHNA_2016_Component1_Final_November.pdf

The North Dakota Housing Finance Agency has authored a number of informational documents that reflect the need for affordable housing and the Housing Incentive Fund, to include ‘North Dakota Affordable Housing Facts’, Housing Incentive Fund Impact on North Dakota’, Housing Incentive Fund Impact on Aging Populations’, and, Housing Incentive Fund Permanent Supportive Housing. Additional NDHFA publications, including Faces of Home, which are stories told by program beneficiaries and advocates, can be accessed here: <https://www.ndhfa.org/index.php/publications/>

As well, the National Low Income Housing Coalition, a Washington, DC organization focusing on the housing needs of extremely low income people, provides considerable data justifying the need for the continuing development of affordable housing in all states, including North Dakota. Provided herewith are this organization’s publications titled, ‘2020 North Dakota Housing Profile’, North Dakota’s ‘Congressional District Housing Profile’, and, ‘North Dakota – Out of Reach 2020’. This and other data can be accessed here: <https://nlihc.org/housing-needs-by-state/north-dakota>

Joint Center For Housing Studies of Harvard University - 2020 Select North Dakota Cities - Renters Burdened By Housing Costs

MSA	Grand Forks	Fargo	Bismarck	Minot	North Dakota
Share of Renter Households With Severe Cost Burden	27.40%	17.30%	9.40%	13.90%	16.60%
Share of Renter Households With Cost Burden	44.20%	45.40%	27.00%	28.80%	18.90%
Renter Households With Cost Burden	7,207	17,923	4,830	4,163	
Median Renter Household Income	\$35,000	\$35,000	\$42,000	\$50,000	
Median Renter Monthly Housing Costs	\$830	\$800	\$780	\$810	

Severe Cost Burden: Household paying over 50% of its income towards housing.

Cost Burden: Household paying 30% to 50% of its income towards housing.

2021 Legislation

Legislation has been introduced to the 67th Legislative Assembly to amend and reenact section 54-17-40 of the ND Century Code, relating to the Housing Incentive Fund; and, to provide an appropriation. (See SB 2127)

The primary changes to the Housing Incentive Fund legislation are:

1. A reduction from 15% to 10% the amount of Housing Incentive Funds that must be allocated to assist developing communities to address housing needs.
2. At least 10% of the Housing Incentive Funds must be made available for rental assistance, emergency assistance, barrier mitigation, or targeted supportive services designated to prevent homelessness.
3. Adds preservation (of affordable housing) and barrier mitigation as eligible uses for Housing Incentive Funds.
4. Appropriates \$50 million from the general fund to the Housing Incentive Fund for the biennium beginning July 1, 2021.

Conclusion

Housing is infrastructure. Shelter is necessary.

The Housing Incentive Fund leverages private and Federal dollars.

The Housing Incentive Fund helps create employment, resulting in stabilizing population and increased tax revenue through sales and income taxes.

The Housing Incentive Fund increases the tax base, resulting in increased tax revenue through ad valorem real estate taxes.

The Housing Incentive Fund creates affordable, safe, and decent homes for the less fortunate citizens of the State of North Dakota.

The Housing Incentive Fund contributes to the stability, health and education of our citizens through the provision of stable and affordable housing.

The Housing Incentive Fund can replace funding for housing programs currently being provided through other appropriations to non-housing state agencies.



#595

David A. Flohr Executive Director

INDUSTRIAL COMMISSION

Doug Burgum Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

Written Testimony Submission- SB 2127

Jennifer Henderson, North Dakota Housing Finance Agency, Director Planning and Housing Development Division, Bismarck ND.

Registering to support David Flohr, Executive Director, North Dakota Housing Finance Agency who is providing the testimony. In his absence, I am available for questions of the committee and seeking clarification on Section 2- Appropriations.



David A. Flohr Executive Director

INDUSTRIAL COMMISSION

Doug Burgum Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

Written Testimony Submission- SB 2127

David Flohr, North Dakota Housing Finance Agency, Executive Director, Bismarck, ND.

Seeking clarification on Section 2- Appropriations. We are asking if the intent is to have all funds spent by June 30, 2023 or if funds are obligated to projects by June 30, 2023 they can be spent after that date.

I am available for questions of the committee on other topics related to SB 2127 and the Housing Incentive Fund.

**Senate Industry, Business and Labor
65th LEGISLATIVE ASSEMBLY
JANUARY 13, 2021
SB 2127**

Chairman Klein, and members of the Committee my name is Tom Alexander and I am the Executive Director of the Minot Housing Authority.

In Minot we have over 487 households on a waiting list for housing assistance and the list continues to grow on a daily basis. At the same time that the demand for affordable housing still exist. For example, our average Housing Assistance Payments per landlord is currently \$513 per month compared to \$290 in 2008. We are helping less people today than we were in 2008 due to the steady rent increases that have occurred in Minot.

MHA was approached by Beyond Shelter, a nonprofit affordable housing developer in Fargo in 2012/13 to partner on a variety of projects to create affordable housing in Minot area. To date, this partnership has completed a two phase 64 unit affordable town home project called Washington Town Homes (SE Minot), a 42 unit called Fieldcrest (NE Minot), a 55 and older apartment setting with 40 units called Cooks Court (SE – just north of Kmart), a 40 unit town home style called The Burlington Willows (Burlington, ND) and a 35 unit apartment called Sunset Ridge (NW Minot).

Since 2012/13 BSI and MHA have created 221 affordable units for essential workers, seniors and low income. It is my hope that this partnership continues to grow to ensure that future and maintain affordable housing units for the community of Minot. Having said that, the Housing Incentive Fund has been very instrumental in putting the funding together to ensure that the rents remain affordable for the above mentioned projects.

MHA fully supports Senate Bill 2127 as before you today. In my opinion, the Housing Incentive Fund has been a very successful program that has created affordable housing units all over the state of North Dakota.

Thank you and I would be happy to answer any questions you may have.
My contact information is,

Tom Alexander – Minot Housing Authority

tom.alexander@minothousing.com

701-852-0485 ext. 103

701-240-8179 (cell)



Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2127
Jan. 13, 2021

Chair Klein and members of the Senate Industry, Business and Labor committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2127.

Workforce and affordable housing continue to be a priority for expansion of North Dakota's businesses and communities in all areas of North Dakota. Although North Dakota's unemployment rate has gone up slightly due to the pandemic (4.5 percent in Nov. 2020), the state's unemployment rate is still lower than 38 other states and attracting skilled workers is still a priority. The Housing Incentive Fund is a flexible gap financing tool leveraged to develop affordable multi-family housing for low-income service workers, fixed-income households, and older adults. A lack of affordable housing is a major stumbling block to attracting businesses, which would diversify the economy, or to attracting workers to fill the thousands of service jobs open in the state.

For every dollar of HIF funding provided by the state has leveraged an additional \$5.11. As the program has evolved, more private and federal funding is being leveraged and HIF has been used as an important gap financing tool to keep a project moving forward. Examples of the program's benefit include in Beulah/Hazen, where a housing study of the region identified a need for additional apartments. Using the program, an abandoned piece of land where mobile homes stood in the 1980s is now home to New Energy Apartments. Hazen used the funding to tear down an old, abandoned hospital and build a new, 18-unit senior facility. The City of Mandan used the program for the building of Collins Place apartments, which provides mixed-use space and low-income housing units. The City of Bismarck recently used HIF to address long-term homelessness through the Edwinton Place Apartments. The New Rockford community used HIF to transform the site of the city's former hospital into a townhome complex providing affordable housing for the workforce and elderly and disabled community members. These are just a few of the many examples where these funds return investment into the rural and urban communities throughout North Dakota.

In order to diversify our economy, we need to partner with our communities to create livable spaces. A part of this formula is affordable housing, and this fund creates an economic 'win-win' for both the employees and the communities.

Thank you for the opportunity to express our support for SB 2127 and for your continued commitment to keeping North Dakota globally competitive to recruit and retain the state's workforce.

Christina Sambor
North Dakota Coalition for Homeless People
Testimony in support of SB 2127
Senate IBL Committee

January 13, 2021

Chairman Klein and Members of the Committee:

On behalf of the North Dakota Coalition for Homeless People I offer written testimony today in support of SB 2127. The Housing Incentive Fund meets an incredible need for the homeless and chronically homeless in North Dakota. On average, 37 percent of North Dakota's residents or 108,224 individuals and families live in multifamily housing. Annually, 39 percent of all renters, more than 42,000 people, cannot afford to pay their housing costs and are considered to be housing cost-burdened. For individuals who can afford less than 30% of area median income, there is currently just a 2-3% vacancy rate in available affordable housing. Continuing funding for projects that address the needs of homeless individuals in North Dakota, including victims of domestic violence and families, is vital to the well-being not only of the individuals impacted, but also of the communities in which they reside. The NDCHP also supports the dedication of a portion of HIF funding to directly address homeless, including preventative services and barrier mitigation. While the HIF funding has traditionally focused on brick and mortar projects, the supportive services that supplement these housing projects is just as vital to ensuring that homelessness in North Dakota is rare, brief, and a one time experience. We therefore urge this committee to recommend a "do pass" on SB 2127.

DISTRICT-LEVEL RENTER STATISTICS

	Total Renter Households	Severely Burdened Households*	% with Severe Burden		Affordable and Available Rental Units Per 100	Surplus/ (Deficit) of Affordable and Available Rental Units
Income at or below 30% of AMI	27,307	16,669	61%	Income at or below 30% of AMI	46	-14,786
Income between 31% and 50% of AMI	20,297	2,910	14%	Income at or below 50% of AMI	86	-6,475
Income between 51% and 80% of AMI	26,661	816	3%	Income at or below 80% of AMI	101	928
All Renter Households	111,260	20,547	18%			

Renters make up 36% of all households in the District

Source: NLIHC tabulations of 2012-2016 Comprehensive Housing Affordability Strategy (CHAS) data

STATE-LEVEL RENTER STATISTICS

	Total Renter Households	Severely Burdened Households*	% with Severe Burden		Affordable and Available Rental Units Per 100	Surplus/ (Deficit) of Affordable and Available Rental Units
Income at or below 30%** of AMI	26,485	17,400	66%	Income at or below 30%** of AMI	51	-12,980
Income between 31%** and 50% of AMI	22,272	1,686	8%	Income at or below 50% of AMI	105	2,432
Income between 51% and 80% of AMI	28,004	341	1%	Income at or below 80% of AMI	114	10,792
All Renter Households	120,780	19,750	16%			

Renters make up 38% of all households in the state

Source: NLIHC tabulations of 2018 American Community Survey (ACS) Public Use Microdata Sample (PUMS)

REGIONAL RENTAL AFFORDABILITY STATISTICS

Metropolitan Statistical Areas (MSAs) and Counties in Districts	Total Renter Households	AMI	30% of AMI	Rent Affordable at 30% of AMI	One Bdrm Fair Market Rent	One Bdrm Housing Wage	Two Bdrm Fair Market Rent	Two Bdrm Housing Wage	Hours at Minimum Wage for Two Bdrm	Avg Renter Wage
Fargo MSA	34,998	\$89,400	\$26,820	\$671	\$676	\$13.00	\$834	\$16.04	88	\$15.71
Bismarck HMFA	16,452	\$96,000	\$28,800	\$720	\$698	\$13.42	\$892	\$17.15	95	\$14.61
Grand Forks MSA	15,540	\$89,200	\$26,760	\$669	\$650	\$12.50	\$832	\$16.00	88	\$13.51
Ward County	10,996	\$90,900	\$27,270	\$682	\$747	\$14.37	\$972	\$18.69	103	\$17.67
Williams County	6,394	\$107,400	\$32,220	\$806	\$695	\$13.37	\$909	\$17.48	96	\$31.01
Stark County	4,587	\$104,300	\$31,290	\$782	\$699	\$13.44	\$920	\$17.69	98	\$21.84
Stutsman County	3,236	\$78,900	\$23,670	\$592	\$542	\$10.42	\$714	\$13.73	76	\$13.28

Source: Out of Reach 2020. This congressional district includes at least a portion of the Fair Market Rent (FMR) areas listed above. For FMR areas that span more than one state, the data reflect this state's geography. For districts covering more than seven FMR areas, only the seven largest are shown.

*Severely Burdened: Households spending more than 50% of income on housing costs, including utilities. **Or poverty guideline, if higher. AMI = Area Median Income. Last updated in July 2020. Please Contact NLIHC research staff at (202) 662-1530 to request additional information.



The Current State of Housing in North Dakota

A study of the affordability of single and multifamily housing, the impacts of COVID-19, and housing challenges faced by vulnerable populations in 2020

executive summary

The “Current State of Housing in North Dakota” is a study of the affordability of the state’s single and multifamily housing, the impacts of COVID-19, and housing challenges faced by vulnerable populations in 2020.

A home is considered to be affordable when 30 percent or less of earned income is spent on housing expenses. Households paying more than 30 percent are considered housing cost burdened. For some North Dakotans, a strong work ethic is not enough to be able to secure safe and affordable housing.

Access to Homeownership

- More than 60 percent of North Dakotans live in owner-occupied housing and, in recent years, have benefited from an above average increase in their median household value.
- Unfortunately, a tight purchase market coupled with only employees of the state’s top three industries being able to afford the most readily available homes and the cost of construction restricting the ability to list a home at an affordable price, makes it challenging for first-time buyers and households new to the market to buy a home in North Dakota.

Access to Multifamily Housing

- North Dakota’s renters are substantially more cost burdened than homeowners with 39 percent spending more than 30 percent of their income on housing expenses.
- The largest segment of the population works in the state’s fourth largest industry, Accommodations and Food services, earning minimum wage
- Failure to pay rent is the number one reason for eviction in North Dakota and such judgments are increasing.

COVID-19 Impact & Vulnerable Populations

- Prior to COVID-19, 1 in 10 North Dakotans were living below the poverty level.
- The state’s aging population and individuals with disabilities need accessible and affordable housing to maintain their independence.
- Depending on the crime(s) committed, justice involved individuals face state and federal regulations further limiting their housing options.
- Youth living in poverty and in foster care have elevated risk of experiencing behavioral, social and emotional health challenges.
- Native Americans, the state’s largest minority population, face complex housing barriers.

The "Current State of Housing in North Dakota" is a snapshot of the housing availability and affordability across the state. Data was gathered from 2018 to 2020 and used state, federal, academic and association sources to provide an unbiased study.

The study is segmented into the following categories:

- Homeownership Overview
- Rental Housing Overview
- COVID-19 Impacts on Housing Stability
- Housing Vulnerable Populations

Thank you to all of the state agencies and associations that contributed to the study.

TERMINOLOGY GUIDE

AMI

Area Median Income is the midpoint of a region's income distribution – half of the households in a region earn more than the median and half earn less. These local limits help identify eligibility and affordability based on specific locations.

ELI

Extremely Low Income, earning at or below 30% of area median income (AMI).

Housing Cost Burden

Spending 30% or more of household income on housing and utilities.

HIF

Housing Incentive Fund is a state-funded, gap financing program leveraged for multifamily housing construction and rehabilitation in urban and rural communities.

Tax Credits

Federal government tax credit programs encouraging the investment of private equity for developing affordable rental housing for low-income and very low-income households.

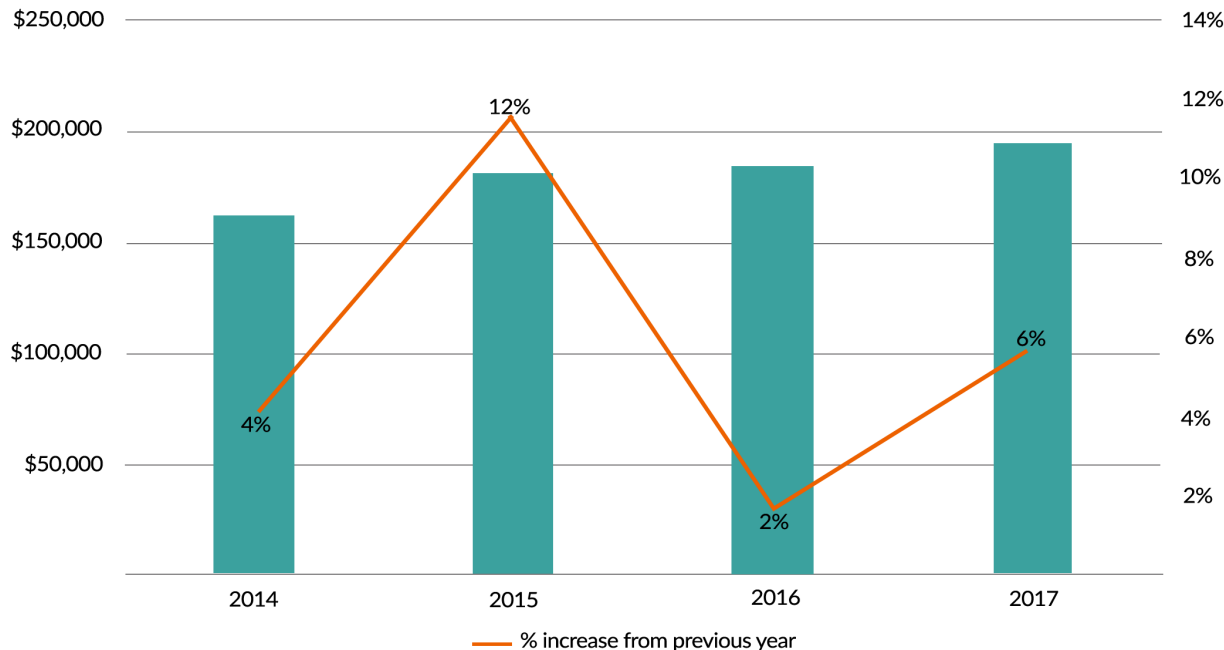
Severe Housing Cost Burden

Spending 50% or more of household income on housing and utilities.

homeownership overview

Approximately 61.3 percent of North Dakotans live in owner-occupied housing, totaling 198,411 housing units across the state. The ability to own a home is an indicator of a strong financial future for the homeowner, and urban and rural communities. Home values generally increase 3 to 4 percent every year due to inflation and natural population growth. From 2014-2018, homeowners averaged a 22.8 percent increase in their median household value.¹

Median Household Value Increase from Previous Year¹



A tight housing market and steadily increasing home values are preventing many of the state's current and future residents from being able to afford a home. According to the 2018 Census, North Dakota's homeowner vacancy rate was 1.5 percent.¹ To help understand how many houses are on the market, Zillow.com listed slightly more than 3,033 homes for sale in the state as of Sept. 1, 2020.*

¹ American Community Survey One Year Estimates, TableDP04

*When evaluating single family homes on the market, research focused on single-family housing, townhomes and condos. Across the state, there are less than 100 mobile homes listed on Zillow.com for sale. According to the Federal Housing Administration, a mobile home must have a permanent foundation to be considered a permanent dwelling. Because it could not be determined which mobile homes listed on Realtor.com homes had foundations, mobile homes were not included in the analysis.

The seven largest housing markets had a total of 1,674 detached single-family homes, townhomes and condos listed for sale on Realtor.com on Sept. 1, 2020. Of the listed homes, 14 percent were under \$199,999; 30 percent were \$200,000 to \$299,999; and 56 percent were listed for more than \$300,000.²

Housing options are limited for individuals and families wanting to purchase a home under \$200,000, especially if they desire a traditional single-family home and are not interested in a townhome or condo. Within the seven largest markets, there were 510 options within the \$200,000 to \$299,999 range. If a household can afford a mortgage over \$300,000, almost double the options were available.



Breakdown of Housing on the Market by Sale Price ²
(9/1/2020)



² Realtor.com, September 1, 2020
The Current State of Housing in North Dakota

Number of Homes for Sale by Largest Housing Markets ²

			\$100,000 - \$149,999		\$150,000 - \$199,999		\$200,000 - \$249,999		\$250,000 - \$299,999		\$300,000 - \$349,999		\$350,000 +	
Location	Single Family	Townhome/Condo	SF	All	SF	All	SF	All	SF	All	SF	All	SF	All
Bismarck/Mandan	243	116	2	20	6	20	16	49	30	47	37	52	152	171
Dickinson	146	15	5	5	9	10	28	34	26	29	23	28	55	55
Fargo/West Fargo	394	130	4	22	13	32	34	52	85	105	73	89	185	224
Grand Forks	153	44	8	21	9	23	26	26	25	27	23	30	62	70
Jamestown	68	1	5	5	13	13	14	15	13	13	5	5	18	18
Minot	154	42	11	17	19	30	21	33	25	33	22	23	56	60
Williston	159	9	4	4	7	8	18	22	22	25	28	28	80	81

*Note SF is detached single-family homes and All is detached single-family homes, townhomes and condos. Pending sales were not counted.

² Realtor.com, September 1, 2020

While more than 80 percent of the state's population is employed, it is still challenging for many North Dakotans to be able to find an affordable house within their means. The following information is from Job Service of North Dakota's Labor Market Information Center, the top 10 industries in the state by total employment with a breakdown of average wages, affordable monthly housing costs and an affordable mortgage assumption.

Primary Industries by Number of Employees, Wages Earned and Affordable Housing Assumptions ³

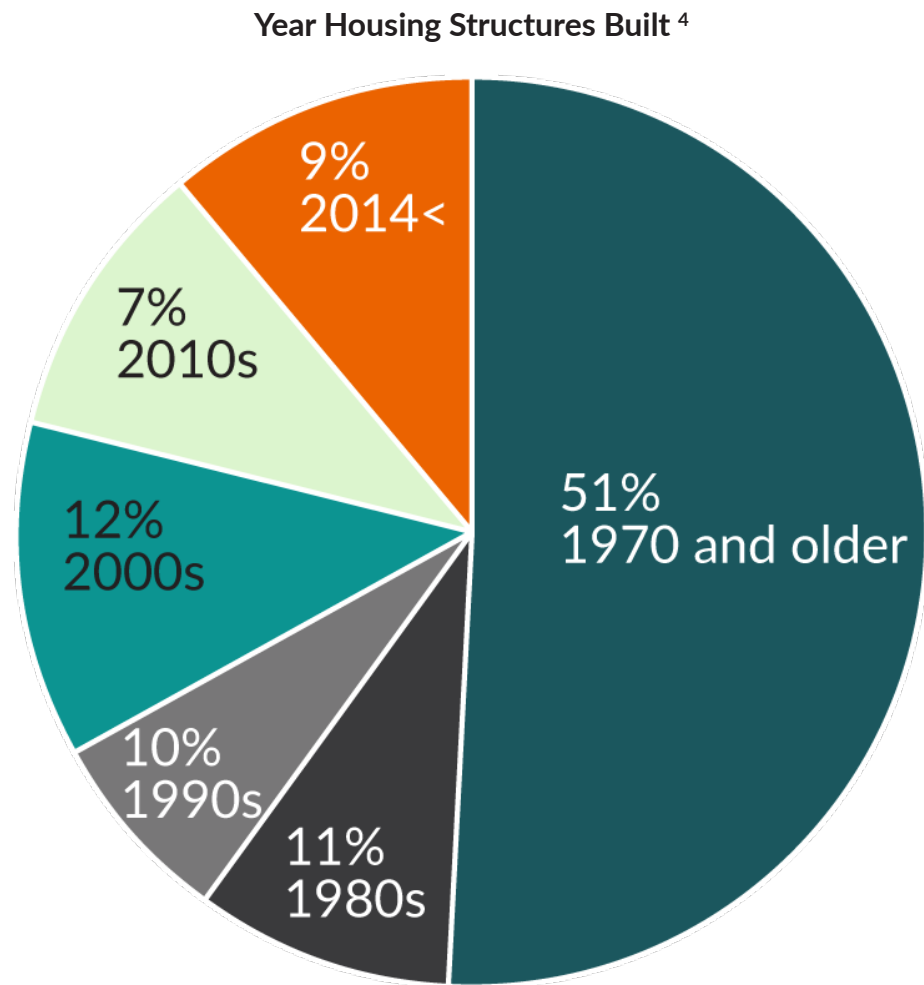
Rank by Employment Numbers	Industry Sector	Average Hourly Wage	Average Weekly Wage	Average Annual Wage	30% of Their Income	Affordable Monthly Housing Costs	Affordable Mortgage Assumption
1	Healthcare and Social Assistance	\$24.95	\$998	\$51,896	\$15,569	\$1,297	\$240,000
2	Retail Trade	\$15.48	\$619	\$32,188	\$9,656	\$805	\$140,000
3	Education Services	\$21.62	\$865	\$44,980	\$13,494	\$1,125	\$205,000
4	Accommodation and Food Services	\$8.90	\$356	\$18,512	\$5,554	\$463	\$71,000
5	Manufacturing	\$26.93	\$1,077	\$56,004	\$16,801	\$1,400	\$260,500
6	Construction	\$30.53	\$1,221	\$63,492	\$19,048	\$1,587	\$298,000
7	Wholesale Trade	\$34.53	\$1,381	\$71,812	\$21,544	\$1,795	\$340,000
8	Public Administration	\$26.88	\$1,075	\$55,900	\$16,770	\$1,398	\$260,000
9	Mining, Quarrying, and Oil and Gas Extraction	\$55.38	\$2,215	\$115,180	\$34,554	\$2,880	\$559,500
10	Transportation and Warehouse	\$31.93	\$1,277	\$66,404	\$19,921	\$1,660	\$313,000

³ Labor Market Information Center, Job Service North Dakota, QCEW Unit, September 2020

*Note: Assumptions for mortgage affordability were based on the following criteria: 1) Bankrate.com mortgage calculator, 2) Monthly mortgage payments includes principal, interest, taxes and insurance, 3) 3% interest rate, 4) 3.5% down payment as recommended by the Federal Housing Administration, 5) Zero debt ratio, i.e. no vehicle, student loan or credit card debt.

Impacting accessibility and desirability is the age of North Dakota's housing stock. More than 50 percent of the houses in the state were built before the 1970s. While the number of housing units lacking basic amenities is low, there are still 1,123 without adequate plumbing and 2,449 do not have a complete kitchen.⁴ Households must have the following functioning components to have a completed kitchen: kitchen sink; burners, cook stove or microwave oven; and a refrigerator. Adequate plumbing encompasses hot and cold running water, a tub or shower and a flushing toilet.

New construction is not alleviating North Dakota's tight housing market. The number of single-family housing building permits issued in 2019 was 1,790, 7 percent less than in 2018. As of June 2020, building permits issued were up 8 percent from the same time in 2019. Once all the necessary permits are secured, it takes approximately 8.2 months to construct a new house.⁵ Material, labor, land and utility costs for a new build restrict the ability to list a home for under \$250,000.



⁴ American Community Survey One Year Estimates, Table CP04


⁵ National Association of Home Builders, 2020



FirstHome™

provides affordable mortgage loans to low- to moderate-income first-time buyers

Average Age: 32
Average Income: \$60,061
Average Purchase Price: \$176,930



North Dakota Roots

provides affordable mortgage loans to moderate-income buyers who have previously owned a home

Average Age: 35
Average Income: \$93,500
Average Purchase Price: \$242,337



HomeAccess

provides affordable mortgage loans to moderate-income buyers who are or who have single parent, veteran, disabled or elderly household members. The highest program users are single parents at 79.6 percent

Average Age: 42
Average Income: \$56,807
Average Purchase Price: \$196,033

The North Dakota Housing Finance Agency (NDHFA) offers three affordable housing mortgage programs including down payment and closing cost assistance. Borrowers are qualified based on income, loan amount, family size, previous ownership status and personal identifiers such as veteran status, single parent, age and disability.

The following provides an overview of the typical NDHFA customer. Data for the private market will vary as those mortgage holders did not need to or did not qualify for the affordable housing parameters required for NDHFA's programs.

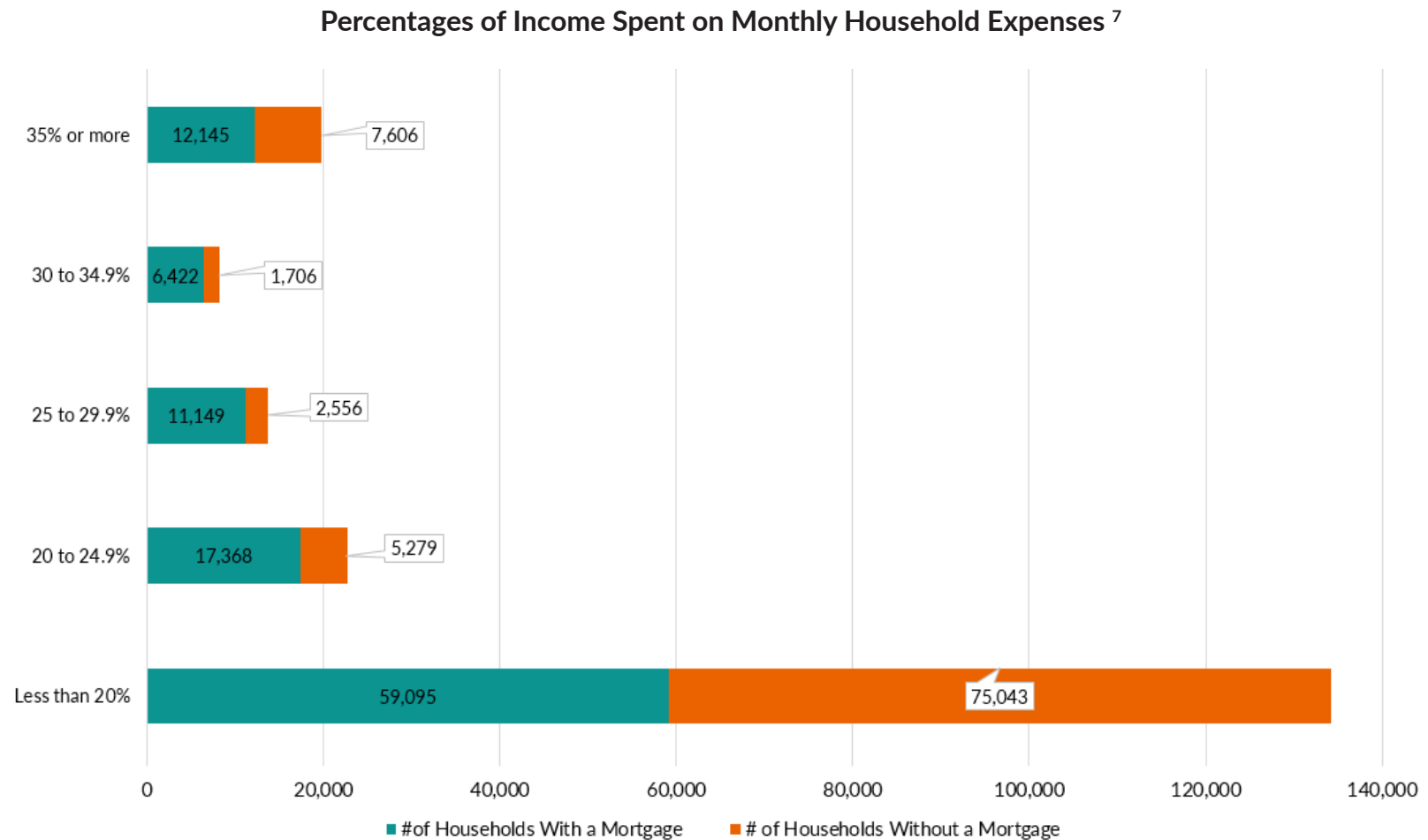
North Dakota is currently ranked first in the nation for homeowners that are housing stable. However, almost a third of this population faces economic hardships every month. Of the state's homeowners who have an active home mortgage, 17.5 percent are considered "housing cost burdened." Additionally, 10 percent of North Dakotans who own their home outright (i.e., no mortgage) are housing cost burdened, which means they pay more than 30 percent of their income for housing expenses which for them would include utilities, insurance and property taxes.¹ While the delinquency rate on NDHFA's mortgages is currently 3.61 percent compared to 4.78 percent in 2019, foreclosures have increased slightly from 0.66 percent in 2019 to 0.75 percent in 2020.⁶



¹ American Community Survey One Year Estimates, Table DP04

⁶ North Dakota Housing Finance Agency, August 2020

In 2018, 14 percent of North Dakota homeowners, 27,879 households with and without a mortgage, paid more than 30 percent of their gross household income for housing expenses.



⁷American Community Survey One Year Estimates, Table B25091

rental housing overview

Even though North Dakota is ranked first in the country for having the lowest percentage of homeowners who are cost burdened, the rate of cost burden is much higher for North Dakota renters. In 2018, 39 percent of North Dakota's renters were spending more than 30 percent of their income on housing expenses.

In 2018, 30 percent of all North Dakota housing units were renter-occupied. These 113,486 units housed 37 percent of the state's population. Multifamily housing vacancy rates averaged 9.4 percent over the past five years. When the rental market is below 5 percent, monthly rental costs increase due to high demand. Once a market reaches 8 percent vacancy rate, rental costs are more stable and property owners are more willing to work with households.⁴

In North Dakota, the Fair Market Rent (FMR) as published by the U.S. Department of Housing and Urban Development (HUD), for a two-bedroom apartment is \$841. In order to afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn \$2,804 a month or \$33,647 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates to an hourly wage of \$16.18 per hour.⁸

FMR rates vary by county. The following page shows the 2020 breakdown by county and metro area for the state detailing the rate based on the number of bedrooms in the housing unit.



⁴ American Community Survey One Year Estimates, Table CP04

⁸ www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn

FY2020 North Dakota Fair Market Rates Local Area Summary ⁸

Area	Efficiency	Number of Bedrooms			
		1	2	3	4
Adams	\$609	\$627	\$714	\$1033	\$1254
Barnes	\$542	\$545	\$718	\$999	\$1017
Benson	\$609	\$627	\$714	\$890	\$1170
Billings	\$560	\$563	\$742	\$1070	\$1127
Bottineau	\$539	\$542	\$714	\$890	\$1120
Bowman	\$539	\$542	\$714	\$1007	\$1011
Burke	\$648	\$651	\$862	\$1080	\$1292
Bismarck Metro	\$694	\$698	\$892	\$1242	\$1475
Fargo Metro	\$555	\$678	\$834	\$1203	\$1494
Cavalier	\$609	\$627	\$714	\$1030	\$1085
Dickey	\$552	\$555	\$714	\$890	\$1174
Divide	\$539	\$542	\$714	\$1030	\$1085
Dunn	\$846	\$852	\$1127	\$1434	\$1980
Eddy	\$609	\$627	\$714	\$1030	\$1085
Emmons	\$579	\$583	\$714	\$1030	\$1085
Foster	\$609	\$627	\$714	\$1030	\$1085
Golden Valley	\$648	\$653	\$864	\$1089	\$1295
Grand Forks Metro	\$570	\$650	\$832	\$1200	\$1461
Grant	\$593	\$596	\$714	\$1030	\$1085
Griggs	\$539	\$542	\$714	\$1030	\$1085
Hettinger	\$560	\$563	\$742	\$1070	\$1127
Kidder	\$609	\$627	\$714	\$1030	\$1085
LaMoure	\$539	\$543	\$714	\$890	\$1171
Logan	\$609	\$627	\$714	\$955	\$1019
McHenry	\$609	\$627	\$714	\$994	\$1085
McIntosh	\$609	\$627	\$714	\$932	\$982

Area	Efficiency	Number of Bedrooms			
		1	2	3	4
McKenzie	\$778	\$784	\$1032	\$1286	\$1568
McLean	\$572	\$576	\$714	\$962	\$1104
Mercer	\$602	\$605	\$764	\$1102	\$1259
Morton	\$694	\$698	\$892	\$1242	\$1475
Mountrail	\$621	\$678	\$829	\$1037	\$1406
Nelson	\$609	\$627	\$714	\$1030	\$1085
Oliver Metro	\$689	\$693	\$887	\$1203	\$1442
Pembina	\$609	\$627	\$714	\$1012	\$1224
Pierce	\$539	\$542	\$714	\$890	\$1085
Ramsey	\$609	\$627	\$714	\$1030	\$1254
Ransom	\$539	\$542	\$714	\$948	\$1085
Renville	\$539	\$542	\$714	\$983	\$1254
Richland	\$539	\$542	\$714	\$1030	\$1098
Rolette	\$609	\$627	\$714	\$1030	\$1085
Sargent	\$601	\$605	\$714	\$1030	\$1150
Sheridan	\$560	\$563	\$742	\$1070	\$1127
Sioux Metro	\$539	\$542	\$714	\$890	\$1108
Slope	\$560	\$563	\$742	\$1070	\$1127
Stark	\$694	\$699	\$920	\$1242	\$1246
Steele	\$539	\$542	\$714	\$1030	\$1085
Stutsman	\$539	\$542	\$714	\$985	\$1058
Towner	\$578	\$582	\$714	\$1030	\$1085
Traill	\$499	\$589	\$714	\$1030	\$1254
Walsh	\$591	\$594	\$714	\$932	\$1035
Ward	\$629	\$747	\$972	\$1404	\$1706
Wells	\$609	\$627	\$714	\$1000	\$1143
Williams	\$592	\$695	\$909	\$1227	\$1231

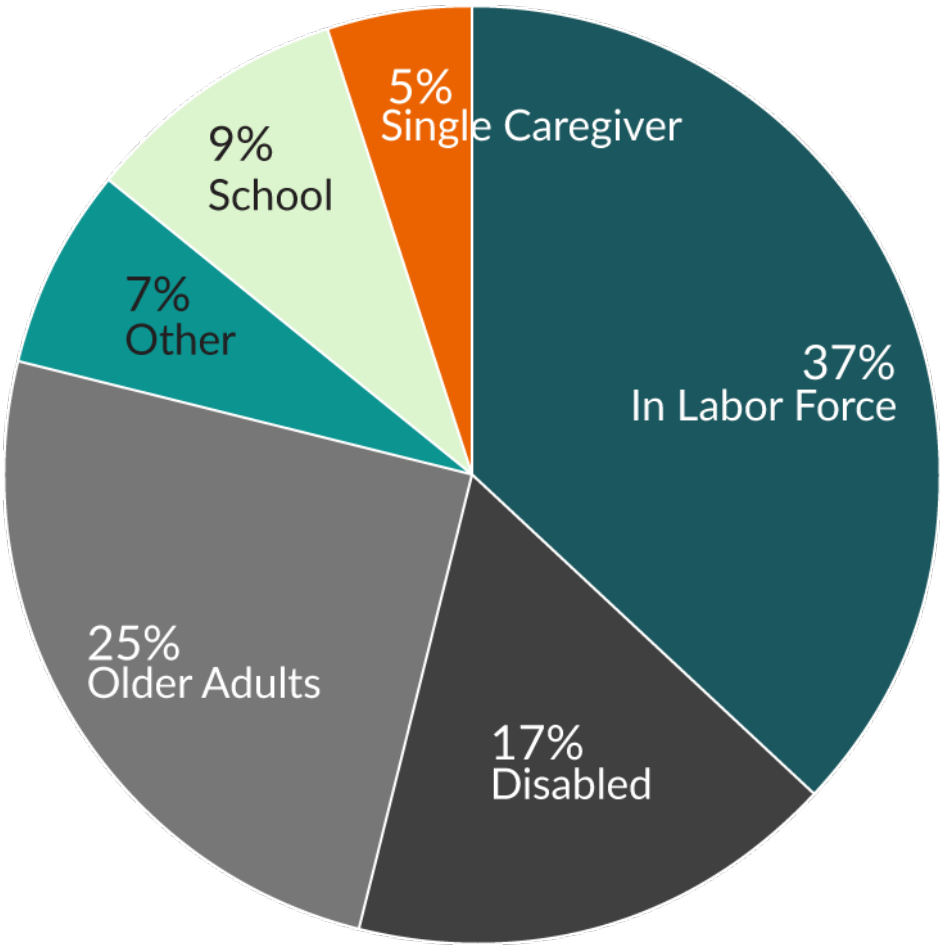
⁸ www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn

For 3 percent of the renters across the state, FMR rents will never be affordable. Currently, there are 26,485 renter households that are considered extremely low income (ELI), and 37 percent are in the labor force. Physical abilities and age are factors impacting an ELI renter's ability to earn a higher income or work full-time. ⁹

The average renter's wage is \$17.12 per hour and is not considered housing cost burdened if they can find the average FMR two-bedroom apartment for \$841 per month. However, for renters earning minimum wage, or \$7.25 per hour, they would have to work 89 hours per week to afford that same apartment. The majority of residents earning minimum wage are employed in North Dakota's fourth largest industry, Accommodations and Food Services.

Statewide, it is estimated that there is a shortage of 13,000 affordable rental units for ELI households, especially for households with larger families. ¹⁰

Extremely Low Income Renter Households ⁹



- 89
Work Hours Per Week at
Minimum Wage to Afford a
2-Bedroom Rental Home (at FMR)
- 71
Work Hours Per Week at
Minimum Wage to Afford a
1-Bedroom Rental Home (at FMR)
- 2.2
Number of Full-Time Jobs at
Minimum Wage to Afford a
2-Bedroom Rental Home (at FMR)
- 1.8
Number of Full-Time Jobs at
Minimum Wage to Afford a
1-Bedroom Rental Home (at FMR)

⁹ National Low Income Housing Coalition

¹⁰ Out of Reach 2020: North Dakota

Over the past five years, monetary judgments consisted of 86 percent of all eviction judgments. Five counties accounted for 79 percent of all evictions in 2018; these same counties contain 68 percent of the state's occupied rental units.

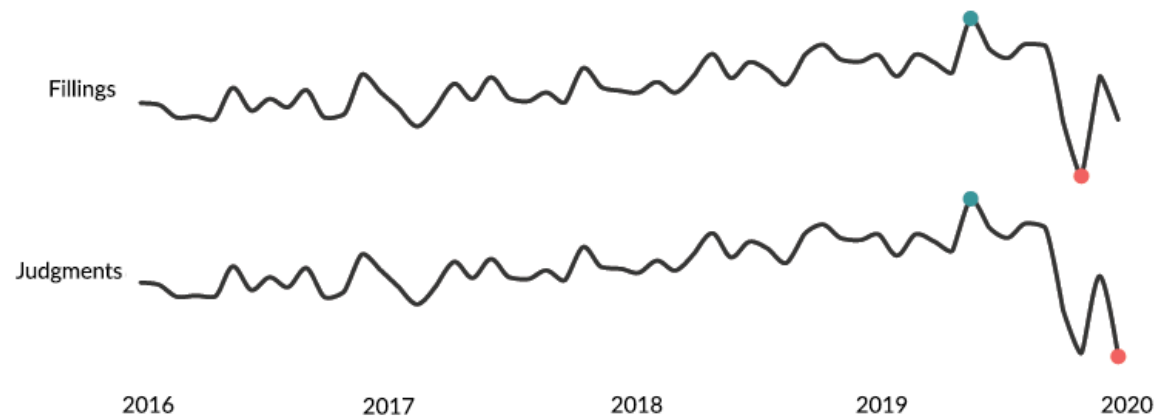
The number of eviction judgments in North Dakota have increased by 15 percent year over year since 2016. If a property manager uses the court to evict a tenant and obtains a judgment, the resulting judgment is placed on the individual's credit report. The judgment and credit report can negatively impact housing stability for up to seven years and hinder their ability to be approved for a credit card or loan.

Beginning in April 2020, state and federal moratoriums were put in place because of a new coronavirus (COVID-19) significantly decreased North Dakota's eviction numbers.

Highest Eviction Counties ¹¹

County	Evictions	Rental Units
Cass	609	34,998
Williams	260	6,394
Ward	232	10,996
Burleigh	162	12,456
Grand Forks	117	15,540

Evictions Trended Upward Until COVID Decline ¹¹



¹¹ North Dakota Eviction Data, North Dakota Supreme Court, January 2016-June 2020

covid-19 impacts on housing stability

Impacts of COVID-19 were felt across the state in 2020. The first was the loss of employment in many industries. The chart below depicts these losses in relation to the number of initial and continued unemployment claims.



To ensure that renters impacted by job loss and reduced hours remained housing stable, the state of North Dakota created the Emergency Rent Bridge (ERB). Administered by the Department of Human Services (DHS), the program assists income-qualified residents with limited resources who are experiencing economic hardship by making rent payments directly to the property owner. As of September 2020, payments were issued for 539 rental households. The average payment amount was \$601.85 with more than \$1.1 million dispersed among 17 counties.¹³

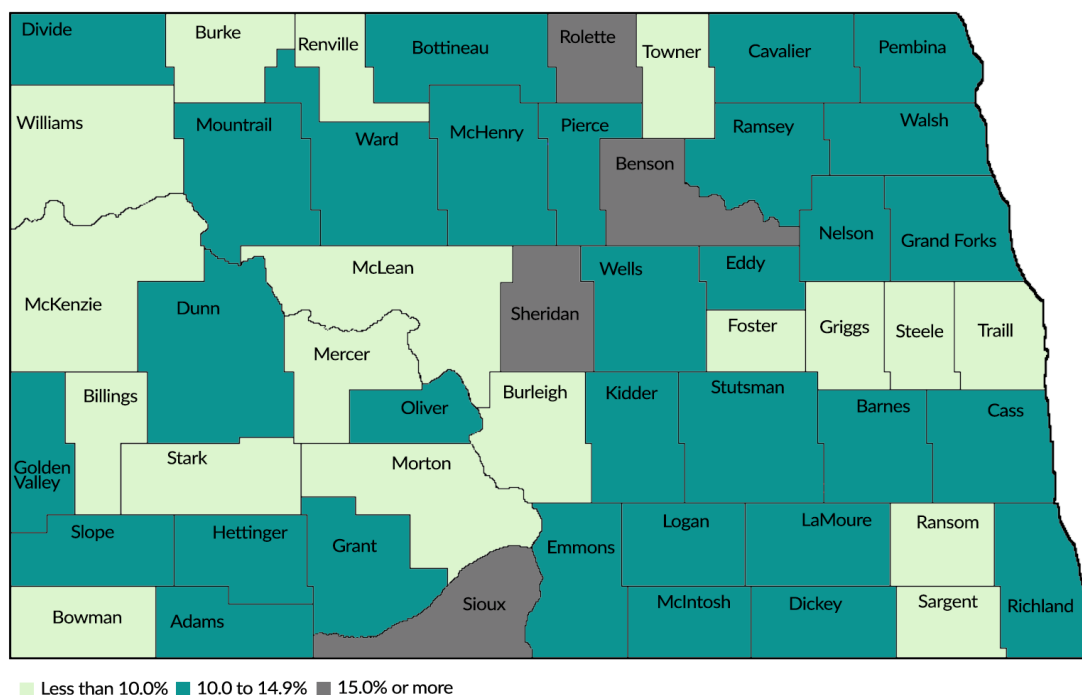
The Centers for Disease Control and Prevention (CDC) states socioeconomic and environmental factors such as poverty, housing instability, food insecurity and lack of access to healthcare, medical insurance and transportation further compound the livelihood and well-being of households living in poverty during the pandemic. Prior to COVID-19, 1 in 10 people in North Dakota were considered to live below the poverty level, based on income threshold, family size and changes in the cost of living. By county, poverty rates in the state range from 6.5 percent in Williams County to 32.9 percent in Sioux County with eight counties having a poverty range above the national average of 13.1 percent.¹⁴

¹² Job Service North Dakota, September 2020

¹³ North Dakota Human Services, September 2020

¹⁴ Individuals below the poverty line, Rank by Counties, North Dakota, 2018

Individuals Below the Poverty Level Prior to COVID-19 ¹⁴



Disclaimer: The information contained in this section COVID-19 Impacts on Housing Stability was reported from March through September 2020. The evolving COVID-19 situation may impact North Dakotans' ability to pay future mortgages and rents.

* The HUD funded CoC program is designed to promote a community wide commitment to the goal of ending homelessness, providing funding for efforts to rehouse homeless individuals and families, promote access to and effective utilization of mainstream programs, and optimize self-sufficiency among individuals and families experiencing homelessness.

¹⁴ Individuals below the poverty line, Rank by Counties, North Dakota, 2018

¹⁵ North Dakota Continuum of Care, received September 2020

¹⁶ [Phase 1 Household Pulse Survey Data Tables](#)

¹⁷ [Phase 2 Household Pulse Survey Data Tables](#)

The agencies that comprise the North Dakota Continuum of Care (CoC)* together reported assisting 1,697 individuals at risk of homelessness or experiencing homelessness from March 21 to Sept. 1, 2020, the time of this study. Of the individuals assisted, 337 individuals or 22 percent of the total reported needing services specifically because of COVID-19 impacts. It is important to note that these numbers do not include non-CoC member service providers who also assist such individuals. ¹⁵

To provide greater understanding as to how citizens were withstanding COVID-19, the U.S. Census Bureau collaborated with multiple federal agencies to produce a Household Pulse Survey identifying self-reported social and economic effects. The survey collected insight from a randomly selected set of North Dakota households to gather insight on their employment status, food security, housing, physical and mental health, access to health care, education disruption, capacity to telework and travel practices.

Data was first collected on April 23, 2020. During that week, 38.9 percent of the state's represented population experienced a loss of employment income and 11.5 percent stated they had either missed March's rent or mortgage payment and had slight or no confidence that they would be able to make the next payment on time. After 12 weeks, loss of employment income had dropped to 21.5 percent of the population. However, concerns about housing insecurity had risen to 15.3 percent.¹⁶ During week 13 of the Household Pulse Survey, North Dakotans surveyed were asked about the likelihood of eviction or foreclosure. Renters and homeowners were lumped together with 33.4 percent concerned about losing their homes. Expected loss of income continued to trend downward at 18.2 percent.¹⁷

While Pulse Survey data has a higher-than-normal margin of error compared to traditional Census Bureau data due to sample size, collection methods, trends represented by Pulse Data are important to understand how residents are being impacted during COVID-19.

housing vulnerable populations

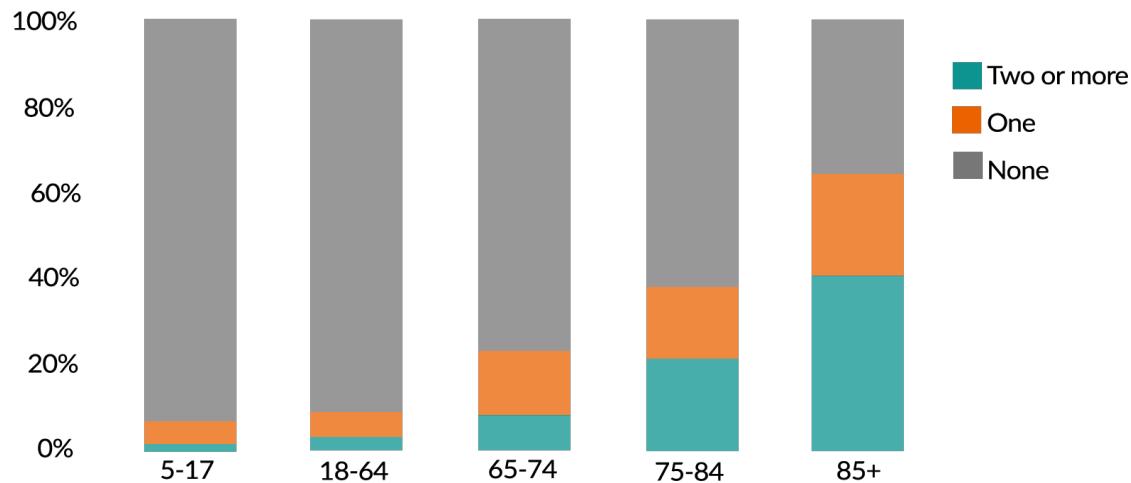
Having safe and well-maintained affordable housing can be transformative for low- to moderate-income households. Yet, there are harder to house individuals that need customized approaches to ensure that everyone can have access to a home.

Older Adults and People with Physical Disabilities

More than three-fourths of North Dakotans age 65 or older live in a single-family home. Between age 65 and 85, the likelihood of developing at least one health-related disabling condition increases significantly; more than 65 percent of individuals age 85 or older have a disabling condition.

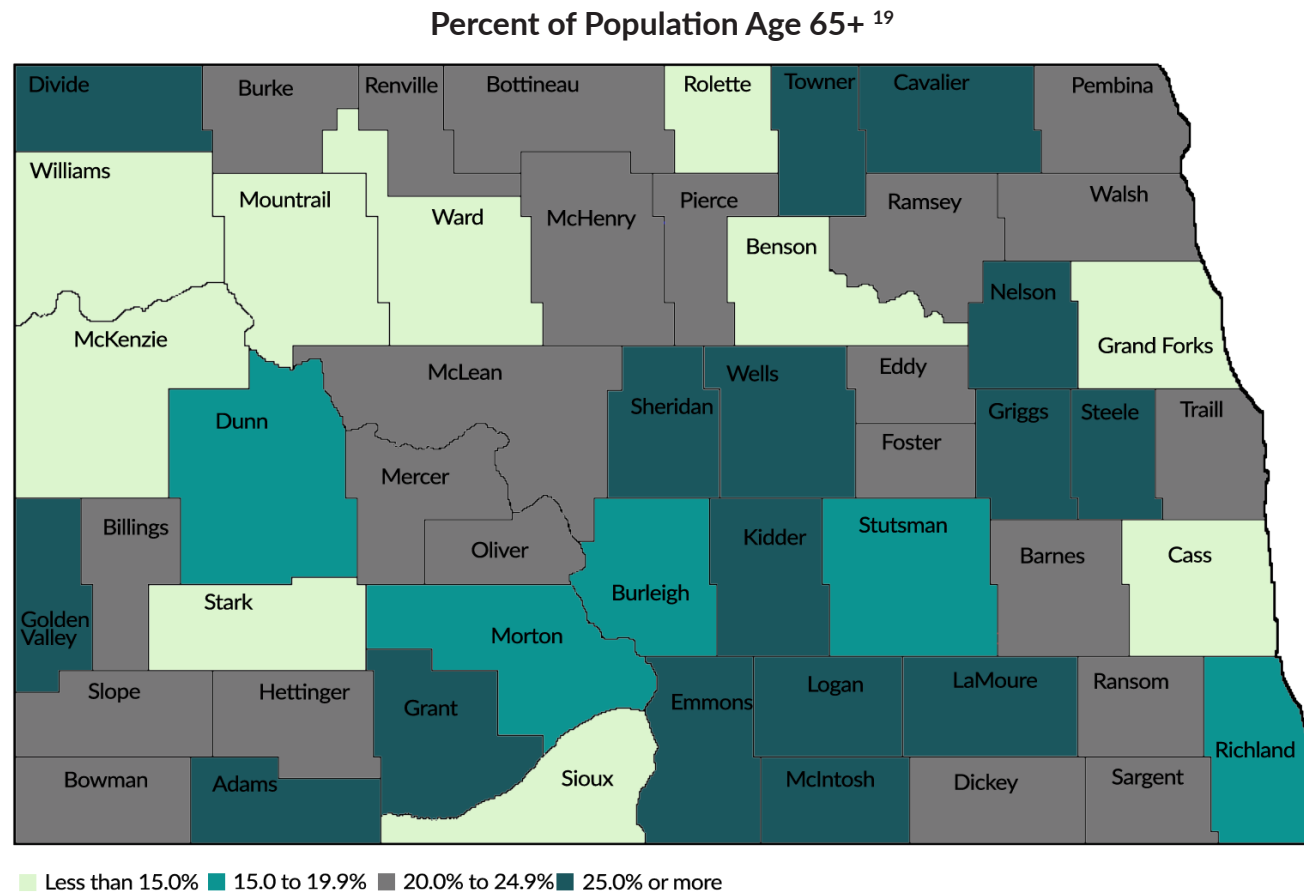
This change in personal health often necessitates a change in thinking about housing needs, causing the person to ask questions about accessibility of their current home, as well as how they might be able to access the supportive services they need to appropriately accommodate their health status.

Individuals by Detailed Age and Number of Disabilities ¹⁸



¹⁸ Individuals by Detailed Age and Number of Disabilities, downloaded from ndcompass.org on 9/20/2020

North Dakota ranks seventh in the nation for the highest proportion of individuals age 85 years and older. Across the state 18 counties have 25 percent of their population as 65 years and older. The four counties with the oldest populations are Sheridan, McIntosh, Grant and Griggs.¹⁹

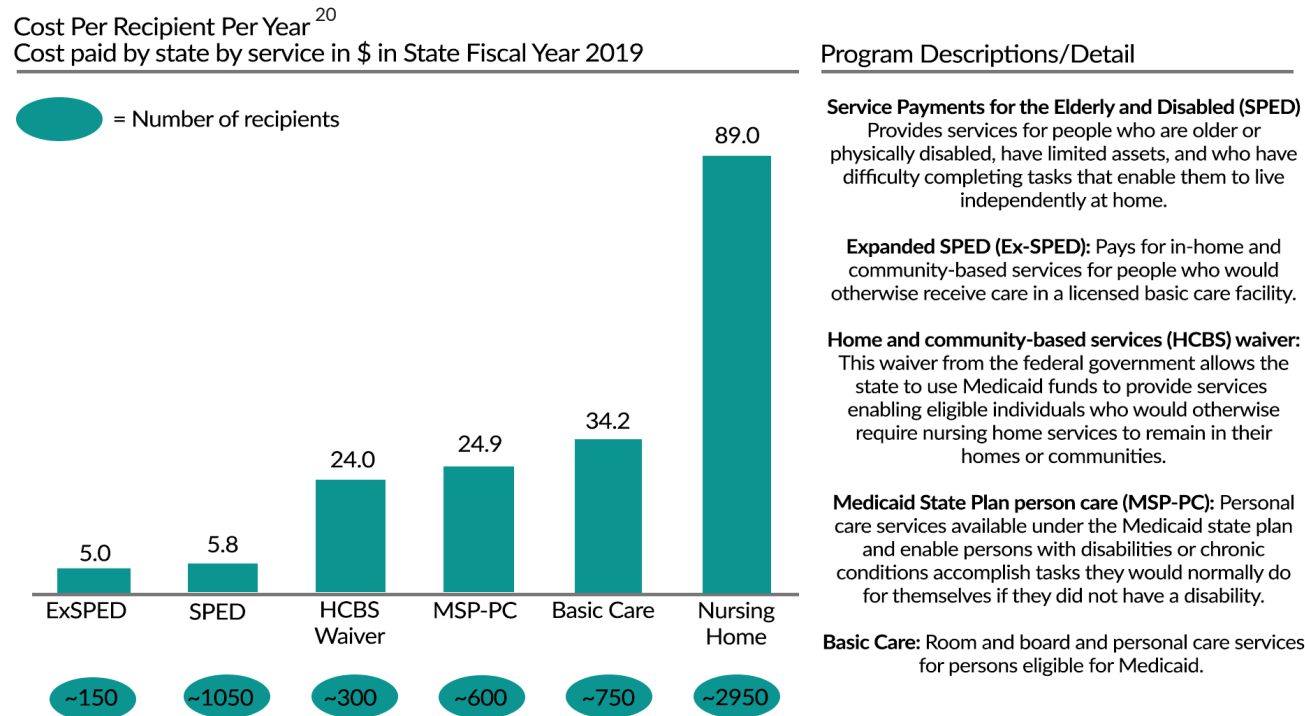


Based on the size of the state's aging population, it is anticipated that 50 percent of North Dakotans will need to seek some type of service-enhanced living arrangement in their lifetime. This may include facility-based care, like a skilled nursing facility or basic care; an age-segregated living community, like assisted living or housing designated for older adults; or some type of supportive service delivered in a person's home, whether they live in a rental housing unit or a single-family home.

¹⁹ Percent of Population Age 65+ 2019, downloaded from ndcompass.org on 9/13/2020

How people access and pay for the services they need to continue living independently will vary based on their household income and the type of care needed. For lower income North Dakotans who have limited assets, Medicaid may help pay for all or a portion of either the cost of home- and community-based services or facility-based care. Understanding how services are delivered and paid for is an important part of understanding the housing needs and options provided for older adults and people with disabilities.

The graphic below shows the average per person cost of various types of Medicaid-funded long-term care.



Home- and community-based services, including the state-funded Service Payments for Elderly and Disabled (SPED and ExSPED), Medicaid waiver-defined services (HCBS Waiver) and Medicaid-funded Personal Care (MSP-PC), can be delivered in a variety of home settings at much lower cost than facility-based care (basic care and nursing home).

In 2019, half of the approximately 5,800 older adults or people with physical disabilities who were receiving long-term care of some kind, were utilizing nursing home care at an average cost to ND Medicaid of \$89,000 per person per year.²⁰

²⁰ North Dakota Department of Human Services Data received, September 2020

While the general housing market has a healthy vacancy rate, rental housing specifically set aside for older adults tends to have a vacancy rate between 0 and 2 percent. Community building codes require new construction projects to comply with Americans with Disabilities Act (ADA) requirements, however, older housing which tends to be more affordable, may not be ADA compliant and therefore not accessible to many individuals.

For people to be able to choose where and how they live, it is also important to understand North Dakota's housing inventory in terms of accessibility features. Having access to housing that is designed to meet people's changing physical needs allows greater personal choice in how support services are received (i.e., in a person's own home or in a facility).



Justice Involved Adults and Youth

The Department of Corrections and Rehabilitation (DOCR) works with justice involved residents in urban and rural that have an active case. While no inmate is released into homelessness, there are situational circumstances, such as overcrowded housing, employment insecurity and treatment needs that make it difficult for many individuals to remain steadily housed. The Total Active Homeless adults on supervision in the community on July 14, 2020, totaled 269. The largest group was males ages 25-34 in the communities of Fargo and Bismarck.²¹

People who have committed a sex offense only represent 7 percent of the homeless population, however, individuals with this felony charge have the most difficulty securing housing. To date, DOCR supervises 638 people convicted of sexual offenses. Due to their criminal history and needing to register as a person who has committed a sex offense, federal regulations ban these individuals from public housing or vouchers for subsidized housing. Additionally, homeless shelters in North Dakota do not accept people who have committed a sex offense and hotels, which are often used as transitional living facilities, do not allow people on the high-risk sex offense registry.²¹

People designated as high-risk on the registry and people who have committed violent offenses are excluded from major rental companies and must therefore find options from private individuals with rental housing; however, most will only rent to low- or moderate-risk offenders. State and federal regulations restrict proximity to schools and victims, and other community residents may also hinder where such individuals can reside. Local nonprofits provide short-term solutions; however, limited resources typically prohibits the establishment of a more stable housing placement.

Without housing for people who have committed a sex offense, specifically those who are considered high-risk and violent increases the likelihood of them becoming homeless.

At-Risk Youth

In 2018, more than 17,000 children ages 0-17 years old lived in poverty. Poverty elevates a child's risk of experiencing behavioral, social and emotional health challenges. Family income is only one factor of financial security; the cost of basic expenses also matters. Housing is typically one the largest expenses for families, and 31,000 children are living in households with a high housing cost burden. The risk of losing housing or becoming homeless can impact a child's education, health, sense of safety and overall development. The number of school-age homeless children in 2018 was 2,559 or 2 percent. The North Dakota Department of Public Instruction, homeless liaisons worked with 2,658 homeless and at risk of homelessness youth during the 2019-2020 academic year.^{22, 23}

Young adults, ages 18-24 years old, are among the highest for any age group. Reasons for increased poverty is likely due to the fact that many young adults move out of their childhood home, are less eligible for public benefits and work in the lowest wage job sector. Data from 2014 to 2018 documented 67.5 percent of individuals ages 16 to 24 as employed, totaling more than 71,000. In 2018, 27 percent of the state's young adults, or 19,000 were living in poverty. The share of young adults in full-time university and college programs and poverty has increased but have always been considered more of a poverty-prone group.²²

North Dakota youth in the foster care system face additional challenges including higher rates of incarceration, early parenting, homelessness, unemployment and lack of access to mental and physical health care. In 2019, there were 2,538 youth in the state foster care system, a 33 percent increase from 2010. Every year, approximately 1,000 youth leave through reunification with family, adoption or aging out of the system. Over the past decade, DHS has tracked 17-year-old foster youth who are aging out of the foster care system and then follows up with them at ages 19 and 21. At one point, 40 percent of the respondents stated they had experienced homelessness and had to live in their car, on the street or in a homeless or temporary shelter, despite over 60 percent stating that they were employed.²⁰

²⁰ North Dakota Department of Human Services data received September 2020

²¹ North Dakota Department of Corrections and Rehabilitation, received July 2020

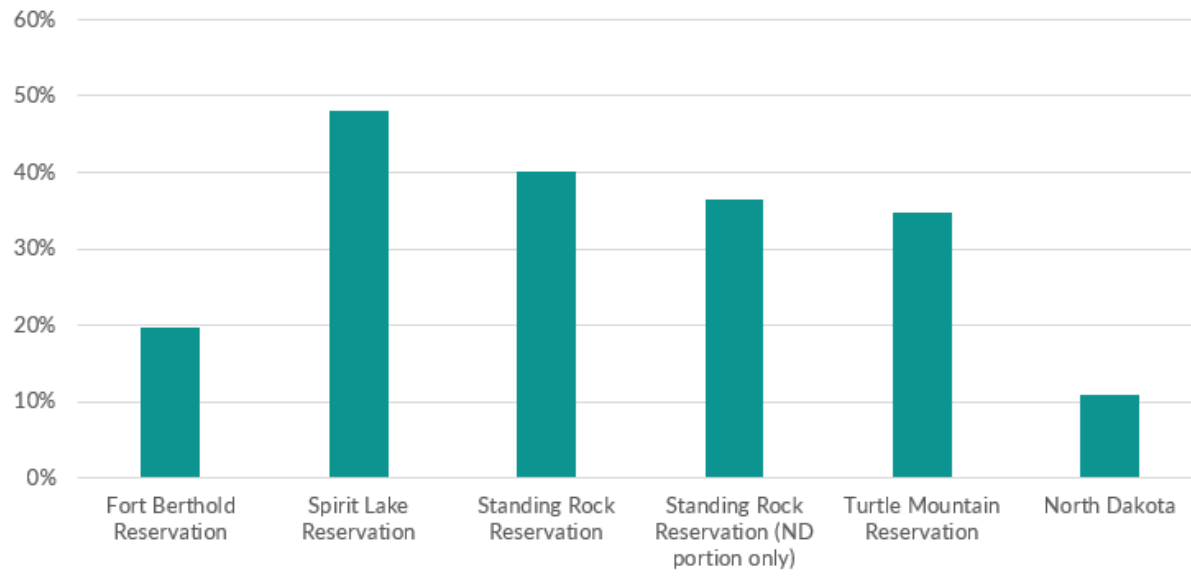
²² The Annie E. Casey Foundation, Kids County Data Center, North Dakota Indicators

²³ North Dakota Department of Public Instruction, Nine Year Comparison of Number of Students Experiencing Homelessness by District, September 2020

Native Americans

The largest minority group in North Dakota is Native Americans at 5.4 percent of the total population. In 2019, 30 percent of the state's homeless population was Native American. The number of Native Americans experiencing homelessness is probably greater than the numbers reported during the HUD Point-In-Time Count due to the constraints of HUD's definition of homelessness and migration both on and off tribal land. Native Americans are also more likely to live in overcrowded and/or experience poor housing conditions than their non-Native peers.¹⁵

**Individuals Below the Poverty Level by Native American Reservation Area ²⁴
2014-2018**



Both on and off of tribal land, only 40 percent of Native Americans are homeowners. Mortgage lending on tribal land is an underserved market with unique challenges such as trust land regulations, fractioned land ownership and limited access to financial institutions. While tribal trust land status is no longer considered a major barrier because of the implementation of Section 184 of the Indian Home Loan Guarantee Program, the lending volume on such land is still quite low.

Native Americans transitioning into urban communities face challenges securing affordable housing with enough space to accommodate large families when navigating unfamiliar urban and non-tribal housing markets. The primary barriers to achieving housing stability including race-based discrimination, limited housing stock due to lack of rental or credit history, and variable employment prospects.²⁵

¹⁵ North Dakota Continuum of Care, received September 2020

²⁴ Disparities: Native American Reservation Area, downloaded from ndcompass.org on 9/13/2020

²⁵ Housing Needs of American Indians and Alaska Natives in Urban Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs, U.S. Dept. of Housing and Urban Development, 2017

Homeless

Persons experiencing homelessness and who are at risk of homelessness require different approaches to help them achieve housing stability. Some individuals and families may only need short-term economic assistance to weather unforeseen bills or disruption in employment. Chronically homeless individuals require intensive case management as soon as they enter a homeless shelter or multifamily complex utilizing a rapid rehousing model.

CoC members worked with 4,294 individuals experiencing homelessness in 2019. The majority of these people had no income, but their ages were across the spectrum from under 5 years old to older than 62 years. Fifty-four percent of these individuals requested assistance for less than 30 days. However, 3.6 percent have been seeking help for more than 3 years. Tracked in a separate group are domestic violence survivors, which totaled 2,648, primarily women and children needing emergency, transitional, short- and long-term housing.¹⁵

Affordable housing can mean different things when working with people at risk of homeless, experiencing short-term homelessness and those who are considered chronically homeless. Housing chronically homeless individuals is extremely challenging, and there is no one size fits all solution. Across the state, numerous partnerships have formed between federal and state agencies and local service providers to develop housing models that best serve each community. Housing First is a rapid housing approach; homeless shelters are a temporary solution; and “harm reduction” shelters where some substances can be used on site have been discussed in numerous circumstances as an alternative to dry shelters that are more prevalent and accepted by the general public. That said, these housing models benefit urban areas and not rural communities. Individuals and families experiencing homelessness in rural communities are more “hidden” as they occupy tents, campers, abandoned houses, barns and ice fishing houses, and they have a more difficult time accessing services provided in urban communities.



¹⁵ North Dakota Continuum of Care, received September 2020



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HOUSING INCENTIVE FUND IMPACT IN NORTH DAKOTA

The North Dakota Housing Incentive Fund (HIF) is an effective, locally-driven, rental housing financing tool created and authorized during the 2011 North Dakota legislative session. Community leaders, private developers, and nonprofit organizations have leveraged HIF to construct new or improve existing rental housing. Because of HIF, low- to moderate-wage workers, the state's aging population, individuals with disabilities, and persons experiencing homelessness have increased access to safe, decent and affordable housing.

Why HIF Works

Successful Track Record. Residents, businesses and the state invested \$89.8 million in gap financing to build and rehabilitate more than 2,500 rental units. Total development costs over the past seven years exceeded \$443 million.

Unmatched Flexibility. As a state-funded program, HIF is able to address changing housing market demands in both urban and rural communities. Federal programs are more restrictive.

Local Support. HIF applications must demonstrate community support for the project and document unmet housing needs. Ensuring community input and support prior to construction results in strong community buy-in for HIF projects.

Cost-Effective. Every \$1 of HIF resulted in \$4 of public and private investments totaling more than \$353 million in additional funding.

Gap Financing. HIF is a source of gap financing leveraged when an income restricted rental housing project will not cash flow with traditional financing. Minimal debt after construction or rehabilitation results in lower monthly rents and reduces the need for housing vouchers.

Targeted to Greatest Needs. By statute, HIF targets low- to moderate-income households, including seniors, people with disabilities, families with children, veterans, and people experiencing homelessness. HIF has helped thousands of residents that would have been priced out of the state's housing market. Of the 2,501 HIF units, 1,913 are rent restricted, requiring the households who live in these units to be income qualified.

Available in all Communities. To date, HIF funding has been used in 26 communities, rural and urban, across the state.

*North Dakota
Housing Incentive Fund
(2011-2018)*

*\$89.8 million
dollars invested*

*\$443 million
total development
investment*

*80
projects across
the state*

*150
funding applications
reviewed*

*2,501
units built
or rehabilitated*

*1,913
income-restricted
units*

Ongoing Need for HIF

Affordable housing is the foundation for robust communities supporting job creation and retention, health and wellness, educational development, and the ability to age in place. However, 39.9 percent of renter households in North Dakota are cost-burdened, paying 30 percent or more of their income towards this expense.¹

Building housing for low- or extremely low-income individuals and families is challenging. Traditional financing is based on anticipated property income, however, when rents are set to affordable levels, there is a gap between the money needed for construction and the money lenders and investors provide. Most affordable housing financing developments involve a mortgage, federal low-income housing tax credits and two or three other sources of money, yet it is not uncommon for developers to rely on upwards of 10 financing sources as they try to fill the gap. Federal funding is extremely scarce and difficult to qualify for, therefore, only 50 percent of qualified projects are funded.

If North Dakotans cannot afford housing or too much of their income is allocated to this one expense, it impacts their ability to maintain stability in their lives, advance economically, pursue educational opportunities, and be able to afford basic necessities such as food, utilities, transportation, childcare and medical coverage. Housing vouchers are another option, but only one in four persons who need a voucher receives one, and it can take years to obtain a voucher.

The upfront investment in HIF off-sets the socioeconomic costs communities and the state incur when people become desperate for a place to call home.

Financing Structure

HIF awards are structured as forgivable loans and are available to local housing authorities, tribal entities, and nonprofit or for-profit housing developers. The maximum award size varies depending on whether a project also receives federal funding. The award amount typically equals less than 30 percent of the total development cost, and no more than \$3 million. Awards are competitive and projects must meet strict scoring criteria.

Timeline

2011

- Created during the 2011 Legislative Session
- \$15 million in tax credit authority
- 21 out of 30 projects awarded
- 579 units constructed or improved
- 90 percent of funding set aside for energy and flood impacted communities

2013

- Reauthorized during 2013 Legislative Session
- \$20 million in tax credit authority and \$15.4 million general fund appropriation
- 29 out of 54 projects awarded
- 921 units constructed or improved
- Program priority for essential service workers in energy-impacted counties

2015

- Reauthorized during 2015 Legislative Session
- \$30 million in tax credit authority, \$5 million from Bank of North Dakota
- Additional \$5 million from Bank of North Dakota in 2016 for communities under 12,500
- 24 out of 50 projects awarded
- 862 units created or improved

2017

- Legislature removed a two-year sunset making HIF permanent in the ND Century Code
- No new funding was authorized
- NDHFA reallocated \$3.7 million from the 2015-17 biennium.
- 6 out of 16 projects awarded
- 239 units created or improved

2019

- Governor's proposed 2019-2021 budget includes \$20 million from the Strategic Investment and Improvement Fund (SIIF).

¹ U.S. Census Bureau. 2017 Decennial Census and American Community Survey.



WRITTEN TESTIMONY PROVIDED TO
ND SENATE
INDUSTRY, BUSINESS AND LABOR COMMITTEE
 DURING THE 67th LEGISLATIVE ASSEMBLY
 On January 13th, 2021
IN SUPPORT OF
SB 2127
 REGARDING THE
HOUSING INCENTIVE FUND

Chairman Klein
 Vice Chairman Larsen
 Members of the Senate Industry, Business and Labor Committee

I testify today asking for your support of SB 2127 as this bill is presented. Affordable housing for the low income households of North Dakota is a continuing problem. Nearly 40% of renter households in North Dakota are cost-burdened, paying 30% or more of household income towards housing. Within the districts of this committee's members, the range of persons living below 200% of poverty is from a low 21.8% in Mr. Vedaa's District 6 to a high of 53.6% in Mr. Kreun's District 42. The average of committee member districts is 34.3% and the median is 27.5%. In the State, 25.5% of the population is living below 200% of the poverty level. Affordable housing for low income families is an issue that is just not going away. And, with the aging of existing affordable housing inventory, without preservation activity, this situation will only worsen as this older housing leaves the market.

The HIF Program provides the financial resource that is greatly needed to aid in addressing the affordable housing problems in North Dakota. Whether to provide new construction or preservation financing, gap assistance, or targeted supported services needed to prevent homelessness, the HIF Program works. Dave Flohr and his staff at North Dakota Housing Finance Agency have the research that shows the great extent of the need. Please see: <https://www.ndhfa.org/index.php/ndhif/> to learn more of the need as well as how effectively the HIF program addresses the affordable housing issue. Also, another fine document to learn more about the need for affordable housing in North Dakota is "The Current State of Housing in North Dakota", a study of single and multifamily housing prepared by the State's own NDHFA. This document can be found here: <https://www.ndhfa.org/wp-content/uploads/2020/11/CurrentStateofHousing.pdf>

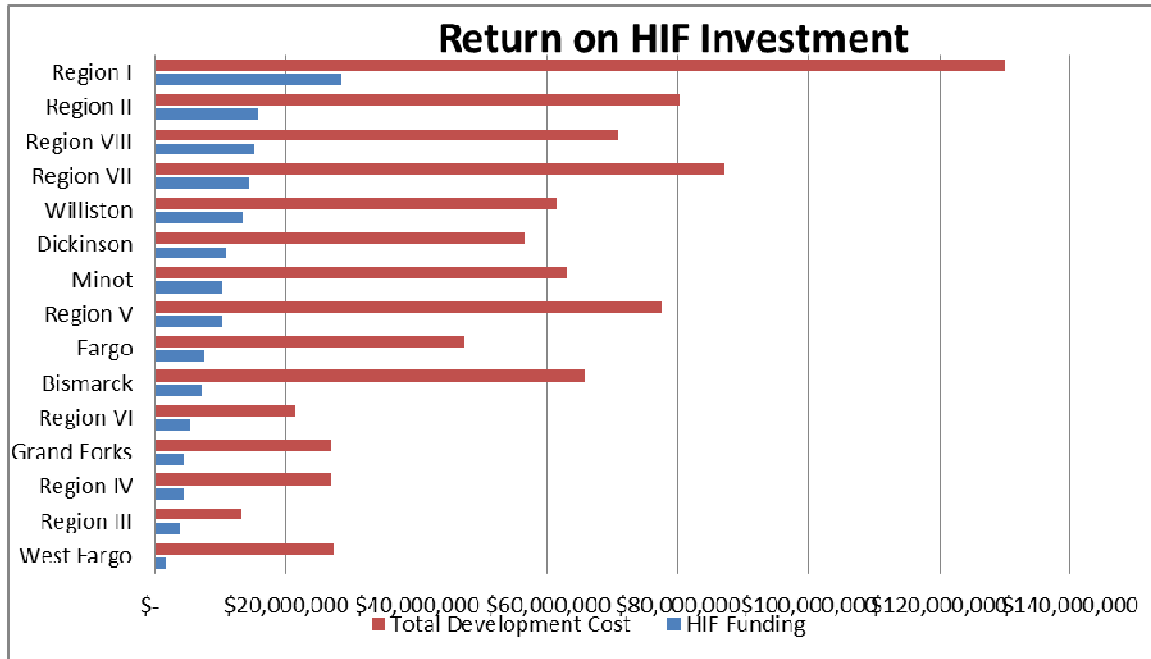
For committee members looking for other reasons to support the HIF Program one needs only look at the leveraging of these important dollars. Since its inception, the HIF Program has brought in \$4.23 of private and federal dollars for every \$1.00 of the state's funding, as the graph



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 (701)746-2548(fax) TDD 711 tnhanson@grandforksgov.com



and table below reflect. The HIF Program has contributed towards the development of nearly \$508 million of housing in the state.



	HIF Funding	Total Development Cost	Private and Federal Dollars Spent for Every HIF Dollar Spent
Region I	\$ 28,423,677	\$ 130,057,346	\$ 3.58
Region II	\$ 15,674,954	\$ 80,324,341	\$ 4.12
Region III	\$ 3,803,129	\$ 13,156,080	\$ 2.46
Region IV	\$ 4,354,545	\$ 27,014,863	\$ 3.03
Region V	\$ 10,145,460	\$ 77,578,114	\$ 6.65
Region VI	\$ 5,288,303	\$ 21,327,228	\$ 3.03
Region VII	\$ 14,231,418	\$ 87,186,008	\$ 5.13
Region VIII	<u>\$ 15,188,691</u>	<u>\$ 70,846,568</u>	<u>\$ 3.66</u>
State Total	\$ 97,110,177	\$ 507,490,548	\$ 4.23

As you can see, HIF Program funding has provided not only much needed affordable housing but also significant economic activity within the HIF participating communities throughout the state.

Thank you in advance for you favorable consideration of SB 2127 and the requested appropriation amount of \$50 million and Thank You for all you do.

Respectfully submitted,

Terry Hanson
Executive Director

2021 SENATE APPROPRIATIONS

SB 2127

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2127
1/29/2021
Senate Appropriations Committee

A BILL for an Act to amend and reenact section 54-17-40 of the North Dakota Century Code, relating to the housing incentive fund; and to provide an appropriation.

Senator Holmberg opened the hearing at 10:01 AM.

Senators Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman were present.

Discussion Topics:

- Money follows the person
- Housing for Homeless
- Fair Market Rents / lowering overall operating costs

Senator Kreun, District 42 – Bill Sponsor – introduced the bill and submitted testimony #4230.

Dan Madler, Nonprofit Affordable Housing Developer, Lobbyist #30 – testified in favor and submitted testimony # 4176 and #4177.

Derek Johnson, Deputy Director, Housing Authority of Cass County – testified in favor and submitted testimony - #3558.

Terry Hanson, Exec. Director, Grand Forks Housing Authority – testified in favor and submitted testimony #4003, #4004, #4005, #4006, #4007.

Erin Prochnow, CEO, YWCA Cass Clay – testified in favor and submitted testimony #4154.

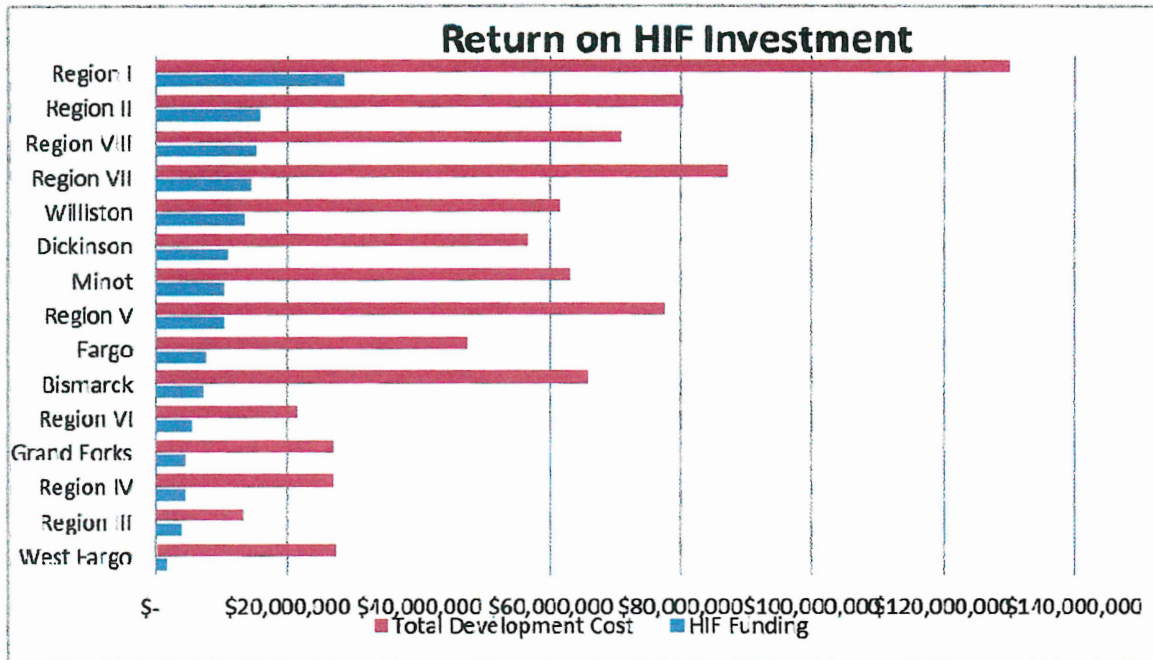
Additional written testimony in favor: #3103, #4166, #4169.

Additional written neutral testimony: #3850.

Senator Holmberg closed the hearing at 10:56 AM.

Rose Laning, Committee Clerk

and table below reflect. The HIF Program has contributed towards the development of nearly \$508 million of housing in the state.



	HIF Funding	Total Development Cost	Private and Federal Dollars Spent for Every HIF Dollar Spent
Region I	\$ 28,423,677	\$ 130,057,346	\$ 3.58
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As you can see, HIF Program funding has provided not only much needed affordable housing but also significant economic activity within the HIF participating communities throughout the state.

Thank you in advance for your favorable consideration of SB 2127 and the requested appropriation amount of \$50 million and Thank You for all you do.

Respectfully submitted,

Terry Hanson
Executive Director

Testimony in Support of SB 2127
Senate Appropriations
Chairman: Senator Ray Holmberg
January 29, 2021

Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter Inc. (BSI),
701-730-2734, dmadler@beyondshelterinc.com, Lobbyist #30

Chairman Holmberg and members of the Senate Appropriations Committee, my name is Dan Madler, I live in ND District 27 and I am the CEO of Beyond Shelter, Inc. (BSI), a mission driven North Dakota nonprofit developer of affordable housing. I would like to express my support for Senate Bill 2127 and the requested \$50,000,000 appropriation to fund the Housing Incentive Fund (HIF).

Let's move the needle and Invest in things that work, and the Housing Incentive Fund works:

- It is a great tool for Community and Economic Development (BSI numbers to-date = 555 HIF Homes created, Year 1 Impacts = \$40.5M in local income and 838 local jobs, annually recurring Impacts = \$12.2M in local income and supports 211 local jobs) (BSI numbers from the last biennium \$7.5M HIF allocation = 139 HIF Homes will be created, Year 1 Impacts = \$10.15M in local income and 210 local jobs, annually recurring Impacts = \$3M in local income and supports 53 local jobs)
- It strengthens local North Dakota communities as the lack of affordable housing can hold back local, regional, and state economies
- It provides a positive return on investment (for example, for every \$1 of HIF investment that BSI has been awarded to produce the 555 HIF Homes, BSI has been able to develop \$7.48 in long-term affordable housing assets serving Bismarck, Burlington, Fargo, Minot, and West Fargo) Note: for every \$1 of HIF awarded to an affordable housing project developed by BSI, it will produce \$10.98 in long-term affordable housing assets.
- It supports an increase in the availability of affordable housing options within North Dakota communities, which is essential to attracting, retaining, and developing a diverse, productive workforce and which allows North Dakota communities to be competitive
- Investing in Affordable Housing is foundational as it is connected to other outcomes (i.e. health, education, employment, childcare, transportation, wealth creation, public safety – these are all inter-related and without Housing, nothing else works. Housing Matters.)

The data and evidence is clear, the need for HIF is absolute:

- From the recently released NDHFA report “The Current State of Housing in North Dakota.” Per page 13, it is estimated that there is a shortage of 13,000 affordable rental units for Extremely-Low-Income households (ELI). Note and ELI household is one that earns 30% of the Area Median Income or less (i.e. in Fargo, where I live, a 1-person HH would be ELI if they earn \$9.00 an hour or less or \$18,780 per year or less) Also, if you produced 300 ELI affordable units per year, it would take you 43 plus-years to meet the current need.
- Beyond Shelter’s average 2020 vacancy rate was 4.80% among 786 affordable homes serving families and seniors in the communities of Burlington, Dickinson, Minot, and Fargo.
- Beyond Shelter’s average 2020 vacancy rate was 2.21% among 407 affordable homes serving seniors in the communities of Dickinson, Minot, and Fargo.

Snapshot of who is served by an investment in the Housing Incentive Fund:

- BSI affordable senior homes in Fargo currently total 286. With 69% or 193 of the homes serving seniors who are ELI (Average income for a senior ELI household = \$17,500 per year or about \$8.41 per hour) The average rent paid = \$423 per month which includes all utilities paid except for electricity, which totals about 29% of the senior ELI households income (i.e. this is affordable housing). Average age of the senior ELI household = 72.

In closing, I respectfully request your support for SB 2127 and the \$50M appropriation to the Housing Incentive Fund. Let’s move the needle.

Thank you for your time and consideration.

4177 & 4006



The Current State of Housing in North Dakota

A study of the affordability of single and multifamily housing, the impacts of COVID-19, and housing challenges faced by vulnerable populations in 2020

executive summary

The “Current State of Housing in North Dakota” is a study of the affordability of the state’s single and multifamily housing, the impacts of COVID-19, and housing challenges faced by vulnerable populations in 2020.

A home is considered to be affordable when 30 percent or less of earned income is spent on housing expenses. Households paying more than 30 percent are considered housing cost burdened. For some North Dakotans, a strong work ethic is not enough to be able to secure safe and affordable housing.

Access to Homeownership

- More than 60 percent of North Dakotans live in owner-occupied housing and, in recent years, have benefited from an above average increase in their median household value.
- Unfortunately, a tight purchase market coupled with only employees of the state’s top three industries being able to afford the most readily available homes and the cost of construction restricting the ability to list a home at an affordable price, makes it challenging for first-time buyers and households new to the market to buy a home in North Dakota.

Access to Multifamily Housing

- North Dakota’s renters are substantially more cost burdened than homeowners with 39 percent spending more than 30 percent of their income on housing expenses.
- The largest segment of the population works in the state’s fourth largest industry, Accommodations and Food services, earning minimum wage
- Failure to pay rent is the number one reason for eviction in North Dakota and such judgments are increasing.

COVID-19 Impact & Vulnerable Populations

- Prior to COVID-19, 1 in 10 North Dakotans were living below the poverty level.
- The state’s aging population and individuals with disabilities need accessible and affordable housing to maintain their independence.
- Depending on the crime(s) committed, justice involved individuals face state and federal regulations further limiting their housing options.
- Youth living in poverty and in foster care have elevated risk of experiencing behavioral, social and emotional health challenges.
- Native Americans, the state’s largest minority population, face complex housing barriers.

The "Current State of Housing in North Dakota" is a snapshot of the housing availability and affordability across the state. Data was gathered from 2018 to 2020 and used state, federal, academic and association sources to provide an unbiased study.

The study is segmented into the following categories:

- Homeownership Overview
- Rental Housing Overview
- COVID-19 Impacts on Housing Stability
- Housing Vulnerable Populations

Thank you to all of the state agencies and associations that contributed to the study.

TERMINOLOGY GUIDE

AMI

Area Median Income is the midpoint of a region's income distribution – half of the households in a region earn more than the median and half earn less. These local limits help identify eligibility and affordability based on specific locations.

ELI

Extremely Low Income, earning at or below 30% of area median income (AMI).

Housing Cost Burden

Spending 30% or more of household income on housing and utilities.

HIF

Housing Incentive Fund is a state-funded, gap financing program leveraged for multifamily housing construction and rehabilitation in urban and rural communities.

Tax Credits

Federal government tax credit programs encouraging the investment of private equity for developing affordable rental housing for low-income and very low-income households.

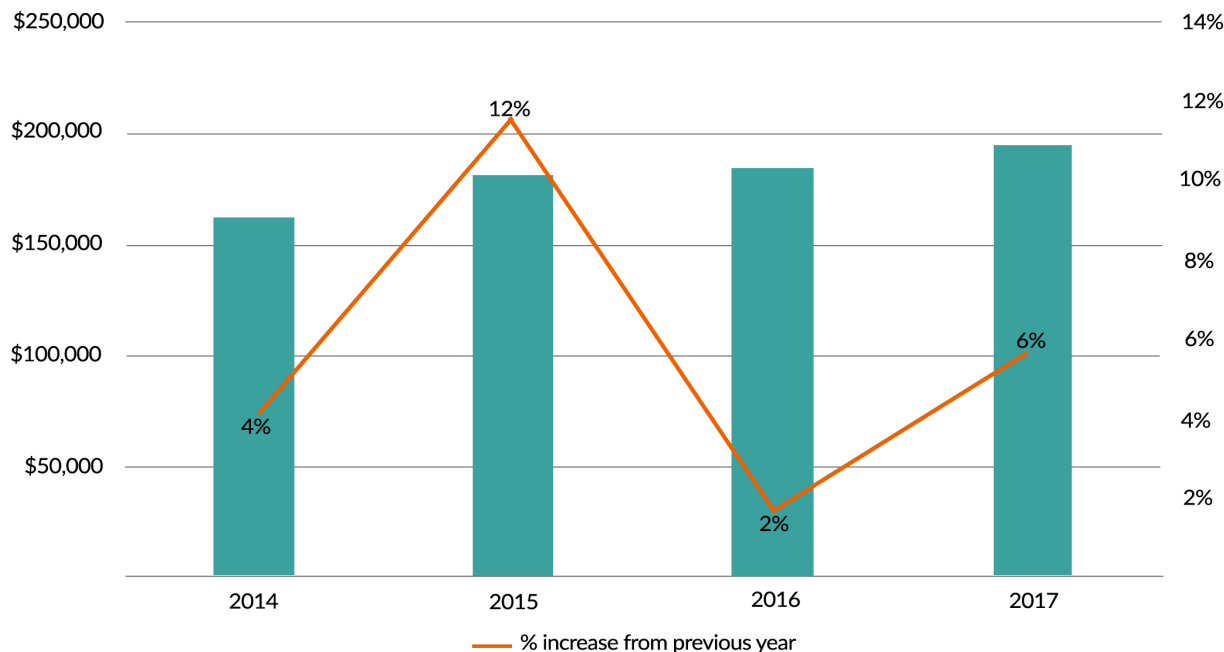
Severe Housing Cost Burden

Spending 50% or more of household income on housing and utilities.

homeownership overview

Approximately 61.3 percent of North Dakotans live in owner-occupied housing, totaling 198,411 housing units across the state. The ability to own a home is an indicator of a strong financial future for the homeowner, and urban and rural communities. Home values generally increase 3 to 4 percent every year due to inflation and natural population growth. From 2014-2018, homeowners averaged a 22.8 percent increase in their median household value.¹

Median Household Value Increase from Previous Year¹



A tight housing market and steadily increasing home values are preventing many of the state's current and future residents from being able to afford a home. According to the 2018 Census, North Dakota's homeowner vacancy rate was 1.5 percent.¹ To help understand how many houses are on the market, Zillow.com listed slightly more than 3,033 homes for sale in the state as of Sept. 1, 2020.*

¹ American Community Survey One Year Estimates, TableDP04

*When evaluating single family homes on the market, research focused on single-family housing, townhomes and condos. Across the state, there are less than 100 mobile homes listed on Zillow.com for sale. According to the Federal Housing Administration, a mobile home must have a permanent foundation to be considered a permanent dwelling. Because it could not be determined which mobile homes listed on Realtor.com homes had foundations, mobile homes were not included in the analysis.

The seven largest housing markets had a total of 1,674 detached single-family homes, townhomes and condos listed for sale on Realtor.com on Sept. 1, 2020. Of the listed homes, 14 percent were under \$199,999; 30 percent were \$200,000 to \$299,999; and 56 percent were listed for more than \$300,000.²

Housing options are limited for individuals and families wanting to purchase a home under \$200,000, especially if they desire a traditional single-family home and are not interested in a townhome or condo. Within the seven largest markets, there were 510 options within the \$200,000 to \$299,999 range. If a household can afford a mortgage over \$300,000, almost double the options were available.



Breakdown of Housing on the Market by Sale Price ²
(9/1/2020)



² Realtor.com, September 1, 2020
The Current State of Housing in North Dakota

Number of Homes for Sale by Largest Housing Markets ²

			\$100,000 - \$149,999		\$150,000 - \$199,999		\$200,000 - \$ 249,999		\$250,000 - \$299,999		\$300,000 - \$349,999		\$350,000 +	
Location	Single Family	Townhome/ Condo	SF	All	SF	All	SF	All	SF	All	SF	All	SF	All
Bismarck/Mandan	243	116	2	20	6	20	16	49	30	47	37	52	152	171
Dickinson	146	15	5	5	9	10	28	34	26	29	23	28	55	55
Fargo/West Fargo	394	130	4	22	13	32	34	52	85	105	73	89	185	224
Grand Forks	153	44	8	21	9	23	26	26	25	27	23	30	62	70
Jamestown	68	1	5	5	13	13	14	15	13	13	5	5	18	18
Minot	154	42	11	17	19	30	21	33	25	33	22	23	56	60
Williston	159	9	4	4	7	8	18	22	22	25	28	28	80	81

*Note SF is detached single-family homes and All is detached single-family homes, townhomes and condos. Pending sales were not counted.

² Realtor.com, September 1, 2020

While more than 80 percent of the state's population is employed, it is still challenging for many North Dakotans to be able to find an affordable house within their means. The following information is from Job Service of North Dakota's Labor Market Information Center, the top 10 industries in the state by total employment with a breakdown of average wages, affordable monthly housing costs and an affordable mortgage assumption.

Primary Industries by Number of Employees, Wages Earned and Affordable Housing Assumptions ³

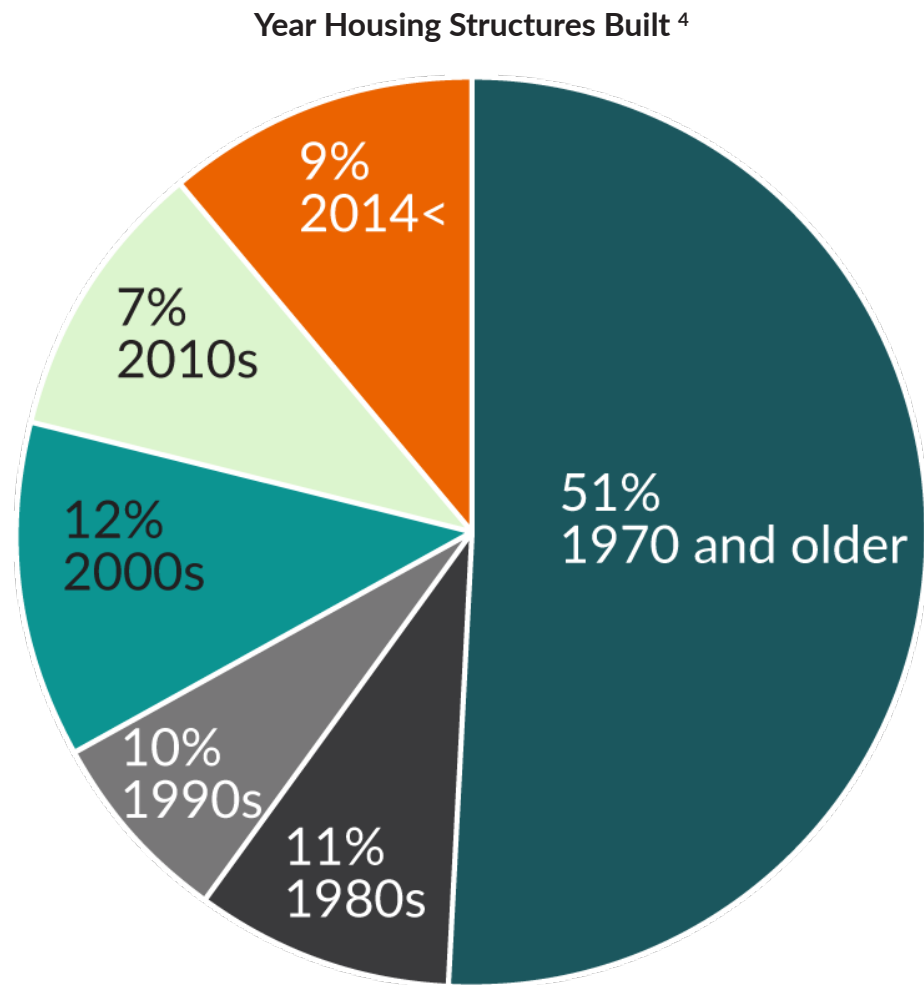
Rank by Employment Numbers	Industry Sector	Average Hourly Wage	Average Weekly Wage	Average Annual Wage	30% of Their Income	Affordable Monthly Housing Costs	Affordable Mortgage Assumption
1	Healthcare and Social Assistance	\$24.95	\$998	\$51,896	\$15,569	\$1,297	\$240,000
2	Retail Trade	\$15.48	\$619	\$32,188	\$9,656	\$805	\$140,000
3	Education Services	\$21.62	\$865	\$44,980	\$13,494	\$1,125	\$205,000
4	Accommodation and Food Services	\$8.90	\$356	\$18,512	\$5,554	\$463	\$71,000
5	Manufacturing	\$26.93	\$1,077	\$56,004	\$16,801	\$1,400	\$260,500
6	Construction	\$30.53	\$1,221	\$63,492	\$19,048	\$1,587	\$298,000
7	Wholesale Trade	\$34.53	\$1,381	\$71,812	\$21,544	\$1,795	\$340,000
8	Public Administration	\$26.88	\$1,075	\$55,900	\$16,770	\$1,398	\$260,000
9	Mining, Quarrying, and Oil and Gas Extraction	\$55.38	\$2,215	\$115,180	\$34,554	\$2,880	\$559,500
10	Transportation and Warehouse	\$31.93	\$1,277	\$66,404	\$19,921	\$1,660	\$313,000

³ Labor Market Information Center, Job Service North Dakota, QCEW Unit, September 2020

*Note: Assumptions for mortgage affordability were based on the following criteria: 1) Bankrate.com mortgage calculator, 2) Monthly mortgage payments includes principal, interest, taxes and insurance, 3) 3% interest rate, 4) 3.5% down payment as recommended by the Federal Housing Administration, 5) Zero debt ratio, i.e. no vehicle, student loan or credit card debt.

Impacting accessibility and desirability is the age of North Dakota's housing stock. More than 50 percent of the houses in the state were built before the 1970s. While the number of housing units lacking basic amenities is low, there are still 1,123 without adequate plumbing and 2,449 do not have a complete kitchen.⁴ Households must have the following functioning components to have a completed kitchen: kitchen sink; burners, cook stove or microwave oven; and a refrigerator. Adequate plumbing encompasses hot and cold running water, a tub or shower and a flushing toilet.

New construction is not alleviating North Dakota's tight housing market. The number of single-family housing building permits issued in 2019 was 1,790, 7 percent less than in 2018. As of June 2020, building permits issued were up 8 percent from the same time in 2019. Once all the necessary permits are secured, it takes approximately 8.2 months to construct a new house.⁵ Material, labor, land and utility costs for a new build restrict the ability to list a home for under \$250,000.



⁴ American Community Survey One Year Estimates, Table CP04


⁵ National Association of Home Builders, 2020



FirstHome™

provides affordable mortgage loans to low- to moderate-income first-time buyers


Average Age: 32
Average Income: \$60,061
Average Purchase Price: \$176,930



North Dakota Roots

provides affordable mortgage loans to moderate-income buyers who have previously owned a home

Average Age: 35
Average Income: \$93,500
Average Purchase Price: \$242,337



HomeAccess

provides affordable mortgage loans to moderate-income buyers who are or who have single parent, veteran, disabled or elderly household members. The highest program users are single parents at 79.6 percent

Average Age: 42
Average Income: \$56,807
Average Purchase Price: \$196,033

The North Dakota Housing Finance Agency (NDHFA) offers three affordable housing mortgage programs including down payment and closing cost assistance. Borrowers are qualified based on income, loan amount, family size, previous ownership status and personal identifiers such as veteran status, single parent, age and disability.

The following provides an overview of the typical NDHFA customer. Data for the private market will vary as those mortgage holders did not need to or did not qualify for the affordable housing parameters required for NDHFA's programs.

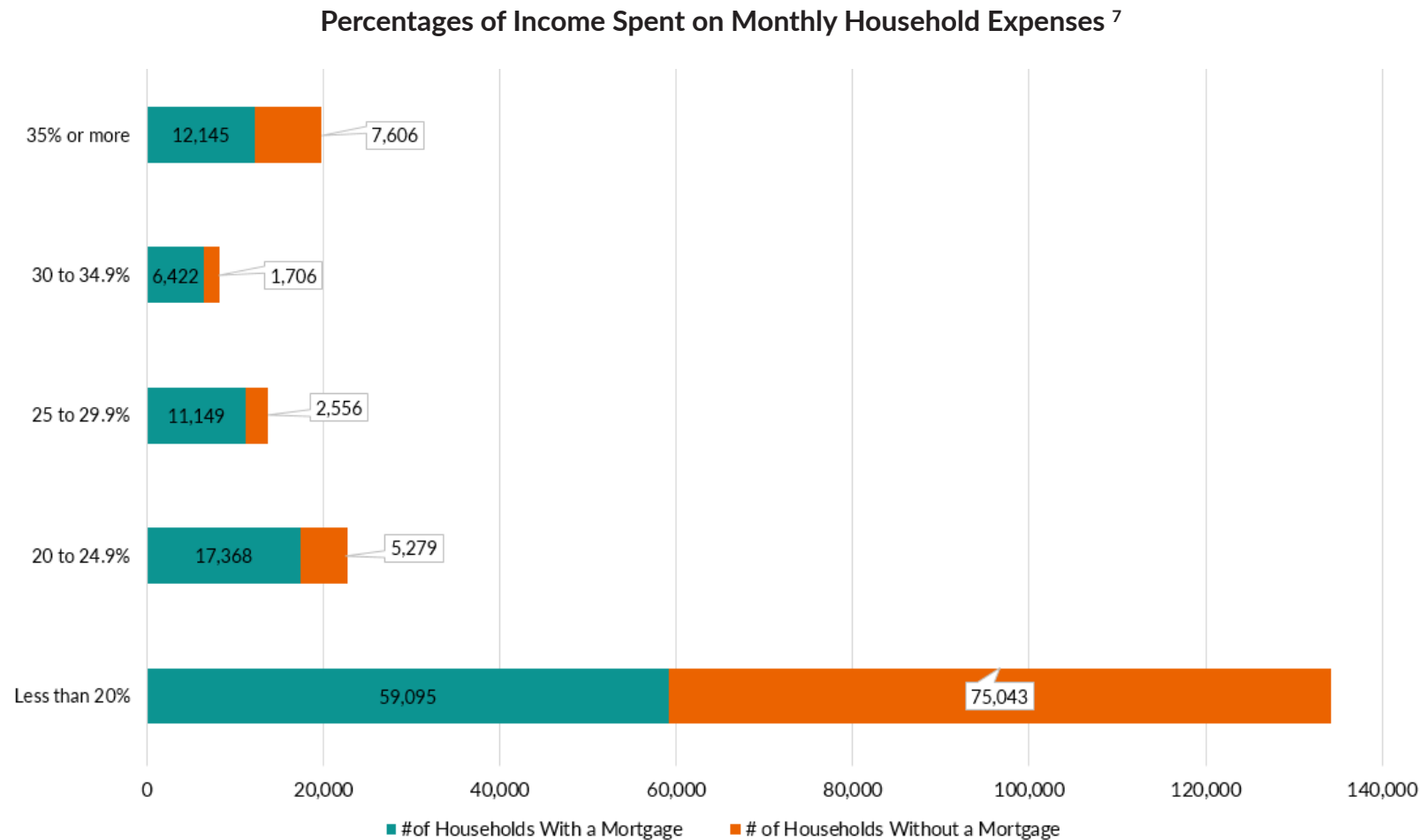
North Dakota is currently ranked first in the nation for homeowners that are housing stable. However, almost a third of this population faces economic hardships every month. Of the state's homeowners who have an active home mortgage, 17.5 percent are considered "housing cost burdened." Additionally, 10 percent of North Dakotans who own their home outright (i.e., no mortgage) are housing cost burdened, which means they pay more than 30 percent of their income for housing expenses which for them would include utilities, insurance and property taxes.¹ While the delinquency rate on NDHFA's mortgages is currently 3.61 percent compared to 4.78 percent in 2019, foreclosures have increased slightly from 0.66 percent in 2019 to 0.75 percent in 2020.⁶



¹ American Community Survey One Year Estimates, Table DP04

⁶ North Dakota Housing Finance Agency, August 2020

In 2018, 14 percent of North Dakota homeowners, 27,879 households with and without a mortgage, paid more than 30 percent of their gross household income for housing expenses.



⁷American Community Survey One Year Estimates, Table B25091

rental housing overview

Even though North Dakota is ranked first in the country for having the lowest percentage of homeowners who are cost burdened, the rate of cost burden is much higher for North Dakota renters. In 2018, 39 percent of North Dakota's renters were spending more than 30 percent of their income on housing expenses.

In 2018, 30 percent of all North Dakota housing units were renter-occupied. These 113,486 units housed 37 percent of the state's population. Multifamily housing vacancy rates averaged 9.4 percent over the past five years. When the rental market is below 5 percent, monthly rental costs increase due to high demand. Once a market reaches 8 percent vacancy rate, rental costs are more stable and property owners are more willing to work with households.⁴

In North Dakota, the Fair Market Rent (FMR) as published by the U.S. Department of Housing and Urban Development (HUD), for a two-bedroom apartment is \$841. In order to afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn \$2,804 a month or \$33,647 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates to an hourly wage of \$16.18 per hour.⁸

FMR rates vary by county. The following page shows the 2020 breakdown by county and metro area for the state detailing the rate based on the number of bedrooms in the housing unit.



⁴ American Community Survey One Year Estimates, Table CP04

⁸ www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn

FY2020 North Dakota Fair Market Rates Local Area Summary ⁸

Area	Efficiency	Number of Bedrooms			
		1	2	3	4
Adams	\$609	\$627	\$714	\$1033	\$1254
Barnes	\$542	\$545	\$718	\$999	\$1017
Benson	\$609	\$627	\$714	\$890	\$1170
Billings	\$560	\$563	\$742	\$1070	\$1127
Bottineau	\$539	\$542	\$714	\$890	\$1120
Bowman	\$539	\$542	\$714	\$1007	\$1011
Burke	\$648	\$651	\$862	\$1080	\$1292
Bismarck Metro	\$694	\$698	\$892	\$1242	\$1475
Fargo Metro	\$555	\$678	\$834	\$1203	\$1494
Cavalier	\$609	\$627	\$714	\$1030	\$1085
Dickey	\$552	\$555	\$714	\$890	\$1174
Divide	\$539	\$542	\$714	\$1030	\$1085
Dunn	\$846	\$852	\$1127	\$1434	\$1980
Eddy	\$609	\$627	\$714	\$1030	\$1085
Emmons	\$579	\$583	\$714	\$1030	\$1085
Foster	\$609	\$627	\$714	\$1030	\$1085
Golden Valley	\$648	\$653	\$864	\$1089	\$1295
Grand Forks Metro	\$570	\$650	\$832	\$1200	\$1461
Grant	\$593	\$596	\$714	\$1030	\$1085
Griggs	\$539	\$542	\$714	\$1030	\$1085
Hettinger	\$560	\$563	\$742	\$1070	\$1127
Kidder	\$609	\$627	\$714	\$1030	\$1085
LaMoure	\$539	\$543	\$714	\$890	\$1171
Logan	\$609	\$627	\$714	\$955	\$1019
McHenry	\$609	\$627	\$714	\$994	\$1085
McIntosh	\$609	\$627	\$714	\$932	\$982

Area	Efficiency	Number of Bedrooms			
		1	2	3	4
McKenzie	\$778	\$784	\$1032	\$1286	\$1568
McLean	\$572	\$576	\$714	\$962	\$1104
Mercer	\$602	\$605	\$764	\$1102	\$1259
Morton	\$694	\$698	\$892	\$1242	\$1475
Mountrail	\$621	\$678	\$829	\$1037	\$1406
Nelson	\$609	\$627	\$714	\$1030	\$1085
Oliver Metro	\$689	\$693	\$887	\$1203	\$1442
Pembina	\$609	\$627	\$714	\$1012	\$1224
Pierce	\$539	\$542	\$714	\$890	\$1085
Ramsey	\$609	\$627	\$714	\$1030	\$1254
Ransom	\$539	\$542	\$714	\$948	\$1085
Renville	\$539	\$542	\$714	\$983	\$1254
Richland	\$539	\$542	\$714	\$1030	\$1098
Rolette	\$609	\$627	\$714	\$1030	\$1085
Sargent	\$601	\$605	\$714	\$1030	\$1150
Sheridan	\$560	\$563	\$742	\$1070	\$1127
Sioux Metro	\$539	\$542	\$714	\$890	\$1108
Slope	\$560	\$563	\$742	\$1070	\$1127
Stark	\$694	\$699	\$920	\$1242	\$1246
Steele	\$539	\$542	\$714	\$1030	\$1085
Stutsman	\$539	\$542	\$714	\$985	\$1058
Towner	\$578	\$582	\$714	\$1030	\$1085
Traill	\$499	\$589	\$714	\$1030	\$1254
Walsh	\$591	\$594	\$714	\$932	\$1035
Ward	\$629	\$747	\$972	\$1404	\$1706
Wells	\$609	\$627	\$714	\$1000	\$1143
Williams	\$592	\$695	\$909	\$1227	\$1231

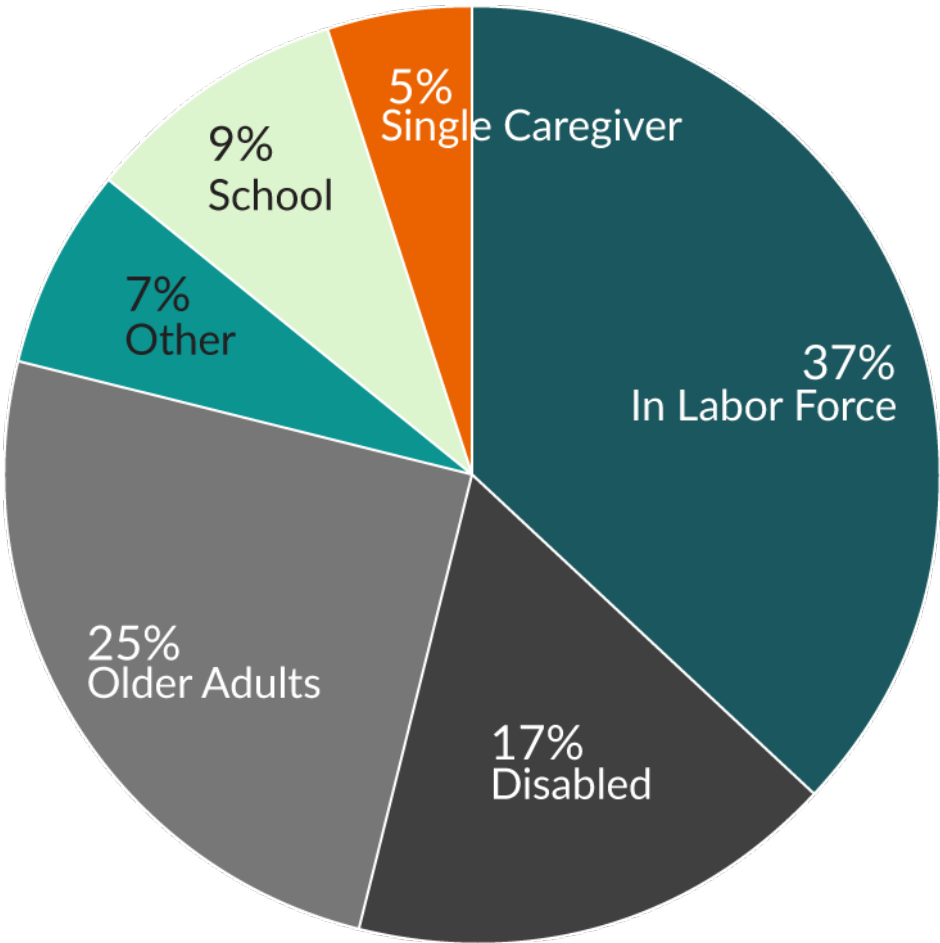
⁸ www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn

For 3 percent of the renters across the state, FMR rents will never be affordable. Currently, there are 26,485 renter households that are considered extremely low income (ELI), and 37 percent are in the labor force. Physical abilities and age are factors impacting an ELI renter's ability to earn a higher income or work full-time. ⁹

The average renter's wage is \$17.12 per hour and is not considered housing cost burdened if they can find the average FMR two-bedroom apartment for \$841 per month. However, for renters earning minimum wage, or \$7.25 per hour, they would have to work 89 hours per week to afford that same apartment. The majority of residents earning minimum wage are employed in North Dakota's fourth largest industry, Accommodations and Food Services.

Statewide, it is estimated that there is a shortage of 13,000 affordable rental units for ELI households, especially for households with larger families. ¹⁰

Extremely Low Income Renter Households ⁹



- 89**
Work Hours Per Week at
Minimum Wage to Afford a
2-Bedroom Rental Home (at FMR)
- 71**
Work Hours Per Week at
Minimum Wage to Afford a
1-Bedroom Rental Home (at FMR)
- 2.2**
Number of Full-Time Jobs at
Minimum Wage to Afford a
2-Bedroom Rental Home (at FMR)
- 1.8**
Number of Full-Time Jobs at
Minimum Wage to Afford a
1-Bedroom Rental Home (at FMR)

⁹ National Low Income Housing Coalition

¹⁰ Out of Reach 2020: North Dakota

Over the past five years, monetary judgments consisted of 86 percent of all eviction judgments. Five counties accounted for 79 percent of all evictions in 2018; these same counties contain 68 percent of the state's occupied rental units.

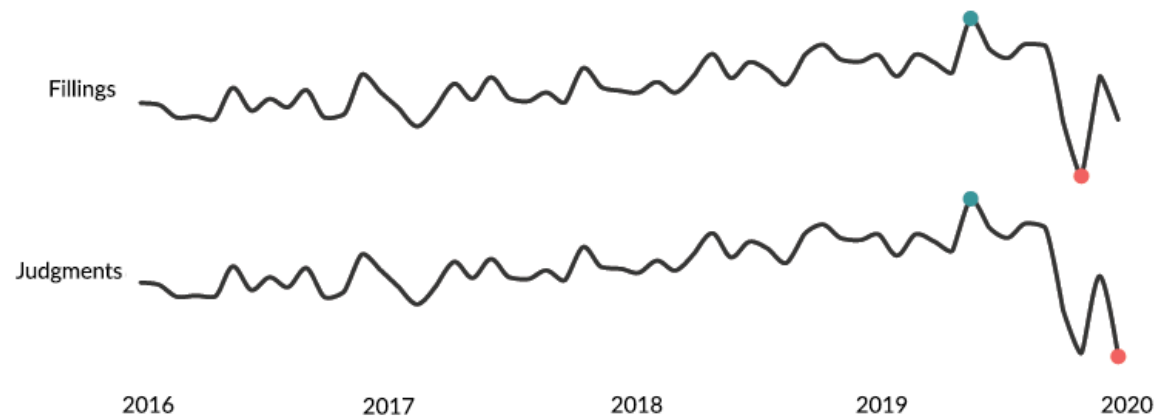
The number of eviction judgments in North Dakota have increased by 15 percent year over year since 2016. If a property manager uses the court to evict a tenant and obtains a judgment, the resulting judgment is placed on the individual's credit report. The judgment and credit report can negatively impact housing stability for up to seven years and hinder their ability to be approved for a credit card or loan.

Beginning in April 2020, state and federal moratoriums were put in place because of a new coronavirus (COVID-19) significantly decreased North Dakota's eviction numbers.

Highest Eviction Counties ¹¹

County	Evictions	Rental Units
Cass	609	34,998
Williams	260	6,394
Ward	232	10,996
Burleigh	162	12,456
Grand Forks	117	15,540

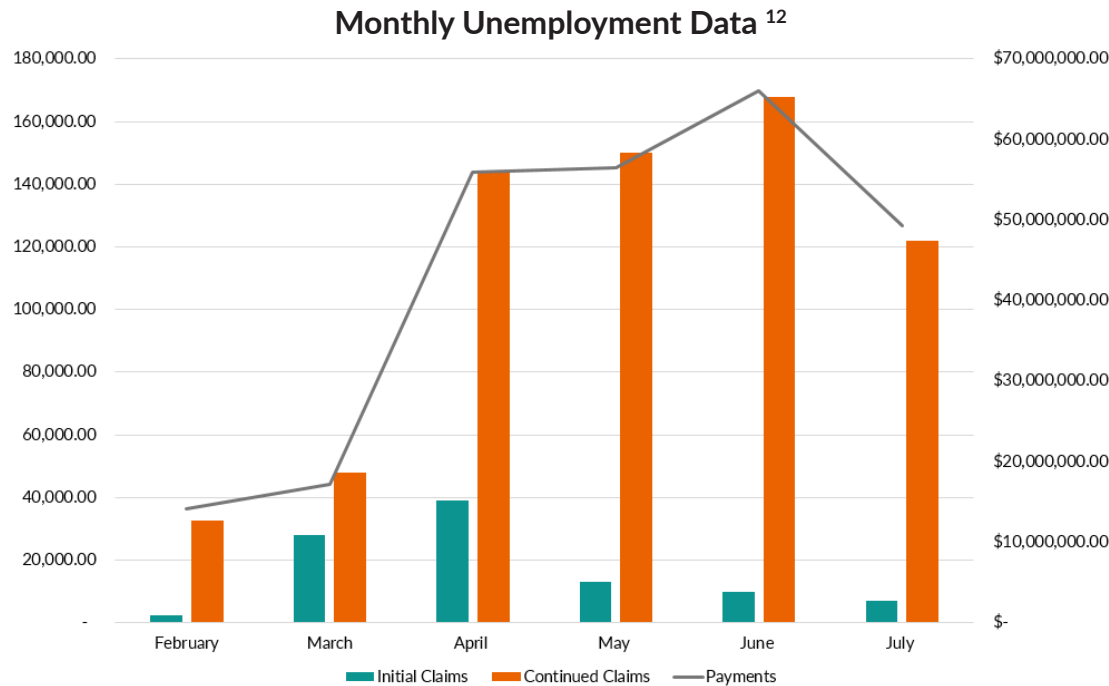
Evictions Trended Upward Until COVID Decline ¹¹



¹¹ North Dakota Eviction Data, North Dakota Supreme Court, January 2016-June 2020

covid-19 impacts on housing stability

Impacts of COVID-19 were felt across the state in 2020. The first was the loss of employment in many industries. The chart below depicts these losses in relation to the number of initial and continued unemployment claims.



To ensure that renters impacted by job loss and reduced hours remained housing stable, the state of North Dakota created the Emergency Rent Bridge (ERB). Administered by the Department of Human Services (DHS), the program assists income-qualified residents with limited resources who are experiencing economic hardship by making rent payments directly to the property owner. As of September 2020, payments were issued for 539 rental households. The average payment amount was \$601.85 with more than \$1.1 million dispersed among 17 counties.¹³

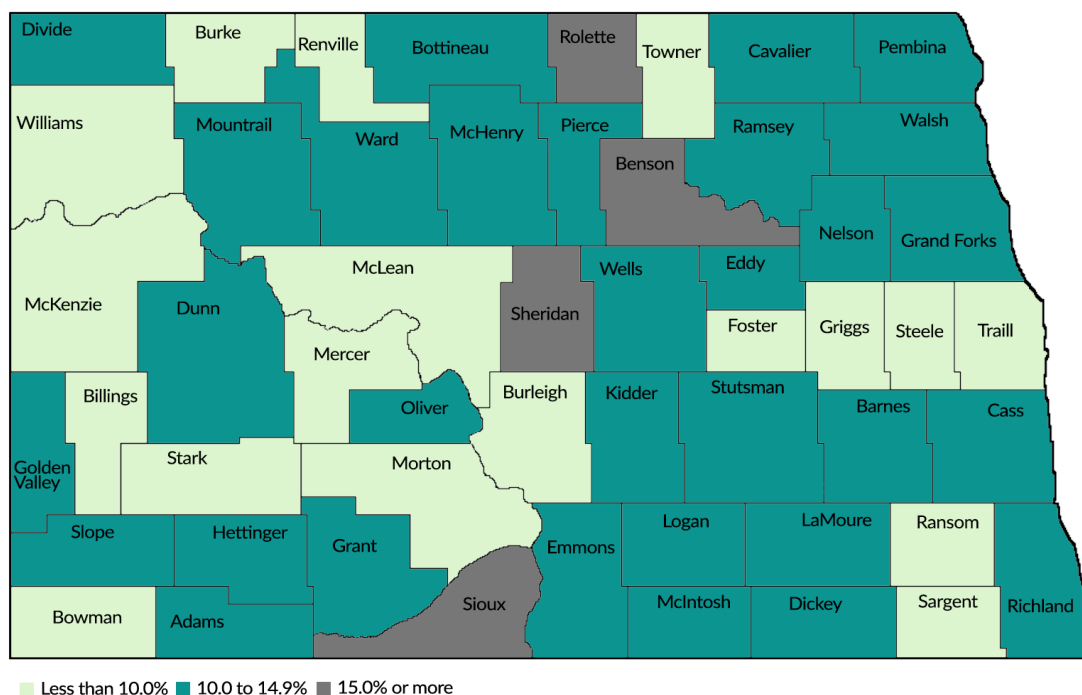
The Centers for Disease Control and Prevention (CDC) states socioeconomic and environmental factors such as poverty, housing instability, food insecurity and lack of access to healthcare, medical insurance and transportation further compound the livelihood and well-being of households living in poverty during the pandemic. Prior to COVID-19, 1 in 10 people in North Dakota were considered to live below the poverty level, based on income threshold, family size and changes in the cost of living. By county, poverty rates in the state range from 6.5 percent in Williams County to 32.9 percent in Sioux County with eight counties having a poverty range above the national average of 13.1 percent.¹⁴

¹² Job Service North Dakota, September 2020

¹³ North Dakota Human Services, September 2020

¹⁴ Individuals below the poverty line, Rank by Counties, North Dakota, 2018

Individuals Below the Poverty Level Prior to COVID-19 ¹⁴



Disclaimer: The information contained in this section COVID-19 Impacts on Housing Stability was reported from March through September 2020. The evolving COVID-19 situation may impact North Dakotans' ability to pay future mortgages and rents.

* The HUD funded CoC program is designed to promote a community wide commitment to the goal of ending homelessness, providing funding for efforts to rehouse homeless individuals and families, promote access to and effective utilization of mainstream programs, and optimize self-sufficiency among individuals and families experiencing homelessness.

¹⁴ Individuals below the poverty line, Rank by Counties, North Dakota, 2018

¹⁵ North Dakota Continuum of Care, received September 2020

¹⁶ [Phase 1 Household Pulse Survey Data Tables](#)

¹⁷ [Phase 2 Household Pulse Survey Data Tables](#)

The agencies that comprise the North Dakota Continuum of Care (CoC)* together reported assisting 1,697 individuals at risk of homelessness or experiencing homelessness from March 21 to Sept. 1, 2020, the time of this study. Of the individuals assisted, 337 individuals or 22 percent of the total reported needing services specifically because of COVID-19 impacts. It is important to note that these numbers do not include non-CoC member service providers who also assist such individuals. ¹⁵

To provide greater understanding as to how citizens were withstanding COVID-19, the U.S. Census Bureau collaborated with multiple federal agencies to produce a Household Pulse Survey identifying self-reported social and economic effects. The survey collected insight from a randomly selected set of North Dakota households to gather insight on their employment status, food security, housing, physical and mental health, access to health care, education disruption, capacity to telework and travel practices.

Data was first collected on April 23, 2020. During that week, 38.9 percent of the state's represented population experienced a loss of employment income and 11.5 percent stated they had either missed March's rent or mortgage payment and had slight or no confidence that they would be able to make the next payment on time. After 12 weeks, loss of employment income had dropped to 21.5 percent of the population. However, concerns about housing insecurity had risen to 15.3 percent.¹⁶ During week 13 of the Household Pulse Survey, North Dakotans surveyed were asked about the likelihood of eviction or foreclosure. Renters and homeowners were lumped together with 33.4 percent concerned about losing their homes. Expected loss of income continued to trend downward at 18.2 percent.¹⁷

While Pulse Survey data has a higher-than-normal margin of error compared to traditional Census Bureau data due to sample size, collection methods, trends represented by Pulse Data are important to understand how residents are being impacted during COVID-19.

housing vulnerable populations

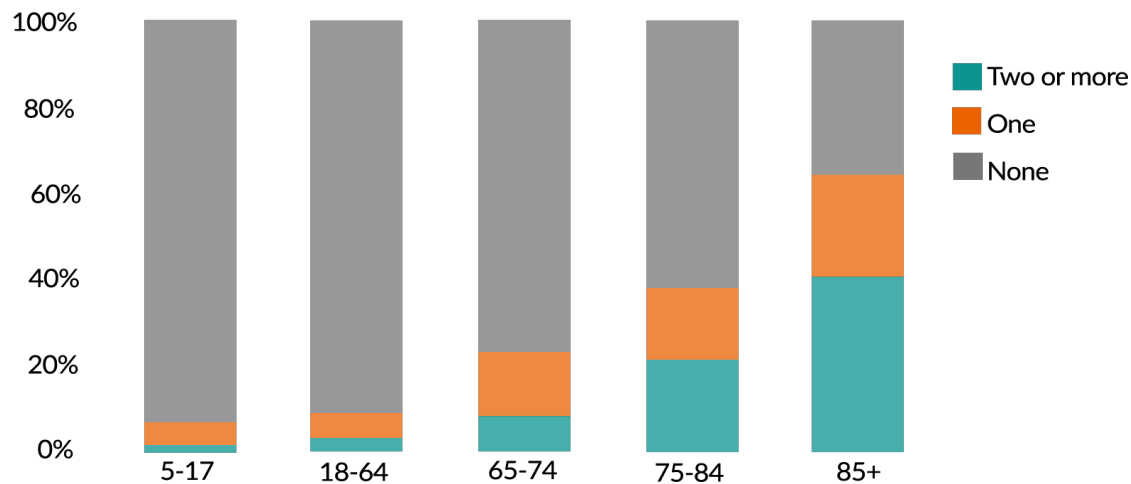
Having safe and well-maintained affordable housing can be transformative for low- to moderate-income households. Yet, there are harder to house individuals that need customized approaches to ensure that everyone can have access to a home.

Older Adults and People with Physical Disabilities

More than three-fourths of North Dakotans age 65 or older live in a single-family home. Between age 65 and 85, the likelihood of developing at least one health-related disabling condition increases significantly; more than 65 percent of individuals age 85 or older have a disabling condition.

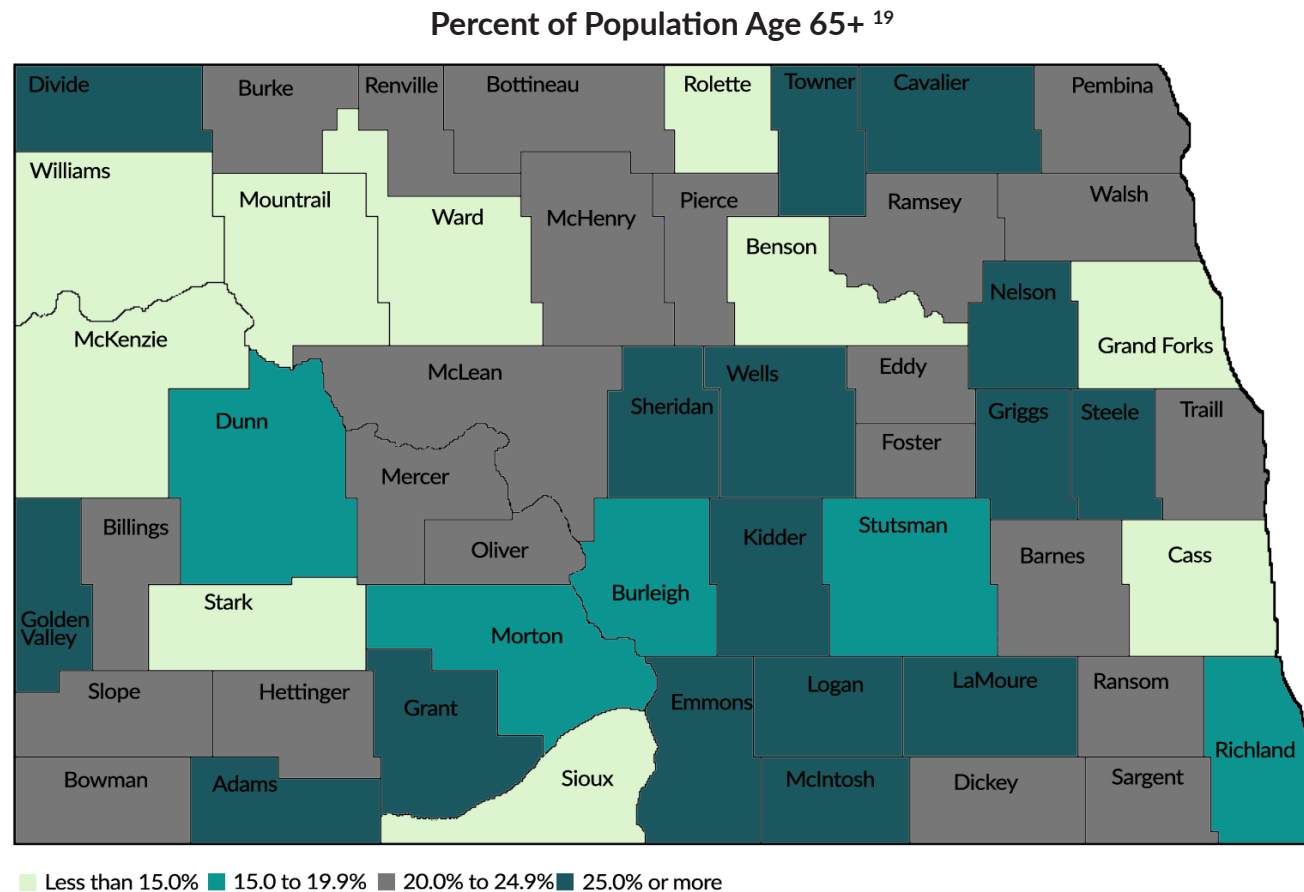
This change in personal health often necessitates a change in thinking about housing needs, causing the person to ask questions about accessibility of their current home, as well as how they might be able to access the supportive services they need to appropriately accommodate their health status.

Individuals by Detailed Age and Number of Disabilities ¹⁸



¹⁸ Individuals by Detailed Age and Number of Disabilities, downloaded from ndcompass.org on 9/20/2020

North Dakota ranks seventh in the nation for the highest proportion of individuals age 85 years and older. Across the state 18 counties have 25 percent of their population as 65 years and older. The four counties with the oldest populations are Sheridan, McIntosh, Grant and Griggs.¹⁹

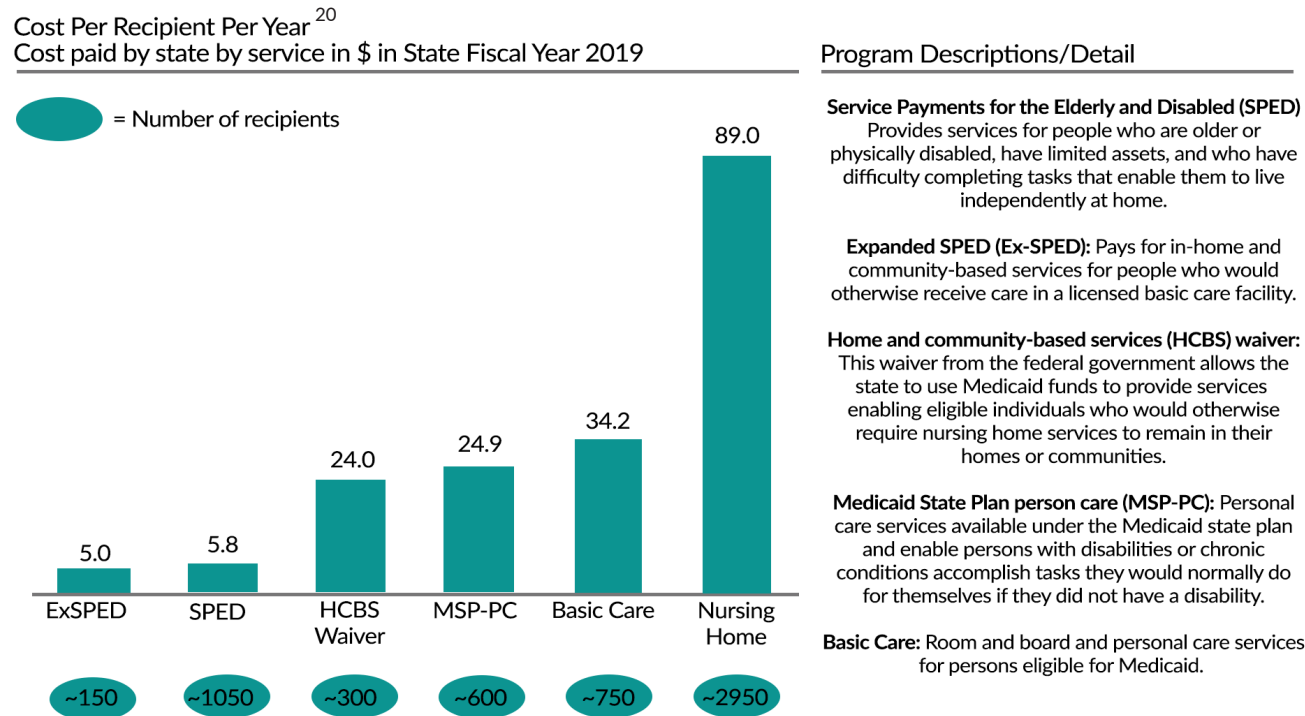


Based on the size of the state's aging population, it is anticipated that 50 percent of North Dakotans will need to seek some type of service-enhanced living arrangement in their lifetime. This may include facility-based care, like a skilled nursing facility or basic care; an age-segregated living community, like assisted living or housing designated for older adults; or some type of supportive service delivered in a person's home, whether they live in a rental housing unit or a single-family home.

¹⁹ Percent of Population Age 65+ 2019, downloaded from ndcompass.org on 9/13/2020

How people access and pay for the services they need to continue living independently will vary based on their household income and the type of care needed. For lower income North Dakotans who have limited assets, Medicaid may help pay for all or a portion of either the cost of home- and community-based services or facility-based care. Understanding how services are delivered and paid for is an important part of understanding the housing needs and options provided for older adults and people with disabilities.

The graphic below shows the average per person cost of various types of Medicaid-funded long-term care.



Home- and community-based services, including the state-funded Service Payments for Elderly and Disabled (SPED and ExSPED), Medicaid waiver-defined services (HCBS Waiver) and Medicaid-funded Personal Care (MSP-PC), can be delivered in a variety of home settings at much lower cost than facility-based care (basic care and nursing home).

In 2019, half of the approximately 5,800 older adults or people with physical disabilities who were receiving long-term care of some kind, were utilizing nursing home care at an average cost to ND Medicaid of \$89,000 per person per year.²⁰

²⁰ North Dakota Department of Human Services Data received, September 2020

While the general housing market has a healthy vacancy rate, rental housing specifically set aside for older adults tends to have a vacancy rate between 0 and 2 percent. Community building codes require new construction projects to comply with Americans with Disabilities Act (ADA) requirements, however, older housing which tends to be more affordable, may not be ADA compliant and therefore not accessible to many individuals.

For people to be able to choose where and how they live, it is also important to understand North Dakota's housing inventory in terms of accessibility features. Having access to housing that is designed to meet people's changing physical needs allows greater personal choice in how support services are received (i.e., in a person's own home or in a facility).



Justice Involved Adults and Youth

The Department of Corrections and Rehabilitation (DOCR) works with justice involved residents in urban and rural that have an active case. While no inmate is released into homelessness, there are situational circumstances, such as overcrowded housing, employment insecurity and treatment needs that make it difficult for many individuals to remain steadily housed. The Total Active Homeless adults on supervision in the community on July 14, 2020, totaled 269. The largest group was males ages 25-34 in the communities of Fargo and Bismarck.²¹

People who have committed a sex offense only represent 7 percent of the homeless population, however, individuals with this felony charge have the most difficulty securing housing. To date, DOCR supervises 638 people convicted of sexual offenses. Due to their criminal history and needing to register as a person who has committed a sex offense, federal regulations ban these individuals from public housing or vouchers for subsidized housing. Additionally, homeless shelters in North Dakota do not accept people who have committed a sex offense and hotels, which are often used as transitional living facilities, do not allow people on the high-risk sex offense registry.²¹

People designated as high-risk on the registry and people who have committed violent offenses are excluded from major rental companies and must therefore find options from private individuals with rental housing; however, most will only rent to low- or moderate-risk offenders. State and federal regulations restrict proximity to schools and victims, and other community residents may also hinder where such individuals can reside. Local nonprofits provide short-term solutions; however, limited resources typically prohibits the establishment of a more stable housing placement.

Without housing for people who have committed a sex offense, specifically those who are considered high-risk and violent increases the likelihood of them becoming homeless.

At-Risk Youth

In 2018, more than 17,000 children ages 0-17 years old lived in poverty. Poverty elevates a child's risk of experiencing behavioral, social and emotional health challenges. Family income is only one factor of financial security; the cost of basic expenses also matters. Housing is typically one the largest expenses for families, and 31,000 children are living in households with a high housing cost burden. The risk of losing housing or becoming homeless can impact a child's education, health, sense of safety and overall development. The number of school-age homeless children in 2018 was 2,559 or 2 percent. The North Dakota Department of Public Instruction, homeless liaisons worked with 2,658 homeless and at risk of homelessness youth during the 2019-2020 academic year.^{22, 23}

Young adults, ages 18-24 years old, are among the highest for any age group. Reasons for increased poverty is likely due to the fact that many young adults move out of their childhood home, are less eligible for public benefits and work in the lowest wage job sector. Data from 2014 to 2018 documented 67.5 percent of individuals ages 16 to 24 as employed, totaling more than 71,000. In 2018, 27 percent of the state's young adults, or 19,000 were living in poverty. The share of young adults in full-time university and college programs and poverty has increased but have always been considered more of a poverty-prone group.²²

North Dakota youth in the foster care system face additional challenges including higher rates of incarceration, early parenting, homelessness, unemployment and lack of access to mental and physical health care. In 2019, there were 2,538 youth in the state foster care system, a 33 percent increase from 2010. Every year, approximately 1,000 youth leave through reunification with family, adoption or aging out of the system. Over the past decade, DHS has tracked 17-year-old foster youth who are aging out of the foster care system and then follows up with them at ages 19 and 21. At one point, 40 percent of the respondents stated they had experienced homelessness and had to live in their car, on the street or in a homeless or temporary shelter, despite over 60 percent stating that they were employed.²⁰

²⁰ North Dakota Department of Human Services data received September 2020

²¹ North Dakota Department of Corrections and Rehabilitation, received July 2020

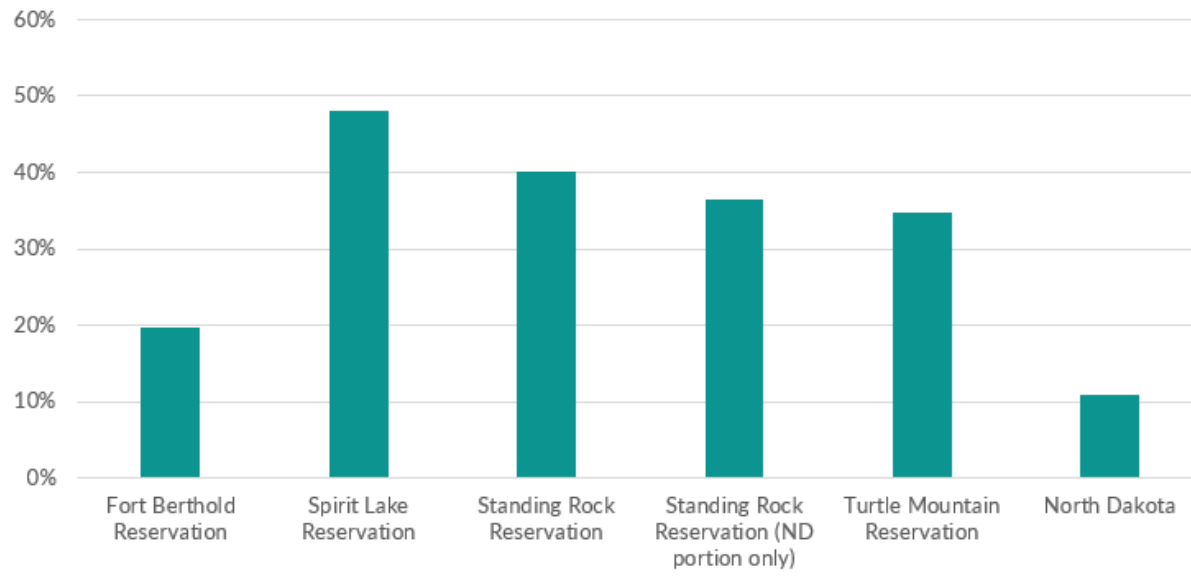
²² The Annie E. Casey Foundation, Kids County Data Center, North Dakota Indicators

²³ North Dakota Department of Public Instruction, Nine Year Comparison of Number of Students Experiencing Homelessness by District, September 2020

Native Americans

The largest minority group in North Dakota is Native Americans at 5.4 percent of the total population. In 2019, 30 percent of the state's homeless population was Native American. The number of Native Americans experiencing homelessness is probably greater than the numbers reported during the HUD Point-In-Time Count due to the constraints of HUD's definition of homelessness and migration both on and off tribal land. Native Americans are also more likely to live in overcrowded and/or experience poor housing conditions than their non-Native peers.¹⁵

**Individuals Below the Poverty Level by Native American Reservation Area ²⁴
2014-2018**



Both on and off of tribal land, only 40 percent of Native Americans are homeowners. Mortgage lending on tribal land is an underserved market with unique challenges such as trust land regulations, fractioned land ownership and limited access to financial institutions. While tribal trust land status is no longer considered a major barrier because of the implementation of Section 184 of the Indian Home Loan Guarantee Program, the lending volume on such land is still quite low.

Native Americans transitioning into urban communities face challenges securing affordable housing with enough space to accommodate large families when navigating unfamiliar urban and non-tribal housing markets. The primary barriers to achieving housing stability including race-based discrimination, limited housing stock due to lack of rental or credit history, and variable employment prospects.²⁵

¹⁵ North Dakota Continuum of Care, received September 2020

²⁴ Disparities: Native American Reservation Area, downloaded from ndcompass.org on 9/13/2020

²⁵ Housing Needs of American Indians and Alaska Natives in Urban Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs, U.S. Dept. of Housing and Urban Development, 2017

Homeless

Persons experiencing homelessness and who are at risk of homelessness require different approaches to help them achieve housing stability. Some individuals and families may only need short-term economic assistance to weather unforeseen bills or disruption in employment. Chronically homeless individuals require intensive case management as soon as they enter a homeless shelter or multifamily complex utilizing a rapid rehousing model.

CoC members worked with 4,294 individuals experiencing homelessness in 2019. The majority of these people had no income, but their ages were across the spectrum from under 5 years old to older than 62 years. Fifty-four percent of these individuals requested assistance for less than 30 days. However, 3.6 percent have been seeking help for more than 3 years. Tracked in a separate group are domestic violence survivors, which totaled 2,648, primarily women and children needing emergency, transitional, short- and long-term housing.¹⁵

Affordable housing can mean different things when working with people at risk of homeless, experiencing short-term homelessness and those who are considered chronically homeless. Housing chronically homeless individuals is extremely challenging, and there is no one size fits all solution. Across the state, numerous partnerships have formed between federal and state agencies and local service providers to develop housing models that best serve each community. Housing First is a rapid housing approach; homeless shelters are a temporary solution; and “harm reduction” shelters where some substances can be used on site have been discussed in numerous circumstances as an alternative to dry shelters that are more prevalent and accepted by the general public. That said, these housing models benefit urban areas and not rural communities. Individuals and families experiencing homelessness in rural communities are more “hidden” as they occupy tents, campers, abandoned houses, barns and ice fishing houses, and they have a more difficult time accessing services provided in urban communities.



¹⁵ North Dakota Continuum of Care, received September 2020



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Written Testimony in Support of SB 2127
Senate Appropriations Committee
Chairman: Senator Ray Holmberg
January 26, 2021

Submitted By: Derek C. Johnson, Deputy Director, Housing Authority of Cass County
(701) 282-3443, derek@casscountyhousing.org

Chairman Holmberg and Members of the Committee, my name is Derek Johnson, and I am the Deputy Director of the Housing Authority of Cass County. I am a resident of Fargo, ND, residing in District 44.

As you review SB 2127 today, I encourage you to consider the mission statement of the HACC, which mirrors the mission of dozens of other Housing Authorities and housing organizations throughout the state: “The Housing Authority of Cass County, striving to provide decent, safe, and sanitary housing for the low-income residents of Cass County, seeks to increase affordable rental housing opportunities through the provision of financial assistance programs, supportive services and effective management in an environment without discrimination.”

A key component of our mission is to “increase opportunities” for affordable housing. As the cost of housing continues to outpace wage and income growth, the need for affordable housing grows every year. The vast majority of funding for affordable housing comes in the form of rental assistance through federal programs: Public Housing, the Section 8 Housing Choice Voucher program, Project Based Vouchers, USDA Rural Rental Assistance. While these programs are an essential piece of the affordable housing puzzle, they do not provide the financial capital necessary to construct new, and rehabilitate existing, housing inventory in the state.

It is here where the Housing Incentive Fund serves as a critical tool for development of new affordable housing. When coupled with Low Income Housing Tax Credits, the HOME program, CDBG funds, and private investment, the HIF allows housing agencies like the HACC to meet our mission and deliver decent, safe, and sanitary housing at affordable rates. Unlike rental assistance, which is paid directly to the landlord, HIF dollars flow to multiple parties throughout the development process.

Over the past 10 years investments in housing infrastructure funded through HIF have been multiplied five-fold. The economic impact of the total development has surpassed \$450M, funneling through the payrolls of plumbers, electricians, carpenters, contractors, architects, heavy equipment operators, etc. In turn these dollars work their way back to the state as income, sales, and property taxes. An investment in HIF is an investment in economic development, education, housing stability, and the overall well-being of North Dakota families, of all income levels.

HIF investments result in long-term housing infrastructure development that assists North Dakota families for generations to come. I strongly encourage you to support SB 2127 for the future of housing stability in North Dakota.



WRITTEN TESTIMONY PROVIDED TO
ND SENATE - APPROPRIATIONS COMMITTEE
 DURING THE 67th LEGISLATIVE ASSEMBLY
 On January 29th, 2021
IN SUPPORT OF
SB 2127
 REGARDING THE
HOUSING INCENTIVE FUND

Chairman Holmberg
 Vice Chairpersons Krebsbach and Wanzek
 Members of the Senate Appropriations Committee

I testify today asking for your support of SB 2127 as this bill is presented, with one change/ amendment as discussed at the end of this testimony. Affordable housing for the low income households of North Dakota is a persistent problem. Nearly 40% of renter households in North Dakota are cost-burdened, paying 30% or more of household income towards housing. Within the districts of this committee's members, the range of persons living below 200% of poverty is from a low 15.2% in Mr. Poolman's District 7 to a high of 38.9% in Mr. Heckaman's District 23. The average of committee member districts is 24.76% and the median is 24.95%. In the State, 25.5% of the population is living below 200% of the poverty level. Affordable housing for low income families is an issue that is just not going away. And, with the aging of existing affordable housing inventory, without preservation activity, this situation will only worsen as this older housing stock leaves the market.

The HIF Program provides the financial resource that is greatly needed to aid in addressing the affordable housing problems in North Dakota. Whether to provide new construction or preservation financing, gap assistance, or targeted supported services needed to prevent homelessness, the HIF Program works. Dave Flohr and his staff at North Dakota Housing Finance Agency have the research that shows the great extent of the need. Please see: <https://www.ndhfa.org/index.php/ndhif/> to learn more of the need as well as how effectively the HIF program addresses the affordable housing issue. Also, another fine document to learn more about the need for affordable housing in North Dakota is "The Current State of Housing in North Dakota", a study of single and multifamily housing prepared by the State's own NDHFA. This document can be found here: <https://www.ndhfa.org/wp-content/uploads/2020/11/CurrentStateofHousing.pdf>

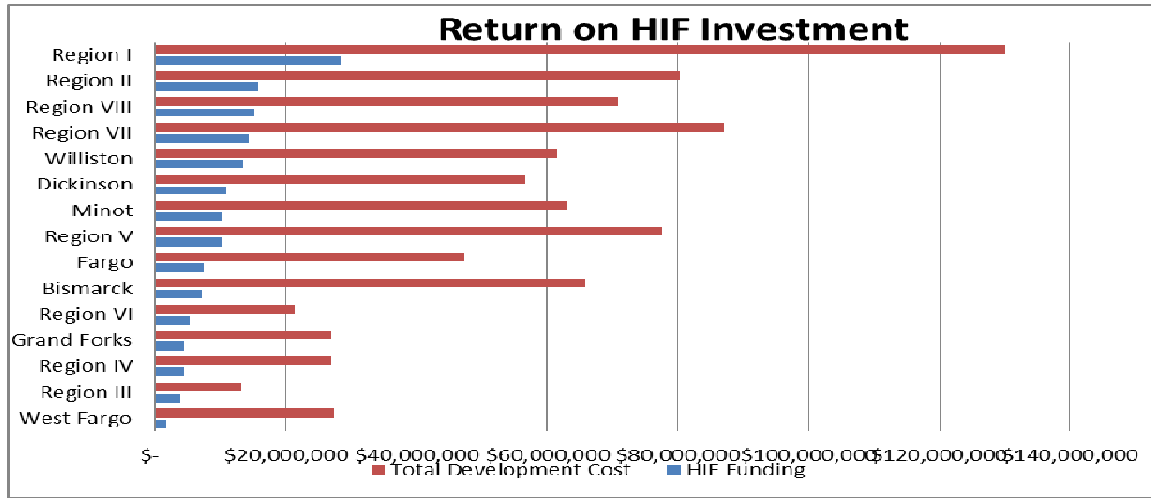
For committee members looking for other reasons to support the HIF Program one needs only look at the leveraging of these important dollars. Since its inception, the HIF Program has brought in \$4.23 of private and federal dollars for every \$1.00 of the state's funding, as the graph



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and table below reflect. The HIF Program has contributed towards the development of nearly \$508 million of housing in the state.



	HIF Funding	Total Development Cost	Private and Federal Dollars Spent for Every HIF Dollar Spent
Region I	\$ 28,423,677	\$ 130,057,346	\$ 3.58
Region II	\$ 15,674,954	\$ 80,324,341	\$ 4.12
Region III	\$ 3,803,129	\$ 13,156,080	\$ 2.46
Region IV	\$ 4,354,545	\$ 27,014,863	\$ 3.03
Region V	\$ 10,145,460	\$ 77,578,114	\$ 6.65
Region VI	\$ 5,288,303	\$ 21,327,228	\$ 3.03
Region VII	\$ 14,231,418	\$ 87,186,008	\$ 5.13
Region VIII	\$ 15,188,691	\$ 70,846,568	\$ 3.66
State Total	\$ 97,110,177	\$ 507,490,548	\$ 4.23

As you can see, HIF Program funding has provided not only much needed affordable housing but also significant economic activity within the HIF participating communities throughout the state.

At the Industry, Business and Labor Committee's hearing on this bill, it was suggested to amend the bill as presented to include the authorization to carry over from one biennium to the next any committed but unspent funding. It is my understanding that this has given cause for problems during previous funding cycles. It has been suggested that line 31 of page 2 of SB 2127 be amended to read: "June 30, 2023, with funds committed but not yet expended to be carried forward to the next biennium." I support such an amendment.

Thank you in advance for your favorable consideration of SB 2127 and the requested appropriation amount of \$50 million and Thank You for all you do.

Respectfully submitted,

Terry Hanson
Executive Director

STATE OF NORTH DAKOTA

HOUSING INCENTIVE FUND, AN ARGUMENT FOR

Fund History

The North Dakota Housing Incentive Fund was created during the 2011 Legislative Session. Senate Bill 2210, Introduced by Senators Wardner, Lyson and Krebsbach and Representatives Hawken, Keiser and Winrich, was introduced January 13th 2011. Governor Dalrymple signed the legislation into law on April 26, 2011.

Funding for the Housing Incentive Fund has been accomplished two ways, through an Income Tax Credit and through Direct Appropriation from the General Fund. Through 2020 \$97.1 million of Housing Incentive Fund funding has been expended on \$507.5 million in residential multifamily projects. This funding was used to create a total of 2,898 units, of which 2,288 units are Housing Incentive Fund assisted. Of the total \$97.1 million allocated towards affordable housing units: \$28.4 million was expended in Region I; \$15.7 million was expended in Region II; \$3.8 million was expended in Region III; \$4.4 million was expended in Region IV; \$10.1 million was expended in Region V; \$5.3 million was expended in Region VI; \$14.2 million was expended in Region VII; and, \$15.2 million was expended in Region VIII. See graph (and supporting data) attached expressing Housing Incentive Funds expended within regions and selected cities in relation to total development costs.

Through the entire program, for every \$1.00 of Housing Incentive Funds expended \$4.23 of Federal and Private funds have been expended. For the select cities, for every \$1.00 of Housing Incentive Funds expended \$5.33 of Federal and Private funds have been expended.

Since inception, the average Housing Incentive Funds expended on each Housing Incentive Fund assisted unit has averaged less than \$43,000. (\$42,443.26)

Need

It is important to not “shelve” the housing study prepared for and presented to the State of North Dakota in November of 2016 by the Center for Social Research and the Department of Agribusiness and Applied Economics at North Dakota State University. At the time of publication of this document economic activity in the state had begun to decline and the study is written with this knowledge. Much of the study remains highly relative to the issue of affordable housing.

Following are excerpts from the **CONCLUSIONS AND IMPLICATIONS** of the **2016 NORTH DAKOTA STATEWIDE HOUSING NEEDS ASSESSMENT: POPULATION & HOUSING FORECAST**

“Population growth has been driven by strong in-migration as a result of employment opportunities in the state and from a substantial increase in the prime child bearing age cohort.” . . . “Economic growth is likely to continue to increase population statewide, albeit at more temperate rates.”

“Housing needs are projected to increase across nearly all age and household income categories. Housing needs will be especially acute for lower income households and elderly households. The number of households in the extremely low, very low, and low income categories are projected to increase by 23 percent or approximately 39,000 households through 2029. The need for elderly housing will increase substantially over the course of the study period as the number of elderly householders ages 65 and older are projected to increase by 54 percent or approximately 37,500 households as the last of the baby boom generation begins turning 65 in 2029.”

“The shift in householder characteristics is likely to continue to alter the mix of housing, acting to decrease the relative percentage of new single family housing and increase the relative percentage of rental housing.” . . . “Renter-occupied units as a percentage of total housing increased while owner-occupied housing as a percentage of total housing decreased. These historical trends will likely continue as a result of population growth in younger age cohorts and strong demand for elderly housing.” . . . “These trends may suggest a greater future demand for rental or multifamily housing units. The need for elderly housing will likely also impact the future mix of housing.”

“Housing affordability will be a key challenge for state and local policymakers. The projected increase in the need for low cost affordable housing is a critical consideration.” . . . “Affordable housing is a key consideration for attracting new residents and retaining young adults. Housing affordability will be an important component of continuing efforts to grow and diversify the state’s economy.”

. . . “However, one thing that is consistent across all regions is the need for affordable housing. First-time homebuyers and low income households are projected to increase in nearly every region of the state. The number of elderly households is projected to increase in every region of the state.” . . .

The complete study can be accessed here: https://www.ndhfa.org/wp-content/uploads/2020/07/NDSHNA_2016_Component1_Final_November.pdf

The North Dakota Housing Finance Agency has authored a number of informational documents that reflect the need for affordable housing and the Housing Incentive Fund, to include ‘North Dakota Affordable Housing Facts’, Housing Incentive Fund Impact on North Dakota’, Housing Incentive Fund Impact on Aging Populations’, and, Housing Incentive Fund Permanent Supportive Housing. Additional NDHFA publications, including Faces of Home, which are stories told by program beneficiaries and advocates, can be accessed here: <https://www.ndhfa.org/index.php/publications/>

As well, the National Low Income Housing Coalition, a Washington, DC organization focusing on the housing needs of extremely low income people, provides considerable data justifying the need for the continuing development of affordable housing in all states, including North Dakota. Provided herewith are this organization’s publications titled, ‘2020 North Dakota Housing Profile’, North Dakota’s ‘Congressional District Housing Profile’, and, ‘North Dakota – Out of Reach 2020’. This and other data can be accessed here: <https://nlihc.org/housing-needs-by-state/north-dakota>

Joint Center For Housing Studies of Harvard University - 2020 Select North Dakota Cities - Renters Burdened By Housing Costs

MSA	Grand Forks	Fargo	Bismarck	Minot	North Dakota
Share of Renter Households With Severe Cost Burden	27.40%	17.30%	9.40%	13.90%	16.60%
Share of Renter Households With Cost Burden	44.20%	45.40%	27.00%	28.80%	18.90%
Renter Households With Cost Burden	7,207	17,923	4,830	4,163	
Median Renter Household Income	\$35,000	\$35,000	\$42,000	\$50,000	
Median Renter Monthly Housing Costs	\$830	\$800	\$780	\$810	

Severe Cost Burden: Household paying over 50% of its income towards housing.

Cost Burden: Household paying 30% to 50% of its income towards housing.

2021 Legislation

Legislation has been introduced to the 67th Legislative Assembly to amend and reenact section 54-17-40 of the ND Century Code, relating to the Housing Incentive Fund; and, to provide an appropriation. (See SB 2127)

The primary changes to the Housing Incentive Fund legislation are:

1. A reduction from 15% to 10% the amount of Housing Incentive Funds that must be allocated to assist developing communities to address housing needs.
2. At least 10% of the Housing Incentive Funds must be made available for rental assistance, emergency assistance, barrier mitigation, or targeted supportive services designated to prevent homelessness.
3. Adds preservation (of affordable housing) and barrier mitigation as eligible uses for Housing Incentive Funds.
4. Appropriates \$50 million from the general fund to the Housing Incentive Fund for the biennium beginning July 1, 2021.

Conclusion

Housing is infrastructure. Shelter is necessary.

The Housing Incentive Fund leverages private and Federal dollars.

The Housing Incentive Fund helps create employment, resulting in stabilizing population and increased tax revenue through sales and income taxes.

The Housing Incentive Fund increases the tax base, resulting in increased tax revenue through ad valorem real estate taxes.

The Housing Incentive Fund creates affordable, safe, and decent homes for the less fortunate citizens of the State of North Dakota.

The Housing Incentive Fund contributes to the stability, health and education of our citizens through the provision of stable and affordable housing.

The Housing Incentive Fund can replace funding for housing programs currently being provided through other appropriations to non-housing state agencies.

DISTRICT-LEVEL RENTER STATISTICS

	Total Renter Households	Severely Burdened Households*	% with Severe Burden		Affordable and Available Rental Units Per 100	Surplus/ (Deficit) of Affordable and Available Rental Units
Income at or below 30% of AMI	27,307	16,669	61%	Income at or below 30% of AMI	46	-14,786
Income between 31% and 50% of AMI	20,297	2,910	14%	Income at or below 50% of AMI	86	-6,475
Income between 51% and 80% of AMI	26,661	816	3%	Income at or below 80% of AMI	101	928
All Renter Households	111,260	20,547	18%			

Renters make up 36% of all households in the District

Source: NLIHC tabulations of 2012-2016 Comprehensive Housing Affordability Strategy (CHAS) data

STATE-LEVEL RENTER STATISTICS

	Total Renter Households	Severely Burdened Households*	% with Severe Burden		Affordable and Available Rental Units Per 100	Surplus/ (Deficit) of Affordable and Available Rental Units
Income at or below 30%** of AMI	26,485	17,400	66%	Income at or below 30%** of AMI	51	-12,980
Income between 31%** and 50% of AMI	22,272	1,686	8%	Income at or below 50% of AMI	105	2,432
Income between 51% and 80% of AMI	28,004	341	1%	Income at or below 80% of AMI	114	10,792
All Renter Households	120,780	19,750	16%			

Renters make up 38% of all households in the state

Source: NLIHC tabulations of 2018 American Community Survey (ACS) Public Use Microdata Sample (PUMS)

REGIONAL RENTAL AFFORDABILITY STATISTICS

Metropolitan Statistical Areas (MSAs) and Counties in Districts	Total Renter Households	AMI	30% of AMI	Rent Affordable at 30% of AMI	One Bdrm Fair Market Rent	One Bdrm Housing Wage	Two Bdrm Fair Market Rent	Two Bdrm Housing Wage	Hours at Minimum Wage for Two Bdrm	Avg Renter Wage
Fargo MSA	34,998	\$89,400	\$26,820	\$671	\$676	\$13.00	\$834	\$16.04	88	\$15.71
Bismarck HMFA	16,452	\$96,000	\$28,800	\$720	\$698	\$13.42	\$892	\$17.15	95	\$14.61
Grand Forks MSA	15,540	\$89,200	\$26,760	\$669	\$650	\$12.50	\$832	\$16.00	88	\$13.51
Ward County	10,996	\$90,900	\$27,270	\$682	\$747	\$14.37	\$972	\$18.69	103	\$17.67
Williams County	6,394	\$107,400	\$32,220	\$806	\$695	\$13.37	\$909	\$17.48	96	\$31.01
Stark County	4,587	\$104,300	\$31,290	\$782	\$699	\$13.44	\$920	\$17.69	98	\$21.84
Stutsman County	3,236	\$78,900	\$23,670	\$592	\$542	\$10.42	\$714	\$13.73	76	\$13.28

Source: Out of Reach 2020. This congressional district includes at least a portion of the Fair Market Rent (FMR) areas listed above. For FMR areas that span more than one state, the data reflect this state's geography. For districts covering more than seven FMR areas, only the seven largest are shown.

*Severely Burdened: Households spending more than 50% of income on housing costs, including utilities. **Or poverty guideline, if higher. AMI = Area Median Income. Last updated in July 2020. Please Contact NLIHC research staff at (202) 662-1530 to request additional information.

HOUSING INCENTIVE FUND IMPACT IN NORTH DAKOTA

The North Dakota Housing Incentive Fund (HIF) is an effective, locally-driven, rental housing financing tool created and authorized during the 2011 North Dakota legislative session. Community leaders, private developers, and nonprofit organizations have leveraged HIF to construct new or improve existing rental housing. Because of HIF, low- to moderate-wage workers, the state's aging population, individuals with disabilities, and persons experiencing homelessness have increased access to safe, decent and affordable housing.

Why HIF Works

Successful Track Record. Residents, businesses and the state invested \$89.8 million in gap financing to build and rehabilitate more than 2,500 rental units. Total development costs over the past seven years exceeded \$443 million.

Unmatched Flexibility. As a state-funded program, HIF is able to address changing housing market demands in both urban and rural communities. Federal programs are more restrictive.

Local Support. HIF applications must demonstrate community support for the project and document unmet housing needs. Ensuring community input and support prior to construction results in strong community buy-in for HIF projects.

Cost-Effective. Every \$1 of HIF resulted in \$4 of public and private investments totaling more than \$353 million in additional funding.

Gap Financing. HIF is a source of gap financing leveraged when an income restricted rental housing project will not cash flow with traditional financing. Minimal debt after construction or rehabilitation results in lower monthly rents and reduces the need for housing vouchers.

Targeted to Greatest Needs. By statute, HIF targets low- to moderate-income households, including seniors, people with disabilities, families with children, veterans, and people experiencing homelessness. HIF has helped thousands of residents that would have been priced out of the state's housing market. Of the 2,501 HIF units, 1,913 are rent restricted, requiring the households who live in these units to be income qualified.

Available in all Communities. To date, HIF funding has been used in 26 communities, rural and urban, across the state.

*North Dakota
Housing Incentive Fund
(2011-2018)*

*\$89.8 million
dollars invested*

*\$443 million
total development
investment*

*80
projects across
the state*

*150
funding applications
reviewed*

*2,501
units built
or rehabilitated*

*1,913
income-restricted
units*

Ongoing Need for HIF

Affordable housing is the foundation for robust communities supporting job creation and retention, health and wellness, educational development, and the ability to age in place. However, 39.9 percent of renter households in North Dakota are cost-burdened, paying 30 percent or more of their income towards this expense.¹

Building housing for low- or extremely low-income individuals and families is challenging. Traditional financing is based on anticipated property income, however, when rents are set to affordable levels, there is a gap between the money needed for construction and the money lenders and investors provide. Most affordable housing financing developments involve a mortgage, federal low-income housing tax credits and two or three other sources of money, yet it is not uncommon for developers to rely on upwards of 10 financing sources as they try to fill the gap. Federal funding is extremely scarce and difficult to qualify for, therefore, only 50 percent of qualified projects are funded.

If North Dakotans cannot afford housing or too much of their income is allocated to this one expense, it impacts their ability to maintain stability in their lives, advance economically, pursue educational opportunities, and be able to afford basic necessities such as food, utilities, transportation, childcare and medical coverage. Housing vouchers are another option, but only one in four persons who need a voucher receives one, and it can take years to obtain a voucher.

The upfront investment in HIF off-sets the socioeconomic costs communities and the state incur when people become desperate for a place to call home.

Financing Structure

HIF awards are structured as forgivable loans and are available to local housing authorities, tribal entities, and nonprofit or for-profit housing developers. The maximum award size varies depending on whether a project also receives federal funding. The award amount typically equals less than 30 percent of the total development cost, and no more than \$3 million. Awards are competitive and projects must meet strict scoring criteria.

Timeline

2011

- Created during the 2011 Legislative Session
- \$15 million in tax credit authority
- 21 out of 30 projects awarded
- 579 units constructed or improved
- 90 percent of funding set aside for energy and flood impacted communities

2013

- Reauthorized during 2013 Legislative Session
- \$20 million in tax credit authority and \$15.4 million general fund appropriation
- 29 out of 54 projects awarded
- 921 units constructed or improved
- Program priority for essential service workers in energy-impacted counties

2015

- Reauthorized during 2015 Legislative Session
- \$30 million in tax credit authority, \$5 million from Bank of North Dakota
- Additional \$5 million from Bank of North Dakota in 2016 for communities under 12,500
- 24 out of 50 projects awarded
- 862 units created or improved

2017

- Legislature removed a two-year sunset making HIF permanent in the ND Century Code
- No new funding was authorized
- NDHFA reallocated \$3.7 million from the 2015-17 biennium.
- 6 out of 16 projects awarded
- 239 units created or improved

2019

- Governor's proposed 2019-2021 budget includes \$20 million from the Strategic Investment and Improvement Fund (SIIF).

¹ U.S. Census Bureau. 2017 Decennial Census and American Community Survey.

Testimony from Erin Prochnow, CEO, YWCA Cass Clay

North Dakota Senate Appropriations Committee

January 29, 2021

SB 2127

Introduction

Good morning Chairman Holmberg and members of the committee, my name is Erin Prochnow, CEO at YWCA Cass Clay. Our agency offers the largest Emergency Shelter for women and their children escaping domestic violence and homelessness in North Dakota and northwestern Minnesota. We also operate a sizeable Supportive Housing Program that, after emergency shelter, is the long-term solution for healing, stability and independence - diminishing the likelihood women will return to abusive partners or fall back into homelessness.

Approval of SB 2127 inclusive of new provisions for those facing homelessness proposed to the North Dakota Housing Incentive Fund (HIF) program will remove women and children from harm's way, safe from dangerous abuse and homelessness. Secondly, it will deliver the highly effective strategy of affordable housing combined with human support from a housing caseworker. Supportive Housing stabilizes families and prevents use of other more costly resources.

Private - Public Partnership

In early 2016, Pastor Joel Baranko from Lutheran Church of the Cross in West Fargo reached out to YWCA to ask about areas of unmet community need; curious how vacant land owned by the church might become part of the solution. The answer was easy: YWCA Cass Clay had clearly identified and documented in our strategic plan a dire need for supportive housing.

Together with our private, public and non-profit partners, YWCA developed Grace Garden in West Fargo, that includes 30 apartments ranging from one to four bedrooms. Configured ideally to accommodate tenant needs and our on-site services, there are two offices for our support services staff, a community room, playground, and patio. YWCA received a HIF investment appropriated through previous legislative sessions. \$500,000 from HIF helped propel Grace Garden from planning and development to reality. Grace Garden opened in 2019, and last year, was home 96 people.

Despite the effectiveness of supportive housing, only a portion of the people who would benefit most actually receive it. Last year, 299 women and children were eligible for our YWCA program, but only 57 women and children – 19% - were able to be accepted. Even with expansion through Grace Garden, we simply don't have enough affordable homes to meet community need. A large body of research shows that the vast majority of people who live in supportive housing are able to remain stably housed in the community, making it the most cost-effective prevention to chronic homelessness.

Our own numbers substantiate this fact: at YWCA, the cost of emergency shelter is \$44 per night while supportive housing at YWCA is \$24 a night. It costs 41% less to provide supportive housing. This economical resource is a path to safety and financial security for women, at the same time lessening use of emergency, health care and other resources.

Changing the Course of Her Life: From Crisis to Independence

When a woman arrives at the YWCA, she often lacks the building blocks to independence: a living wage, adequate credit, childcare and transportation. Our comprehensive programs and services help women overcome these barriers.

In 2020, the average stay at our Emergency Shelter was 36 days. While women can make significant progress in just over a month, this is typically not enough time to gain enduring financial

security and self-reliance. Women must recover physically and mentally from abuse. She may have a disability, or need to attend school, or be working hard to regain credit history and financial footing.

YWCA's Supportive Housing Program provides stability and a light hand of support to help women troubleshoot and problem-solve setbacks in life. The supportive services help vulnerable people who have histories of trauma, chronic health conditions, poverty or other struggles come to thrive in the community. In our experience, beyond rental assistance, survivors gain a YWCA housing advocate as their human support. Advocates are difference-makers who help women gain jobs and education, overcome obstacles related to childcare, car breakdowns, health setbacks and more. They skillfully use an empowerment approach that helps women summon their own courage and grow in problem-solving and resolve. Women are guided to set concrete goals. They gain caring encouragement that helps them stay focused on convictions they've set. As women grow in personal autonomy, they avoid the paths of returning to abusers, substance dependency, or interaction with costly social systems like emergency care, law enforcement, the foster system and more. Tenants grow abilities to stay housed. They become healthier and reconnect to the community. They lead lives on paths of their own choosing. Supportive housing is a proven and cost-effective way to reduce shelter occupancy and the homeless population, breaking the cycles of poverty and violence.

On average, a woman stays in our Supportive Housing Program just 24 months. It's a short time in which families break the cycles of poverty and violence. A woman who participates in the program earns more money, is healthier, and better equipped to live independently and create an environment for her children to thrive.

- 56% of participants increased their education or income level
- 71% of participants improved their health and wellness

- 62% of participants reduced their use of emergency services
- 93% of participants obtained stable housing upon exiting the program

Just recently, a woman we served about five years ago contacted YWCA supportive housing staff after she experienced a financial setback due to coronavirus. She has no family in the area, or any kind of support system you can go to with complete vulnerability asking for help. She said:

“I was doing fine and getting along well until I got sick and spent two weeks in intensive care without a paycheck,” she told us. “You’ve been there for me before, and I hoped you could help as I get back on my feet again. You are *my people*.”

YWCA provided Christmas gifts for her children, and basic household necessities to lessen the demand on her paycheck.

Wherever a woman may be on her journey, together we must walk alongside her to ensure she has access to the tools and resources necessary to heal, reach her goals and ultimately, build a future free from violence for her family.

YWCA Cass Clay supports a due pass of SB 2127. Thank you.



Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2127
Jan. 29, 2021

Chair Holmberg and members of the Senate Appropriations committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2127.

Workforce and affordable housing continue to be a priority for expansion of North Dakota's businesses and communities in all areas of North Dakota. Although North Dakota's unemployment rate has gone up slightly due to the pandemic (4.5 percent in Nov. 2020), the state's unemployment rate is still lower than 38 other states and attracting skilled workers is still a priority. The Housing Incentive Fund is a flexible gap financing tool leveraged to develop affordable multi-family housing for low-income service workers, fixed-income households, and older adults. A lack of affordable housing is a major stumbling block to attracting businesses, which would diversify the economy, or to attracting workers to fill the thousands of service jobs open in the state.

For every dollar of HIF funding provided by the state has leveraged an additional \$5.11. As the program has evolved, more private and federal funding is being leveraged and HIF has been used as an important gap financing tool to keep a project moving forward. Examples of the program's benefit include in Beulah/Hazen, where a housing study of the region identified a need for additional apartments. Using the program, an abandoned piece of land where mobile homes stood in the 1980s is now home to New Energy Apartments. Hazen used the funding to tear down an old, abandoned hospital and build a new, 18-unit senior facility. The City of Mandan used the program for the building of Collins Place apartments, which provides mixed-use space and low-income housing units. The City of Bismarck recently used HIF to address long-term homelessness through the Edwinton Place Apartments. The New Rockford community used HIF to transform the site of the city's former hospital into a townhome complex providing affordable housing for the workforce and elderly and disabled community members. These are just a few of the many examples where these funds return investment into the rural and urban communities throughout North Dakota.

In order to diversify our economy, we need to partner with our communities to create livable spaces. A part of this formula is affordable housing, and this fund creates an economic 'win-win' for both the employees and the communities.

Thank you for the opportunity to express our support for SB 2127 and for your continued commitment to keeping North Dakota globally competitive to recruit and retain the state's workforce.

Written Testimony pursuant to Senate Bills 2040 and 2127
Senate Appropriations Committee
Senate Standing Committee
Chairman: Ray Holmberg
January 28, 2021

Submitted by Dwight Barden, Executive Director – Burleigh County Housing Authority (BCHA)
701-255-2540
Dwight@bchabis.com

As you are aware, there are multiple bills being presented to fund the Housing Incentive Program (HIF). This should be an indication of the continued need for the program. I am not here to tell you how to fund the program but to express the continued need for it and let you know the good job that North Dakota Housing Finance Agency has done in the past in putting the dollars that have been available to good use.

Over the time that the HIF program has been funded, it has become gap financing for other Federal programs such as Low-Income Housing Tax Credits, Housing Trust Fund, Neighborhood Stabilization Program, HOME and Community Development Block Grant (CDBG). In the projects that have used HIF dollars, most or all these funding sources have been needed to develop affordable housing. Affordable housing means the tenant does not pay more than 30% of their income for rent. With the rent requirements on these programs to keep them affordable, there is not sufficient cash flow to support debt service.

Burleigh County Housing Authority has been fortunate enough to have received HIF funds on a couple projects. The first being a 4-plex in North Bismarck that houses special needs tenants. The tenants have services available to them 24/7 that are provided by HIT, Inc., Pride, Inc., Enable and Support Systems.

Also, BCHA has partnered with Beyond Shelter, Inc. in Fargo to develop a permanent supporting housing project for the homeless in Bismarck called Edwinton Place. It is located at 1121 S. 11th Street, Bismarck just south of Cash Wise on Expressway. This project has 40 – one bedroom apartment. Eight of the units are handicap assessable and was developed using the Federal Housing First model. The intent is to get these homeless individuals housed and in a stable environment. Most of these tenants, coming from homeless situations, are dealing with mental illness and/or drug/alcohol addictions and need supportive services. Under the housing first model the tenants are not required to participate in supportive services, but they are available to them. The tenants have more success if they make the decision themselves to participate in supportive services than be required to.

Edwinton Place has been open for just over one year. We have served 45 individuals during that time. 67% of the individuals are age 45 or older with 83% White, 12 % American Indian/Alaska Native and 5% Black. Persons identifying as having a disabling condition due to mental health is 74% an alcohol and drug abuse is 76%. Over half the individuals identified as having 3 or more disabling conditions. 100% came from emergency shelters or unsafe housing environments. 56% identified as having no income at move in. All individuals have extremely low income which means an annual income of less than \$20,200 which would make the maximum a tenant portion for rent would be \$505 per month.

Our first tenant at Edwinton Place that moved in was a Veteran and he moved in on Veterans Day 2019. Another tenant has been able to reconnect with her daughters because she has been clean and sober for several months and living in a stable environment.

Without HIF these two projects would not exist.

In past legislative sessions, we have expressed the additional need for affordable housing. At BCHA our 289 units were built 40 to 50 years ago. Some of them are functionally obsolete which means due to the design it is not cost effective to do modernization work. It would be more cost effective to replace the units so they will continue to be affordable and become assessable.

Besides BCHA's owned units we also administer the HUD Voucher Program where the tenants can find their own apartment and they will pay 30% of their income if the apartment meets certain criteria. We currently assist 780 families, but we also have 475 on our waiting list. It takes a year to a year and one half for their name to come up on the top of that list.

We have two major projects that we are needing funding for:

First, we have 17 – two-bedroom public housing units that are functionally obsolete and not assessable. Our intent is to demolish the 17 units and replace them with 14 – two-bedroom units and build 20 additional one-bedroom units that would house elderly and homeless.

We also manage a nonprofit corporation that has four buildings made up of 96 multi-family units in south Bismarck called Washington Court. We have one building that we have done modernization work on. The other three buildings are still in need of modernization work. The building that we have completed modernization is fully occupied but we continue to have vacancy issues in the other three buildings. It would be our intent to pursue the ability to convert one of the buildings for family homeless units as our school district is monitoring close to 300 students that are being tracked due to either currently homeless or was recently in a homeless situation. We are also not allowed to house certain felons and sex offenders.

North Dakota Housing Finance Agency has additional information on their web site for the HIF program. It is located at <https://www.ndhfa.org/index.php/ndhif/>. You will find some additional information regarding the HIF program and our Edwinton Place project.

The limited money from the Federal programs due to North Dakota's population, restricts the number of projects that can be funded annually. Historically it has been on an average of 5 projects per year. The issue is always the number of applications for these funds which is around 10 to 15 projects per year.

There has also been an increased push to provide permanent supportive affordable housing with community-based services provided in a private residence. This does not mean "Group Homes, nursing facilities, boarding homes, basic care, residential care facilities or assisted living as they do not meet the definition of Permanent Supportive Housing." A Settlement Agreement between the United States of America and the State of North Dakota signed by Governor Burgum on December 11, 2020 and Rebecca Bond, Chief, US Department of Justice, et al, on December 14, 2020 was the culmination of five years of investigation by the US DOJ into "alleged violations of Title II of the ADA." DOJ said the complainant

adults with physical disabilities were capable of, and did not oppose, living in integrated, community settings with the types of community-based services and were forced to enter, or were at serious risk of entering, nursing facilities to receive necessary services.

Section VII. F. of the Agreement discusses Permanent Supported Housing: "In the event that the State provides Housing Supports but does not identify any viable housing opportunity, the State will note the lack of accessible, affordable housing is a barrier to receiving Community-Based Services in the member's Person-Centered Plan. Based on the aggregate need for Permanent Supported Housing as identified through Person Centered Plans, the State will provide Permanent Supported Housing to such members by: (1) utilizing existing affordable housing and housing subsidized by any local, state, or federal funding source; (2) sustaining existing State funding for rental assistance as developed by the State's Money Follows the Person program; and (3) reasonably expanding existing capacity by funding and providing rental subsidies for use as Permanent Supported Housing slots in an amount such that the member's rent does not exceed 30% of their monthly adjusted income.

The Housing Incentive Fund, in addition to the retention of existing affordable housing and the development of supportive assessable housing, under Section 3.d of 54-17-40, can provide "Rental assistance, emergency assistance, barrier mitigation, or targeted supportive services..." that will support the Settlement Agreement.

This is where the partnership of Housing Authorities and Developers of affordable, assessable housing in the State can work with the Housing Finance Agency using the Housing Incentive Fund to provide Assessable Permanent Supportive Housing. It is our mission to work with the special need populations and the elderly. Without the tools such as HIF, we will not be able to continue addressing the needs of this type of housing.

I respectfully request that you see fit to fund the HIF program as an investment in the future infrastructure of the much needed affordable and assessable housing for \$50,000,000.

North Dakota Housing Finance Agency
Division of the State Industrial Commission
SB 2127 – Testimony of David A. Flohr, Executive Director
Senate Appropriations Committee

January 29, 2021

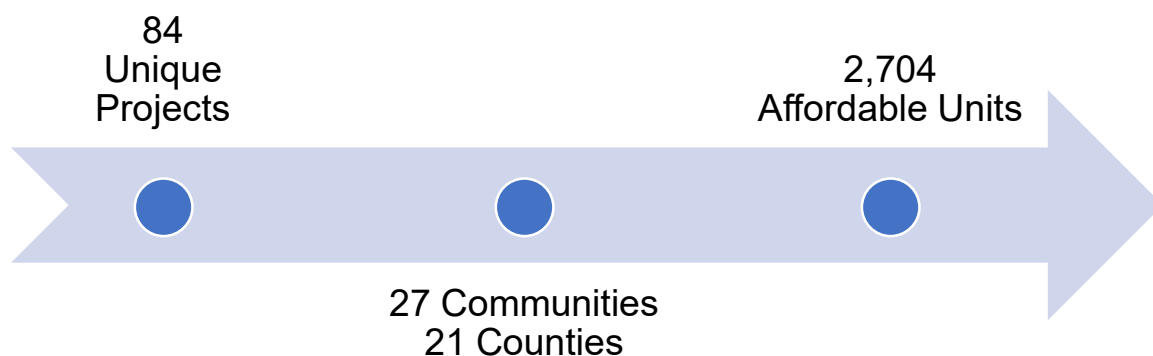
TESTIMONY IN FAVOR OF SB 2127

North Dakota Housing Finance Agency (NDHFA) supports SB 2127 and the allocation of \$50 million for the Housing Incentive Fund.

HOUSING INCENTIVE FUND (HIF)

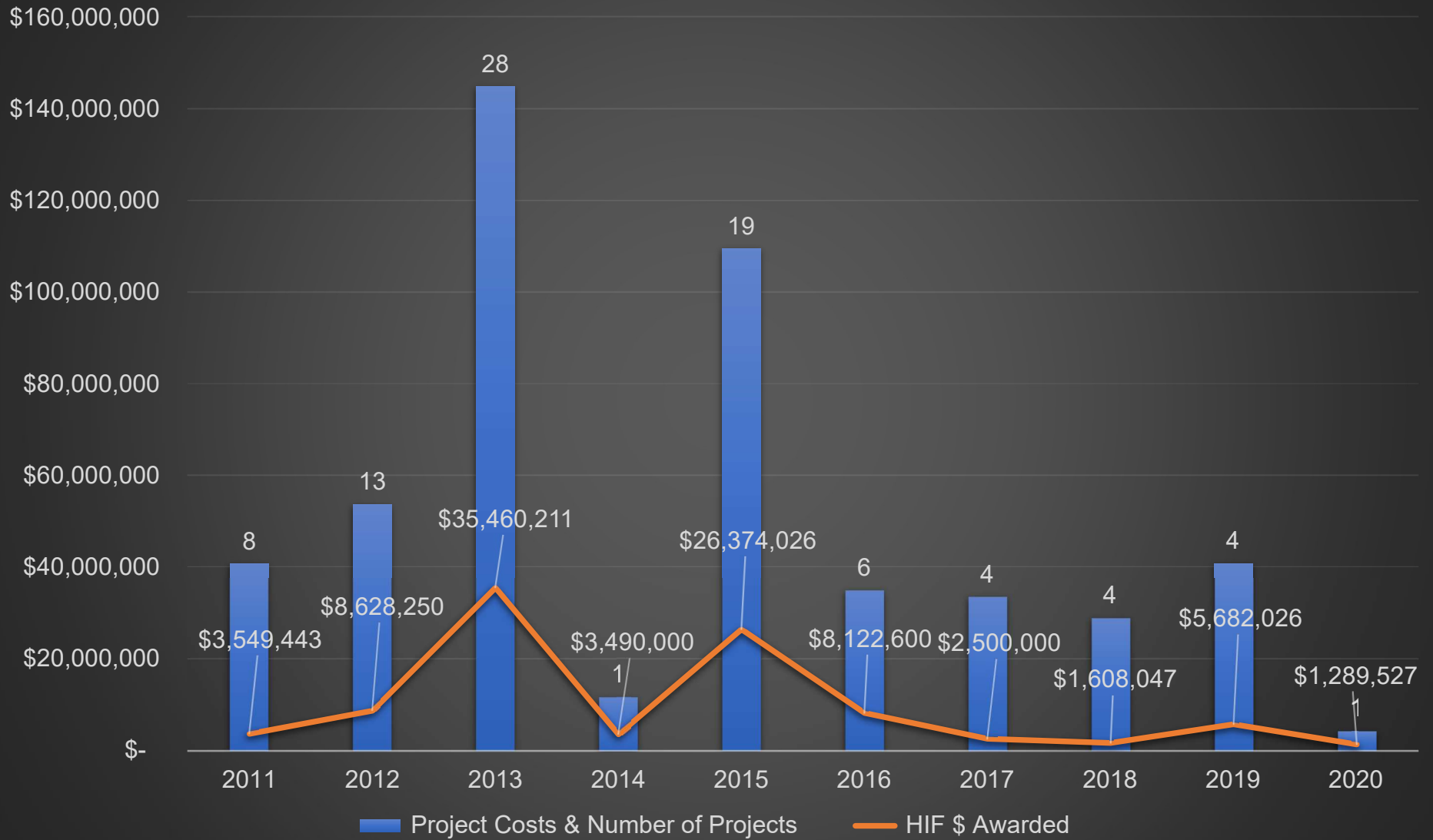
HIF is a state-funded gap financing program used with federal and private dollars to create affordable multifamily housing in urban and rural communities. NDHFA administers the program on behalf of the state of North Dakota. Leveraged as an upfront, one-time investment, HIF ensures rental homes in the supported projects will be affordable for a minimum of 15 years.

The state of North Dakota's 10-year investment in HIF has resulted in 84 unique projects and 2,704 affordable rental homes. Each project has a complex funding portfolio requiring multiple funding sources such as federal funds, private equity, loans, endowments, grants, and donations. Every \$1 of HIF funding invested has resulted in an additional \$4.93 leveraged.



Funding currently varies each biennium, dependent on legislative appropriation.

HIF Investments: Projects & Development Costs 2011-2020



2021-03 LEGISLATIVE FUNDING PROPOSED FOR HIF

During this session, Governor Burgum proposed \$8 million for HIF. There are three additional funding bills.

Estimated Future HIF Projects				
Proposed Funding	Amount	Funding Source	Use Period	HIF Projects Per Biennium**
Governor's Executive Budget	\$8 million	Legacy Fund Earnings	2021-23	4-6 projects
SB 2040	\$250 million	Bonds	TBD	100+ projects
SB 2127	\$50 million	General Fund	2021-23	25 projects
HB 1380	\$15 million*	Legacy Fund Earnings	On-going	10-12 projects

*Estimate based on bill language.

** HIF projects per biennium calculated on past funding amounts and project awards.

PROJECT PIPELINE

Like any form of infrastructure, a community must decide if it can repair what it has or if it should build new. Urban and rural communities work with NDHFA and affordable housing partners to assess their housing needs and what type of project is feasible.

Risk of Losing Affordable Multifamily Housing

HIF is a solution to preserve older, affordable multifamily properties by financing rehabilitation and ensuring affordable rents for an additional 15 years.

Expiring Tax Credit Housing

Properties financed by affordable housing programs have periods of affordability that expire after a specific time period, typically 30 years or more. Between 2020 and 2025, there are 46 properties in the Low Income Housing Tax Credit (LIHTC) program that will no longer be obligated to maintain affordability requirements for 1,317 rental homes.

Multifamily Rehab Needs

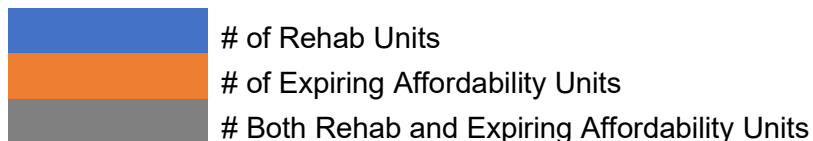
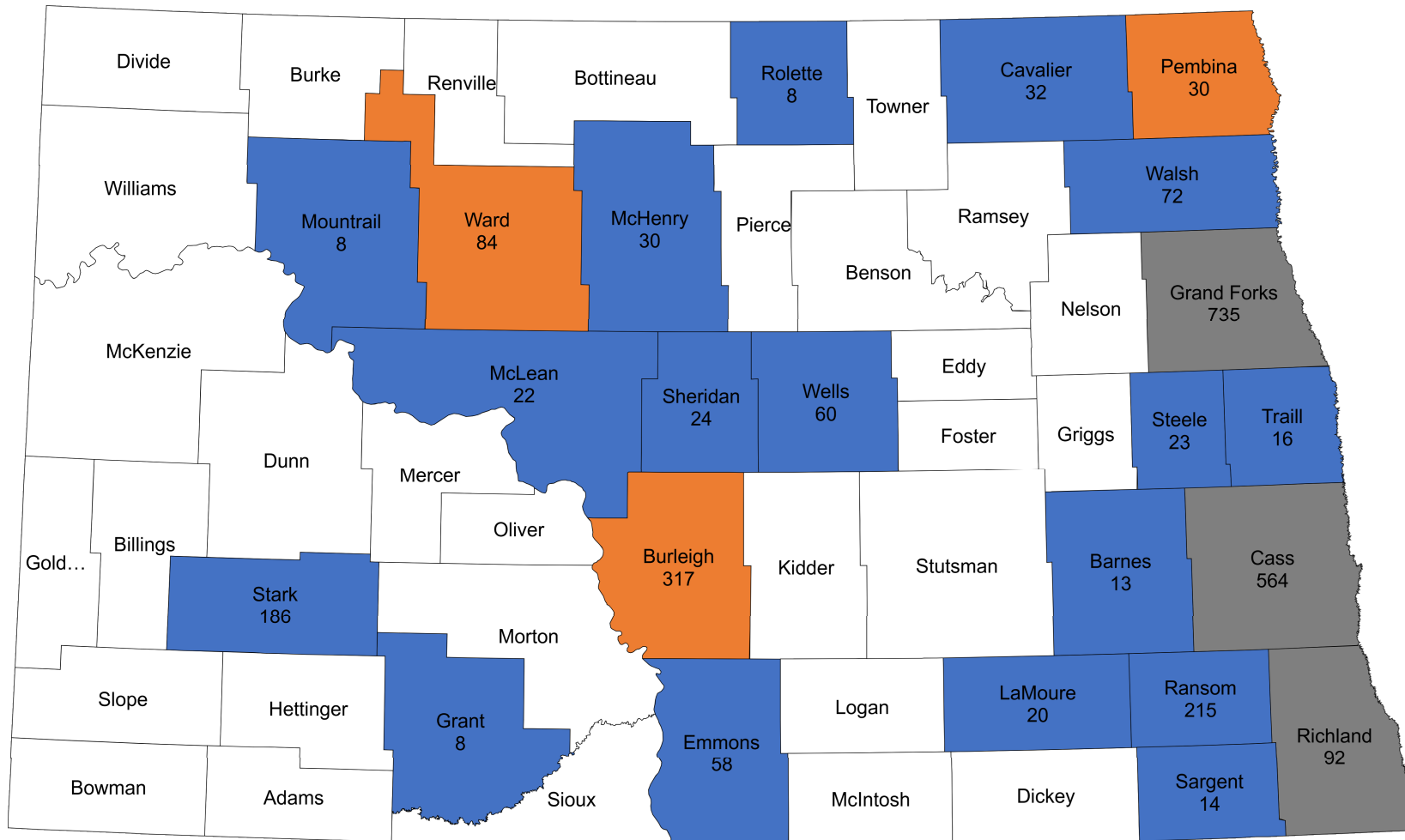
Rehabilitating existing affordable multifamily housing can be a cost-effective means to update windows, heating and cooling systems, increase physical accessibility and improve the functionality and aesthetics of the building.

In addition to the LIHTC properties that will age out of the affordability requirements, USDA Rural Development identified another 24 communities with USDA Rural Development properties needing rehabilitation totaling more than \$5 million to modernize 841 units.

The Grand Forks Housing Authority alone has a list of 17 properties with rehab needs at a cost of almost \$15 million.

As of today, 43 percent of counties, for a total of 23 counties, have identified either a need for rehabilitation of 1,314 affordable multifamily housing units or are at risk of losing 1,317 units due to expiring affordability requirements.

Affordable Multifamily Housing Units At Risk of Losing Affordability and/or Needing Rehabilitation



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HOUSING IS MORE THEN INFRASTRUCTURE, IT IS A HOME

No matter what shape a dwelling takes – single-family house, apartment, condo, manufactured housing, etc. – to the individuals who live there, it is home. HIF helps to ensure that low- to moderate-income individuals and families have access to safe and affordable homes in both our urban and rural communities.

To assess which North Dakotans have the greatest barriers to accessing affordable housing, NDHFA works with stakeholders, reviews public comments, and analyzes data trends. These decisions are critical as state, private and federal funding is extremely limited, never enough to meet our state’s housing needs. The program prioritizes the development of housing by targeting for specific populations including Seniors, Individuals who are Homeless/Chronically Homeless, and the Lower-Wage Workforce.

Seniors	Homeless/Chronically Homeless	Lower-Wage Workforce
Ages 75-85		Who is experiencing a housing cost burden?
\$35,900 <i>annual median income</i>	\$30,000—\$50,000 <i>annual cost per chronically homeless person</i>	42,000 <i>renters</i>
76.1% <i>homeownership rate</i>	75.5 <i>average chronically homeless population</i>	28.7% <i>Native Americans</i>
15.3% <i>two or more disabilities</i>	1,102 <i>average homeless population</i>	33.4% <i>people of color</i>
\$898 <i>affordable monthly rent</i>		Below the Poverty Level Socioeconomics
Ages 85+	26,964 <i>living in extreme poverty</i>	6.5% <i>of working adults (16-64)</i>
\$19,700 <i>annual median income</i>	2,658 <i>homeless youth in the public school system</i>	29.2% <i>non-working adults (16-64)</i>
62.8% <i>homeownership rate</i>	4,482 <i>individuals experiencing homelessness needed support in 2019</i>	32.6% <i>single women with children</i>
50.1% <i>two or more disabilities</i>	3.6% <i>have been homeless for more than 3 years</i>	17.7% <i>have one or more disabilities</i>
\$492 <i>affordable monthly rent</i>		
Social Security Income		
\$16,133 <i>annual median income</i>	2,648 <i>women and children domestic violence survivors needed emergency, transitional and short and long-term housing</i>	
\$403 <i>affordable monthly rent</i>		
29,057 <i>rely on social security for 90% or more of their income</i>		

Failure access affordable housing affects every community. Not everyone priced out of cities by high housing costs moves elsewhere; because moving to a new city can cost thousands of dollars, people priced out of cities become homeless instead of moving. Especially if they are employed and want to continue working.

The average hourly wage needed to afford a fair market rate, two-bedroom apartment costing \$841 per month in North Dakota is \$16.18. Rents vary greatly by community. While the majority of North Dakotans are working, there is a segment of the population that will struggle to pay for their housing costs.

Below is a table of the top five employment industries in North Dakota, the average wage earned by industry and affordable housing assumptions.

Industries with the Highest Number of Employees in North Dakota ¹						
Rank	Industry Sector	Avg. Hourly Wage	Avg. Weekly Wage	Avg. Annual Wage	30% of Income	Affordable Monthly Housing Costs
1	Health Care and Social Assistance	\$24.95	\$998	\$51,896	\$15,569	\$1,297
2	Retail Trade	\$15.48	\$619	\$32,188	\$9,656	\$805
3	Education Services	\$21.63	\$865	\$44,980	\$13,494	\$1,125
4	Accommodation and Food Services	\$8.90	\$356	\$18,512	\$5,554	\$463
5	Manufacturing	\$26.93	\$1,077	\$56,004	\$16,801	\$1,400

The standard calculation for “affordable” is to spend 30 percent or less of household income on housing expenses. Multifamily housing projects leveraging HIF and federal funding sources have a sliding scale for monthly rents based on household income. Financial eligibility for those living in affordable units is verified annually.

Not having access to affordable housing imposes costs on infrastructure of the community in which people live. Depending on the person, they may just need cheaper rent to get back on their feet. Others need support services to overcome repeating situations involving behavioral health, justice involvement, addiction and chronic homelessness. HIF is the flexible financing resource needed to reduce a project’s debt, which lowers the cost of rents.

¹ Labor Market Information Center, Job Service North Dakota, QCEW Unit, September 2020

Vacancy rates for HIF-funded units fluctuates depending on the local community housing market. As of December 2020, state vacancy for affordable HIF units was 11 percent. Depending on the location of the housing and the targeted tenants can skew the vacancy rate. For example, the vacancy rate of affordable senior housing is around two to three percent. These units are leased as soon as they become available. Multifamily housing in the outlining communities in western North Dakota have higher vacancy rates.

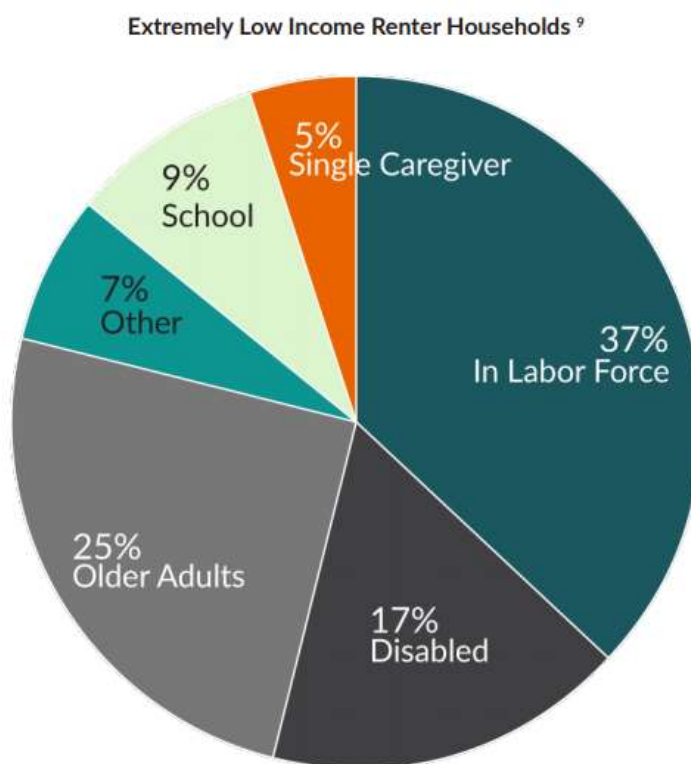
HOW AFFORDABLE FINANCING WORKS

HIF can fund up to 30 percent of total development costs up to \$3 million, unless the project is using federal tax credits, then HIF funding will be less. On average, HIF covers 20 percent of the gap financing needed to move a project forward.

The development of market-rate multifamily housing will not address the housing needs of people with disabilities, older adults with limited incomes, lower-income wage earners, and persons and families on the brink of homelessness and those experiencing chronic homelessness.

In 2018, 30 percent of all North Dakota housing units were renter-occupied. These 113,486 units housed 37 percent of the state's population. That same year, 39 percent of North Dakota's renters were spending more than 30 percent of their income on housing expenses.²

For 3 percent of the renters across the state, fair market rate rents will never be affordable. Currently, there are 26,485 renter households that are considered extremely low income (ELI), and 37 percent are in the labor force. Physical abilities and age are factors impacting an ELI renter's ability to earn a higher income or work full-time.³



² American Community Survey One Year Estimates, Table CP04

³ National Low Income Housing Coalition, 2020

Preserving affordable multifamily housing can be a cost-efficient solution. However, finding funding to rehab the units and keep debt expenses low is a requirement to keep rents affordable. Below is a cost scenario comparison for a \$2 million project to rehabilitate a 20-unit building. The projects needed \$1.4 million in non-traditional funding to move the project forward.

20 Unit Apartment Building Rehabilitation Costs \$2,000,000			
TRADITIONAL FINANCING		AFFORDABLE DEVELOPMENT	
		<i>To maintain current rents of \$610-647, the project will require more than 70% of the rehab funds to be soft debt or equity.</i>	
Loan	\$1.4 million (70%)	Soft Debt/Equity	\$1.4 million
		Loan (5%, 20 year)	\$600,000
Annual Project Expenses		Annual Project Expenses	
Loan Payment (5%, 20 year)	\$135,604	Existing Rural Development	\$16,313
Existing Loan Payment Rural Dev.	\$16,313	New Loan Payment	\$48,145
Project Operating Expenses	\$103,000	Project Operating Expenses	\$103,000
Needed annual revenue from rent	\$254,917	Annual Revenue from rent to break even	\$167,458
Average monthly rent per unit needed to cover annual expenses	\$1,062	Average rent per month to cover annual expenses	\$698
Project's current rent	\$610-647		

The cost to construct new market-rate multifamily housing and affordable multifamily housing is the same. The difference is the non-traditional fund sources used to reduce the amount of debt. Below is a cost scenario comparison for a new 24-unit building.

Affordable Housing – New Construction Scenario			
24 Unit Apartment Building			
Cost of Construction is \$175,000/per unit x 24 units = \$4.2 million			
	Traditional Financing Market Rate Rent	Non-Traditional Financing Affordable Rate Rent	
Equity Investment	\$1.26 million (30%)		
Loan	\$2.94 million (70%)		
Gap Financing (federal funds, private investments, donations, HIF)		\$2.94 million (70%)	
ANNUAL EXPENSES			
Loan Payment (6%, 20 years)	\$252,757	\$0.00	
Operating Expense	\$120,000		
Return on Equity (8%)	\$100,800		
Annual Revenue needed from rents to cover expenses	\$473,557	\$220,800	
Average Monthly Rent Per Unit to Cover Expenses	\$1644		
Income Restricted Rent Structure to Cover Expenses		5 units at \$403	5 units at \$493
		5 units at \$898	9 units at \$1050

HIF awards are available to local housing authorities, tribal entities, and nonprofit or for-profit housing developers. The maximum award size varies depending on whether a project also receives federal funding. The award amount typically equals less than 30 percent of the total development cost, and no more than \$3 million. Awards are competitive and projects must meet strict scoring criteria.

Without HIF, affordable housing developers and nonprofit agencies will not be able to create safe, affordable multifamily housing. Projects that house homeless individuals must have even lower mortgage debt to keep their doors open and the people safely housed. Providing support services is the main priority of housing projects for homeless people. Helping these individuals and families regain their independence lessens the cost burden placed on their community.

EVERYONE DESERVES A SAFE AND AFFORDABLE HOME

NDHFA's mission is to ensure that every North Dakotan has a safe and affordable place to call home. Our most vulnerable households are the ones that need our help the most. Federal funds are insufficient to address the needs of these vulnerable households. We respectfully ask this committee and this legislative body to recognize that an investment in housing is an investment in the infrastructure of our state.

Senate Bill 2127- Senate Appropriations**January 29, 2020**

Chairman Homberg and members of the Senate Appropriations Committee, I am Jennifer Henderson, Director Planning and Housing Development Division with North Dakota Housing Finance Agency. I am attending today's hearing to be available for David Flohr, Executive Director, North Dakota Housing Finance Agency who providing testimony, if he requests information.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2127
2/17/2021
Senate Appropriations Committee

A BILL for an Act to amend and reenact section 54-17-40 of the North Dakota Century Code, relating to the housing incentive fund.

Senator Holmberg opened the hearing at 8:42 AM.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Senator Sorvaag moved DO NOT PASS on SB 2127.
Senator Krebsbach second.

<i>Senators</i>		<i>Senators</i>	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	Y	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	Y

Roll Call Vote – 14-0-0. Motion carried.

Senator Mathern will carry the bill.

Senator Holmberg closed the committee work at 10:18 A.M.

Rose Laning, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2127: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2127 was placed on the Eleventh order on the calendar.