



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name State Legislative Advocacy: Staying Focused on Housing

HFA North Dakota Housing Finance Agency

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input checked="" type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

State Legislative Advocacy: Staying Focused on Housing

New techniques for getting oil out of the ground, pioneered recently in North Dakota, started what very quickly became a modern-day gold rush for the state. Hydraulic fracturing combined with horizontal drilling made recovering crude from the oil-saturated Bakken and Three Forks Shale Formations not just feasible but lucrative.

The oil boom is not only undeniable, it is nearly inescapable. The state has gone from modest oil production to one of the hottest spots in the country in only a few short years. Thousands of workers have come to North Dakota's oil fields to support the essentially non-stop activity and the impact has touched all corners of the state.

The only thing holding back an even bigger boom is a housing shortage – the demand for housing of any kind has gotten so high that market rents are reported as having doubled or even tripled and unknown numbers of people are living in vehicles, RVs and even tents. The number of homeless people in the state has exploded and, in 2011, reached a tipping point where there were more unsheltered homeless than those in the state's shelter system. Newspaper headlines speak frequently of the housing crunch and city offices have been inundated with calls looking for housing options. Local officials with limited experience in housing have seen their communities bursting at the seams with record-high building permit activity, no available lots for new development and infrastructure operating at maximum capacity.

North Dakota is growing faster than at any point in history and has found itself in greater need than ever for housing. With all of this happening, the North Dakota Housing Finance Agency (NDHFA) wanted to make sure housing was a priority for lawmakers during the 2013 Legislative Session.

A budget surplus and steady, record high tax revenues put the state on solid financial footing, but that did not mean that funds were flowing freely in all directions. There were many funding and tax issues that were debated during the 80-day legislative session in 2013 and keeping housing on the radar took persistence and a concerted effort from housing stakeholders.

While energy development has had the most profound effect on the state, the economy throughout the Peace Garden state has grown dramatically. That, in turn, has meant many communities were awakened from their decades of decline as sleepy farm towns. To learn how best to help them handle the dramatic new growth, leaders from a cadre of state agencies including NDHFA met on numerous occasions with city and county leaders, legislators and community stakeholders to discuss their needs. NDHFA staff also participated in several listening sessions to help formulate policy to address unmet needs. Always at the top of the list from these events was housing and specifically affordable housing.

To get solid fact on where the state was and where it is going, in September 2012, NDHFA published an update to the Statewide Housing Needs Assessment first completed in 2004. The Assessment looked at population, demographics, housing stock and projected needs from 2010 to 2025 at the statewide, regional, county, Indian Reservation and largest community levels. The information from the Housing Needs Assessment was a powerful tool to back up the often-discussed anecdotal accounts of the housing situation.

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The Assessment also provided the basis for two special statewide gatherings of housing stakeholders put on by NDHFA— the Governor’s Housing Update and the Statewide Housing Needs Assessment Stakeholder Forum. During the first event, Governor Jack Dalrymple unveiled his plan to increase a state housing development program from \$15 million to \$50 million as well as provide property tax relief, reform the Homestead Tax Credit and expand an interest buy-down program through the Bank of North Dakota to help develop more affordable housing.

The second event was designed to pull together stakeholders from many different perspectives to look more closely at the Assessment findings, prioritize objectives and discuss new ideas to address housing needs. The forum results were combined with a survey completed by nearly 200 people representing a broad cross-section of stakeholders and a diverse geographic area. These efforts yielded a focus by stakeholders on an achievable housing policy.

For the 2013 Legislative Assembly, NDHFA proposed two pieces of legislation designed to provide flexibility for the Agency in financing mortgage loans for first-time homebuyers, allow Community Land Trust homebuyers access to first-time homebuyer programs, and establish a refinance program for current NDHFA borrowers. The Agency also was the main driver behind the Governor’s proposal to reauthorize the Housing Incentive Fund (HIF) and expand its funding.

HIF was first authorized in 2011 as a multifamily rental housing development program capitalized by contributions from taxpayers in exchange for a dollar-for-dollar state income tax credit. Following major flooding, the program was expanded during a special legislative session in November 2011 from \$4 million to \$15 million to help address the severe housing shortages in oil- and disaster-impacted communities. The program was to sunset on June 30, 2013.

HIF was the first time that the legislature had put state dollars toward affordable housing development. The program was fully subscribed in less than a year and helped create 669 new housing units in 24 projects across the state. It was widely hailed as a success, but reauthorization of the program was far from a sure thing. NDHFA management staff and key stakeholders worked with legislative leaders throughout the interim and biennial session to help legislators better understand housing needs and how HIF could continue to address those needs.

To back up its legislative advocacy efforts, NDHFA also employed a number of different tactics including:

- Inviting legislators to participate in groundbreakings and open houses for affordable housing projects in their districts;
- Distributing an orientation packet including the Statewide Housing Needs Assessment information and other publications on HIF, NDHFA and its programs to all new legislators at the beginning of the legislative session in January 2013;
- Sponsoring a legislative leadership panel discussion at NDHFA’s annual Housing Conference in both 2012 and 2013 which gave housing advocates an opportunity to hear about legislative efforts and gave legislators a chance to hear directly from advocates about their priorities;
- One-on-one meetings with stakeholder groups including REALTORS®, Homebuilders, the Bankers Associations, the League of Cities, the EmPower North Dakota Commission, the Long-Term Care Association, the Coalition for Homeless People, the Economic Development Association, the Housing Alliance of North Dakota and the state chapter of

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- the National Association of Housing and Redevelopment Officers on legislative priorities and initiatives;
- Providing regular updates on housing legislation to stakeholders during session;
 - Publication of a housing legislation tracking list on the NDHFA website; and
 - Frequent one-on-one meetings with legislators to discuss housing issues.

High rents and lack of housing in oil-development areas have created substantial issues in recruiting and retaining essential service workers, which in turn, caused a number of school districts and political subdivisions to get into the housing business to provide places to live for their employees. The chairman of the committee who worked on the HIF legislation wanted to use the program to correct this situation so that these public entities would not be distracted by being housing providers. He included a provision that housing for essential service employees would be a priority under HIF. NDHFA staff worked with the chairman in surveying political subdivisions and working out language for the bill. "I want to especially thank the state Housing Finance Agency for their contribution and willingness to step up to the plate and address this problem," said Sen. Dwight Cook, R-Mandan, on the floor of the Senate.

The Housing Incentive Fund legislation, which included program reauthorization and technical corrections, reauthorization of the corresponding tax credits and a direct appropriation into the fund, passed both houses and the bills were signed into law by the Governor. The amount of funding was reduced from the original proposal to \$20 million in tax credits and a \$15.4 million appropriation for a total fund size of \$35.4 million – more than double the previous program.

In addition to NDHFA's other pieces of legislation that also passed both houses and were signed into law, Agency leadership was instrumental in getting several other measures passed including:

- Reversal of a prohibition on property tax exemption for Low Income Housing Tax Credit projects and a positive statement that affordable housing owned by non-profit organizations are tax exempt. NDHFA staff helped legislators craft the language of the bill to accomplish the intended result and the Agency was chosen to certify the status of the projects eligible for tax exemption;
- A \$2 million appropriation to supplement the federal Emergency Solutions Grant funding for the state's homeless shelters; and
- A \$1.5 million grant to assist in keeping FEMA temporary housing units available for low-income households in Minot that do not have other housing options and could face eviction once FEMA reaches the end of its housing mission in the community.

NDHFA made great strides in building good working relationships with legislative leaders by inviting their participation and input into housing needs in their communities; by being respectful participants in the public debate on issues that affected the business of the Agency; by seeking compromise and workable solutions to challenges; and by providing timely and accurate information. New legislative champions were formed by providing a comprehensive view of the issue and working one-on-one to address concerns and find effective solutions.

More than ever, NDHFA coordinated the advocacy efforts of a diverse group of stakeholders to help tell a consistent and focused story about affordable housing needs in the state. That focus was vital to delivering the right message at the right time.

2012 NORTH DAKOTA STATEWIDE HOUSING NEEDS ASSESSMENT

PURPOSE

The 2012 Statewide Housing Needs Assessment is an update from a previous assessment conducted in 2004. It follows a similar format and has three main goals. First, it provides a perspective on the current housing situation in the state and places that knowledge into historical context by reporting changing trends in both housing stock and characteristics of owners and renters. This is useful for understanding the relationship between housing supply and demand and necessary for the second goal which is forecasting. Established modeling techniques were used to first forecast housing supply to the year 2025 based on historical trends in housing construction. Next, demand for housing was forecast based on shifts in population for the same time period. Contrasting these two forecasts offers a useful perspective regarding how well the current pattern of housing construction, if continued into the future, fits the expected housing needs based on population projections. The third and final goal is to place the forecast of housing demand within the context of projected residential change. Specifically, what type of housing should be considered to best meet the needs of the changing distribution of households that are projected? A breakdown of the housing forecasts by age, income, and homebuyer type is provided to help address this issue. The selection of characteristics used in the analysis reflects the main focus of this report which is to assist the North Dakota Housing Finance Agency (NDHFA) and its partners in their efforts to coordinate the use of federal, state, and local resources available for housing low- and moderate-income persons. Additionally, responses from key leaders and stakeholders to a survey regarding housing issues in the state are provided to offer a qualitative perspective.

Determining future housing needs is a complex issue. The dynamic nature of western North Dakota as a result of the boom in energy development is an excellent illustration. At best, the predictions of residential growth and corresponding housing demand can only be simulated through modeling. How close the prediction is to reality is a function of how well the assumptions match what actually happens over time. Therefore, housing forecasts should be used only as one tool in developing housing policy and strategic planning. Nonetheless, the patterns that emerge from modeling, when placed within the appropriate economic and political context, are useful for predicting future housing needs.

STATEWIDE CONTEXT

Population Change

- North Dakota's population grew by 5 percent from 642,200 in 2000 to 672,591 in 2010. However, this modest growth does not reflect more recent gains occurring in western counties of the state due to energy development activity.
- North Dakota's strong, diversified economy has contributed to population increases in several of the counties with the state's largest cities. Moreover, energy development activity has reversed decades of population decline in many of the state's western counties. Ten of the 16 western counties impacted by energy development had persistent population loss over seven decades. However, projections indicate they will grow over the next 15 years. Continued robust growth is expected in most of the counties with the state's largest cities.
- Overall, the state is expected to grow by 25 percent over the next 15 years, reaching 841,820 people by 2025; however, the growth is expected to be mixed geographically. Twenty counties are forecast to continue to decline. Within Regions IV and V, only Grand Forks and Cass counties are expected to grow. Several counties that showed declines over the previous decade are expected to grow, including 10 energy development counties that are projected to grow by at least 50 percent.
- North Dakota's age distribution will shift from 2010 to 2025 largely due to the aging of the baby boom population.
 - From 2010 to 2025, residents ages 65 and older are projected to expand by 52 percent (50,583 residents) while the cohort they are aging out of, those ages 45 to 64, will expand by only 5 percent statewide (7,972 residents). In 2025, residents ages 65 and older are projected to be 18 percent of the total population (up from 14 percent in 2010), and residents ages 45 to 64 will represent 22 percent of the population (down from 27 percent).
 - The age group under 25 years is expected to grow by 18 percent (41,395 residents) in the next 15 years after declining by 1 percent from 2000 to 2010.

Changing Household Composition

- The aging of the baby boom population has contributed to notable changes in the state's household composition over time. In 1960, 52 percent of households were married-couple families with children. In 2010, that proportion was 19 percent, which is a 41 percent decline (a loss of 37,000 households). In contrast, married-couple households without children increased 76 percent, although maintaining a similar proportion of total households at 30 percent in 2010 compared to 28 percent in 1960.
- Non-family households have become a more prominent form of household in the state, nearly quadrupling since 1960. In 2010, 39 percent of all households were non-family households, of which 80 percent were persons living alone. Approximately one-third of single-persons households were elderly.

Housing Stock

- Occupied housing units in the state increased by 9 percent (24,040 units) from 2000 to 2010.
- Owner-occupied housing units grew at a slower pace from 2000 to 2010 (7 percent) than renter-occupied units which expanded by 13 percent.
- Vacant housing units accounted for more than 11 percent of total housing units in 2010. However, one-third of those vacant units were recreational units.

Affordable Housing

- The proportion of the current housing stock in North Dakota that is affordable for those in extremely low- and very low-income households is very limited. Using the statewide median family income (MFI) for 2010 as a benchmark (\$61,500), the data for North Dakota indicates that:
 - 16 percent of owner-occupied units and 35 percent of renter-occupied homes are affordable to those with extremely low incomes of less than 30 percent of MFI.
 - 29 percent of owner-occupied homes are affordable to those with very low incomes at 31 percent to 50 percent of MFI. A much larger proportion (75 percent) of renter-occupied units are affordable to those with incomes at 31 percent to 50 percent of MFI.

Housing Conditions

- The proportion of housing in North Dakota viewed as substandard in 2010 was very low.
- Only a small fraction of owner-occupied units (0.2 percent) lacked complete plumbing or kitchen facilities.
- Less than 1 percent of owner-occupied units (1,328 units) were overcrowded (i.e., more than one person per room).
- Very few renter-occupied units lacked complete plumbing facilities (0.3 percent) or kitchen facilities (1.5 percent).
- Less than 2 percent of renter-occupied units (1,631 units) were overcrowded, having more than one occupant per room.

Special Populations

- A survey of homeless in North Dakota in January of 2011 indicated that there were 1,094 homeless people in the state, 26 percent of who were children. A July 2011 survey indicated that there were 1,773 homeless people in North Dakota. The majority of these individuals were unsheltered (54 percent).
- There is a need for housing for low- and moderate-income elderly.
 - One-fifth of householders ages 65 and older in owner-occupied units have housing cost burdens that exceed 30 percent of their household income.
 - Half of householders ages 65 and older in renter-occupied units have housing cost burdens that exceed 30 percent of their household income.

KEY FINDINGS FROM THE HOUSING FORECAST

Modeling Methodology

- We forecast housing demand for 2015, 2020, and 2025 using established modeling techniques within the context of projected residential change with breakdowns by age, income, and homebuyer type.
- We forecast housing supply to the year 2025 based on historical trends in housing construction (i.e., Model 1 – Based on Building Trends of Previous Decade) and based on the growth of, or decline in, future households (i.e., Model 2 – Based on Projected Demand). Contrasting these two supply forecasts offers a useful perspective regarding how well the current pattern of housing construction, if continued into the future, fits the expected housing needs based on population projections.
- It is important to acknowledge that determining future housing needs is a complex issue. Predictions of residential growth and corresponding housing demand can only be simulated through modeling. How close the prediction is to reality is a function of how well the assumptions match what actually happens over time. Therefore, housing forecasts should be used only as one tool in developing housing policy. Nonetheless, the patterns that emerge from modeling, when placed within the appropriate economic and political context, are useful for predicting future housing needs.

Projected Housing Demand

- Our approach to forecasting housing demand for the state was a two-staged process. In the first stage, we developed county and age-specific population projections for the years 2015, 2020, and 2025 and then determined the age-specific distribution of householders based on 2010 Census data. In the second stage, we forecast demand for housing based on the characteristics of income and homebuyer type.
- Statewide forecasts indicate that demand for housing will increase by 30 percent (83,429 units) from 2010 to 2025. The energy development activity in western North Dakota has created an unprecedented demand for housing which has greatly outpaced supply.
 - Housing demand in Region I will increase by 167 percent (nearly triple previous demand levels) due to energy development activity while in Region VIII it will increase by 69 percent.
 - While the rest of the state shows increased demand for housing, the pace of growth is expected to be much slower.
- The statewide projected demand for housing from 2010 to 2025 is as follows for various household characteristics:
 - **Age:**
 - The number of young adult households (i.e., under age 25) will expand by 2 percent.
 - Prime working-age households (i.e., ages 25 to 44) will increase by 42 percent (37,268 households), reflecting oil sector employment.
 - Pre-retiree households (i.e., ages 45 to 64) will expand by only 9 percent as a result of the aging forward of baby boomers.
 - Elderly households (i.e., ages 65 and older) will increase by 60 percent (36,795 households).
 - **Income:**
 - Households with extremely low incomes of less than 30 percent of MFI will increase by 31 percent (17,263 households).
 - Households with very low incomes at 31 percent to 50 percent of MFI will increase by 32 percent (10,462 households).
 - Households with low incomes at 51 percent to 80 percent of MFI will increase by 31 percent (17,801 households).
 - Households with moderate incomes at 81 percent to 115 percent of MFI will increase by 30 percent (16,695 households).
 - Households with incomes above 115 percent of MFI will increase by 28 percent (21,192 households).
 - **Type:**
 - First-time homebuyers are expected to increase by one-third statewide (17,227 households).
 - Upscale homebuyers are expected to increase by 25 percent (16,403 households).
 - Low-income homebuyers are expected to increase by 19 percent (18,850 households).
 - Moderate homebuyers are expected to increase by 26 percent (11,114 households).
 - Elderly homebuyers are expected to increase by 60 percent (36,794 households).

Projected Housing Supply

- In order to evaluate the relationship between future demand for housing and what housing might be available (i.e., supply), we developed two housing supply forecasts. Model 1 presents a scenario of what housing supply would be if the past trend in housing construction were to continue through the year 2025 while Model 2 projects a scenario of future housing units based on the growth of, or decline in, future households through the year 2025.
- If recent trends in housing construction continue (Model 1), the state's overall housing stock will expand by 16 percent (51,292 units) from 2010 to 2025. Housing supply forecasts for the same time period based on population change (Model 2) show an increase in the state's overall housing stock of 29 percent (90,469 units; this number is higher than the projected increase in demand for housing (83,429 units) because supply modeling incorporates vacancies). Change in the housing supply forecast based on population change (Model 2) is 76 percent higher than change based on the past decade's building trends (Model 1), reflecting the unprecedented boom from energy development activity.
- Stark differences exist geographically between projected housing supply based on current building trends (Model 1) versus projected demand (Model 2) through the year 2025.
 - The increase in housing supply based on projected demand in Regions I and VIII is four times greater than what current trends in building will produce, largely reflecting increasing demand for housing in western North Dakota. Model 2 outpaces Model 1 in Regions IV and VII as well.
 - In Region V, changes in housing supply based on current building trends are expected to be more in line with projected demand.
 - The current pattern of housing construction in Regions III and VI indicates a housing slowdown is likely to occur, while supply forecasts based on housing demand for these regions suggest that the need for housing is expected to grow.

KEY PRIORITY AREAS BASED ON HOUSING FORECAST

Based on an overall analysis of the findings and an interpretation of the housing forecast, several key priority areas were identified. Following is a list of the key areas to be considered, in no particular order of priority.

- **Short- and long-term housing shortages in counties impacted by energy development.**
Significant pressure will be placed on counties that are forecast to expand by more than 50 percent by 2025. Many of these counties have relatively small population bases, thus the impacts can be sizeable.
- **Attention to demand for temporary housing within energy development counties.**
Although this report does not address temporary housing, the workforce analysis indicates that it will be a significant issue in the short term. An approach to addressing temporary housing needs to be considered within the context of long-term permanent housing because the two must coexist. Demand pressures from the one impact the demand on the other.
- **Housing affordability**
The supply of affordable housing, especially for households with income under 30 percent of the state's median family income, is very limited. This situation has worsened since the last Statewide Housing Needs Assessment conducted in 2004.
- **Elderly housing**
The aging forward of the baby boom population is rapidly expanding the senior population of the state which will require "elderly friendly" housing. The forecast of a 52 percent increase of householders ages 65 and older by 2025 will create increased pressure for elderly housing, much of which will be for single elderly and those with low income.
- **Consideration for the homeless**
Surveys of the homeless population within the state indicate an important and challenging need. Attention needs to be given to the seasonal effects of homelessness.
- **Attention to changing household composition**
The type of housing needed within the state is shifting as a result of changes in household composition (e.g., non-family households now comprise 40 percent of all households in the state; the majority of these are single-person households). This will be a key concern especially in urban areas of the state. Consideration needs to be given to assessing the appropriate mix of housing to accommodate shifting household types.

KEY FINDINGS FROM THE SURVEY OF STAKEHOLDERS

Methodology

- Key findings are based on a total of 211 key leaders and stakeholders who responded to the survey. Respondents area or perspective from which they completed the survey include that of city; county; reservation; or state, regional, multi-county. The final data were grouped into those specific geographies for analysis. Specific geographies for which analysis was focused include: the state overall, the eight planning regions, reservation areas, oil-impacted areas, and the 12 largest cities (i.e. Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Minot, Valley City, Wahpeton, West Fargo, and Williston. Confidentiality was guaranteed to respondents, thus reporting of data has been aggregated and/or generalized to ensure that specific respondents are not identifiable.

General Issues

- Overall, respondents agree that prospects for growth in their area are good. Respondents in Region I, Region II, and Region V agree the most while respondents in Region III and those representing reservations agree the least.
- Overall, respondents agree that the economic health of their area is good. Respondents in Region I, Region V, and the top 12 cities are most in agreement while respondents in Region III and those representing reservations are least in agreement.
- In general, respondents said that area leaders are visionary while state leaders are viewed as somewhat less visionary.
- The top factors positively influencing prospects for growth are geographic location, community and economic development organizations, and population change.
- The leading factors negatively influencing prospects for growth are the amount, quality, and affordability of housing. Respondents in Region IV said the availability of investment capital is a negative influence while those in Region VIII said the labor pool is a negative influence.

Supply and Demand

- Overall, respondents indicated significant shortages in all types of housing, with the exception of trailer homes and skilled care facilities.
- At least half of the respondents statewide said that within the next five years they are expecting new development of larger multi-units and single-family homes for purchase. Nearly half of the respondents also thought smaller-unit structures would be built within the next five years. In contrast, less than three percent of respondents thought that permanent supportive housing

(e.g., for intellectually or developmentally disabled, people moving out of homelessness, people with criminal records) would be built in the next five years and only 10 percent thought needed public housing (e.g., Section 8 vouchers or incentivized developments for low-income) would be built.

- Temporary housing for workers is considered very important in Region I, Region II, Region VIII, and reservation areas. Crew camps and motels are solutions to temporary housing that are working well in these areas. Temporary housing for transitional and at-risk populations is an important issue for the top 12 cities and it was noted in Region II, Region IV, Region V, and reservation areas.
- Respondents very strongly voiced the need for new development and incentives for developers to build affordable owner- and renter-occupied housing.
- Vacancy rates in Region I and Region II are viewed as almost nonexistent (less than 1 percent).

Availability, Affordability, and Quality of Housing

- There is a general opinion in the state that housing is not affordable, particularly with respect to rental housing. Respondents in Region I, Region II, and Region VIII most strongly held this opinion. Respondents across the state also indicated that affordability and availability of owner-occupied and rental housing is worse compared to 10 years ago, especially in Region I, Region II, and Region VIII.
- Nearly half of the respondents statewide indicated that at least half of the owner-occupied housing in their area is in need of repair while two-thirds said at least half of their rental housing is in need of repair. The leading concerns are aesthetic upkeep, energy efficiency/weatherization, and basement issues.
- Respondents statewide were in common agreement that in order to increase the number of affordable homes that are built, affordable housing programs for low- and moderate-income households must be strengthened or increased. Additionally, public financial incentives for developers are needed. Respondents in Region I, Region II, and Region VIII said that escalating housing costs are forcing elderly and low-income families to move.
- In general, respondents indicated that populations with the greatest unmet housing need are adults transitioning from institutionalized settings and the homeless.

Barriers to Growth and Change

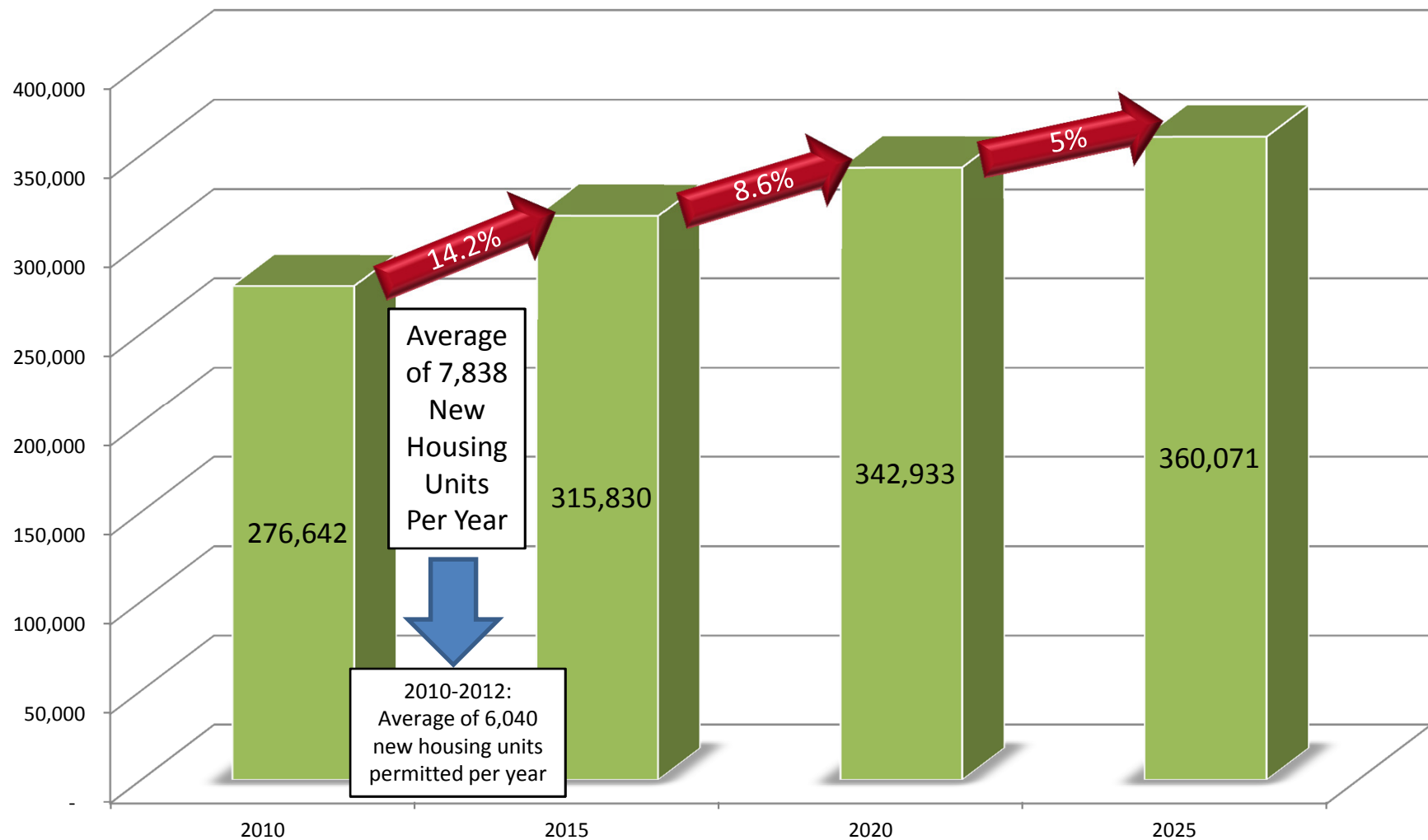
- The greatest obstacles to housing development, according to respondents, are lack of housing developers, equity and appraisal gaps, and the notion of where development should occur (typically viewed as Not In My Backyard or NIMBYism). The lack of or poor infrastructure is also an obstacle in Region I, Region II, and Region VI while respondents in Region VII and reservation areas said the lack of a local construction industry is an obstacle to housing development.
- Approximately one in four respondents statewide said that flood plain issues and the development of agricultural land for residential purposes is inhibiting housing affordability and development, particularly for reservation areas and Region II.
- More than 20 percent of respondents in Region II and Region VIII said that a shortage of surveyors is inhibiting housing affordability and development; respondents in Region IV indicated that flood-related building codes are a barrier.
- Nearly half of respondents statewide said the cost of developing infrastructure is inhibiting housing affordability and development, especially in Region II.
- Water drainage is the only prominent ecological issue inhibiting housing affordability and development. At least 20 percent of respondents in Region II, Region III, Region VI, and reservation areas said it is an obstacle.
- Nearly half of the respondents statewide said that lack of funding is the policy issue inhibiting housing affordability and development.
- The majority of respondents said the state should assist in funding housing development as a way to help increase the supply of adequate and affordable housing in their areas. The next top two solutions include developing existing infrastructure in rural areas and providing assistance with starter home programs.

Research conducted by the Center for Social Research at North Dakota State University

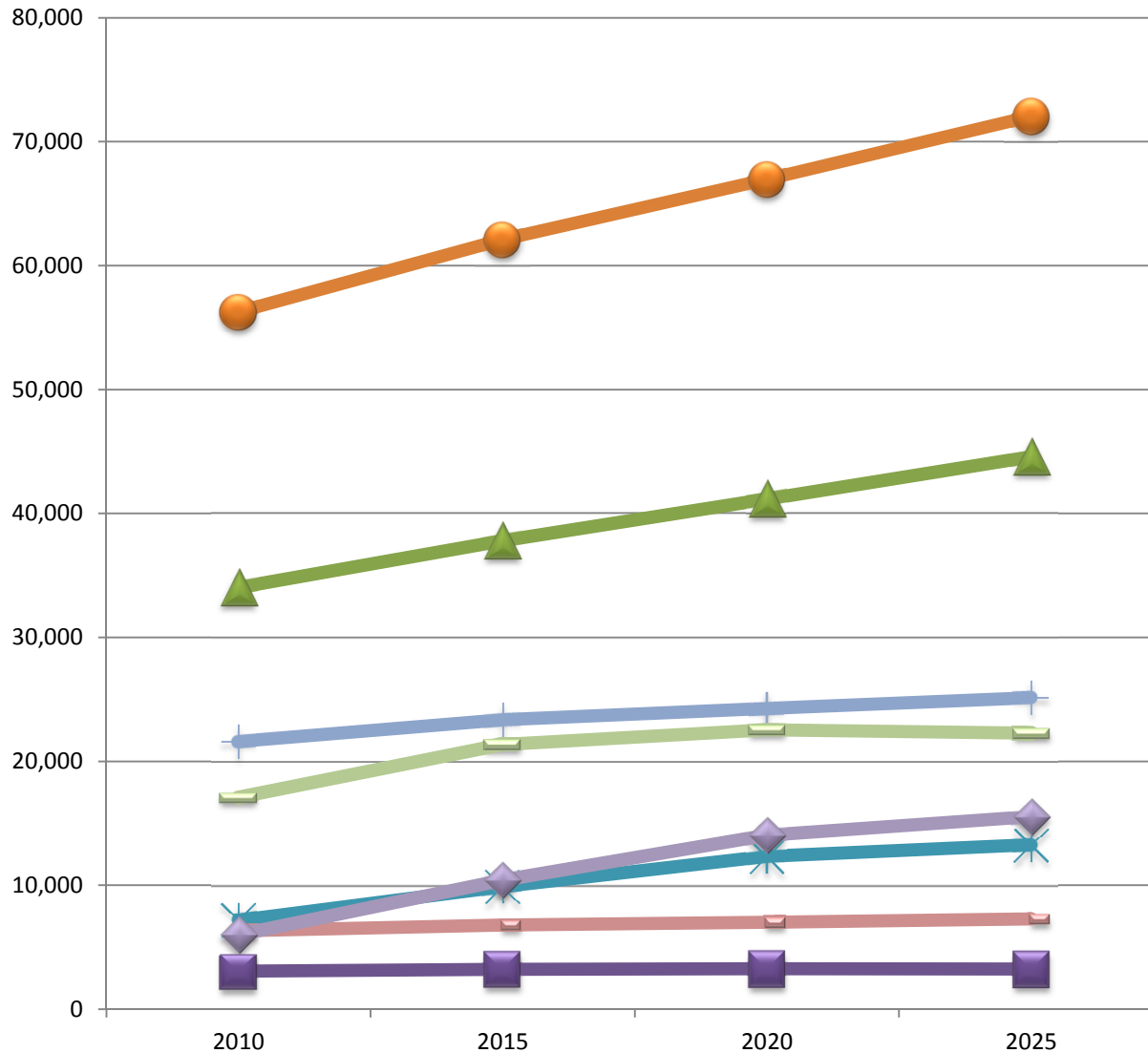
Contact Person: Dr. Richard Rathge
701.231.8621
Richard.Rathge@ndsu.edu

HOUSING DEMAND

The number of households in North Dakota is projected to increase by 83,429 or 30.2% from 2010 to 2025



HOUSING DEMAND – Major Cities

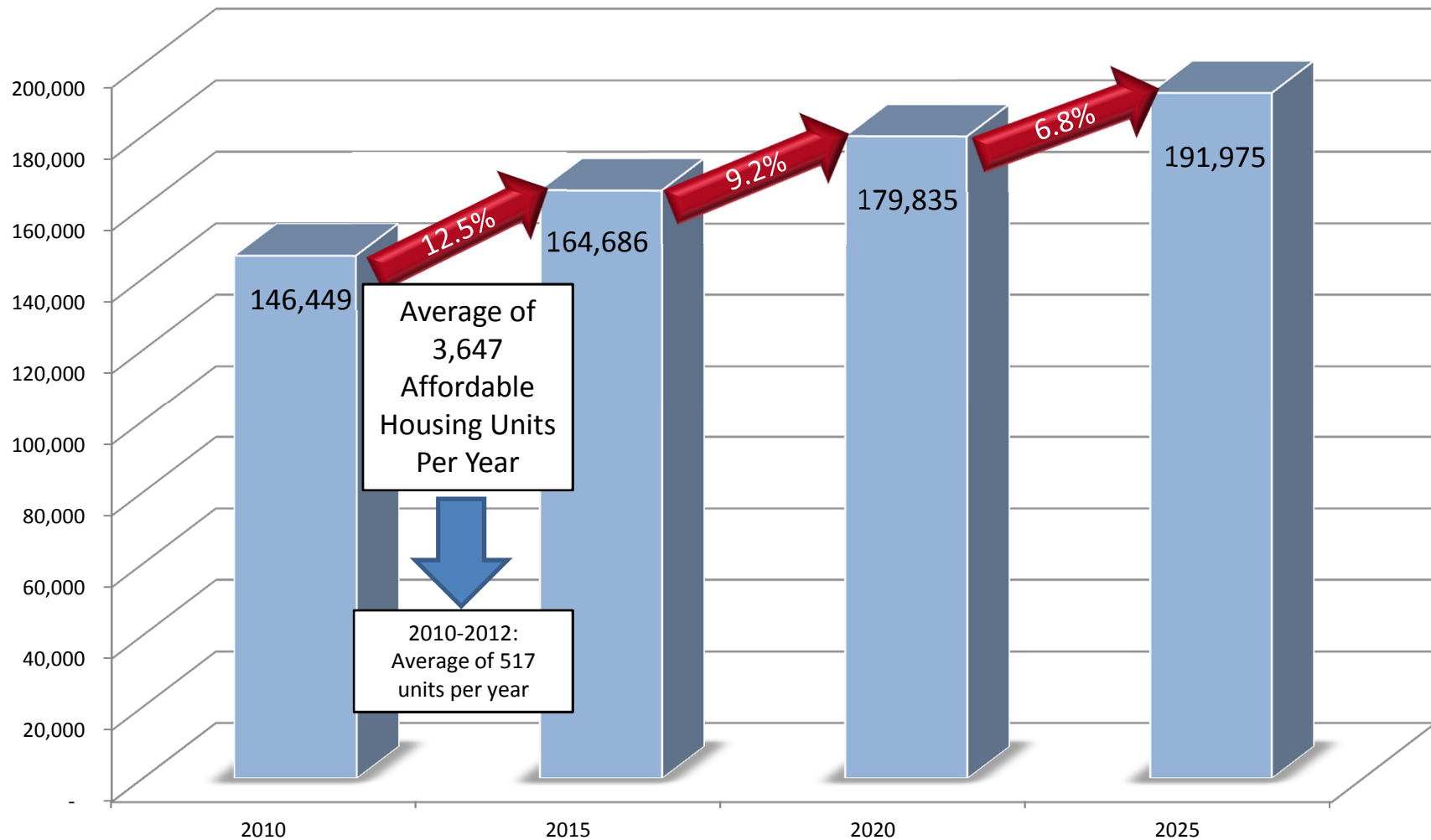


Projected Growth

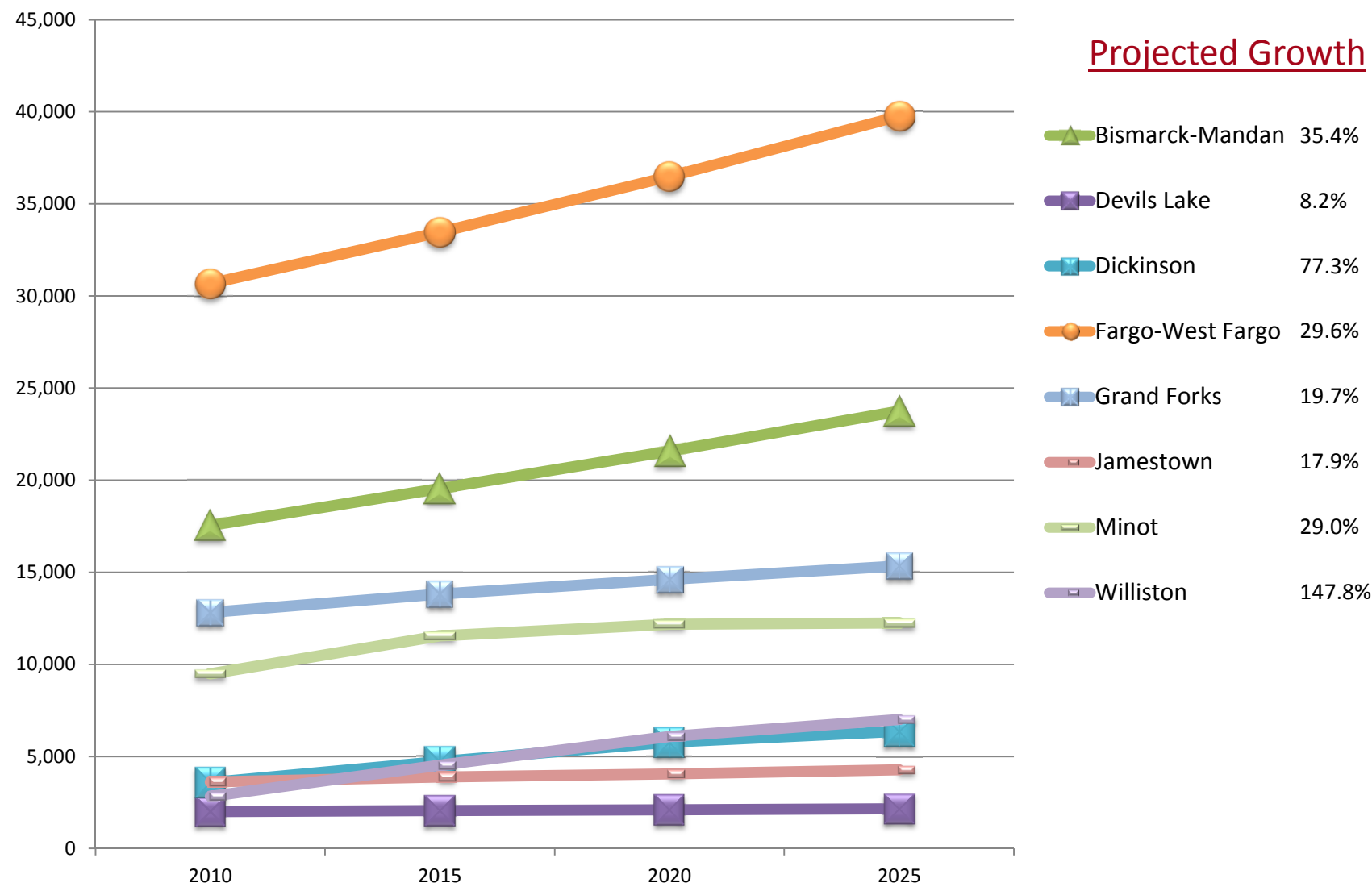
Bismarck-Mandan	31.0%
Devils Lake	5.4%
Dickinson	85.3%
Fargo-West Fargo	28.0%
Grand Forks	16.3%
Jamestown	15.2%
Minot	30.3%
Williston	158.9%

AFFORDABLE HOUSING

Low-income households are projected to increase by 45,526 or 55% of total household growth in the state from 2010 to 2025

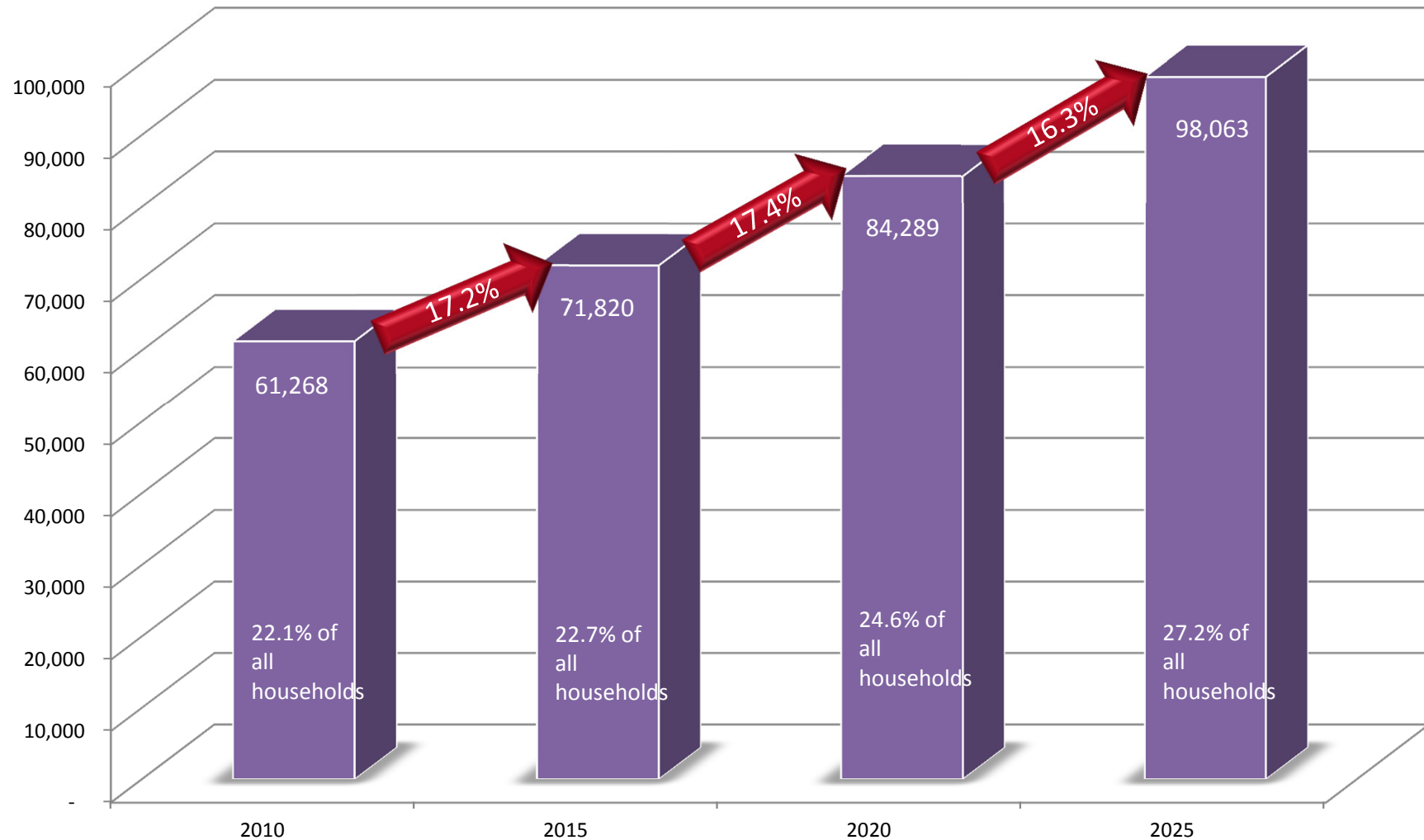


AFFORDABLE HOUSING – Major Cities



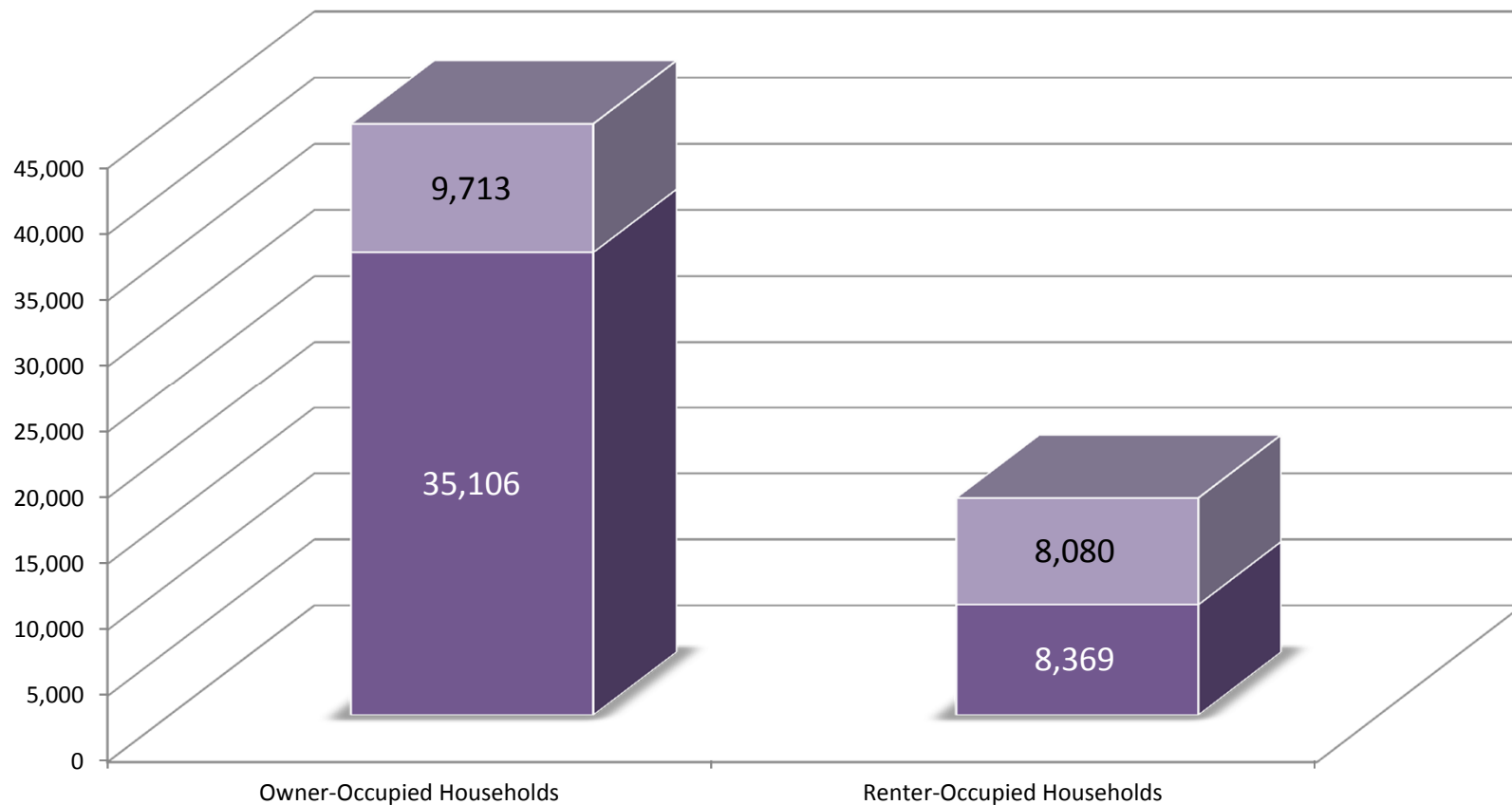
HOUSEHOLDS – 65+

The number of senior households is projected to increase by 36,795 or 60.1%



HOUSEHOLDS – 65+

In 2010, 21.7% of senior homeowners and 49.1% of senior renter households were cost-burdened – spending more than 30 percent of their income on housing costs



HOUSING

Officials urge more funding



JANUARY 14, 2013 11:12 PM • BY [NICK SMITH](#)

Expanding the Housing Incentive Fund is necessary to help satisfy a portion of the enormous demand for affordable housing statewide, according to those testifying before lawmakers Monday.

State officials and developers testified before the House Finance and Taxation Committee in favor of House Bill 1029.

The bill would increase the amount of dollar-for-dollar state tax credits available for individuals

and businesses donating for low- and moderate-income housing from \$15 million to \$20 million. A \$30 million direct investment from the Bank of North Dakota would bring the total HIF to \$50 million.

Mike Anderson, executive director of the North Dakota Housing Finance Agency, told lawmakers the \$15 million in HIF tax credits has provided leverage for construction projects valued at about \$105 million.

"The \$15 million (was) fully realized at the end of 2012," Anderson said.

Those donating funds can designate their contributions to specific projects. Anderson said more than 600 donations were made by individuals, businesses and financial institutions. The investment is expected to help construct 739 units.

Anderson said the \$50 million for the HIF is expected to facilitate the construction of more than 2,500 housing units.

"These numbers are dwarfed by the current pace (of building)," Anderson said.

According to a housing forecast released last fall, between 6,000 and 7,000 housing units are expected to be built in North Dakota per year for the next 15 years.

"While there's a lot of new housing developments going up ... it's nowhere near enough to meet the demand," Anderson said.

Rep. Craig Headland, R-Montpelier, asked Anderson how long people have been staying in the low- to moderate-income units. Anderson said he was unable to answer because the first couple of housing projects that received HIF dollars are just now coming online.

"Is there any kind of work requirement involved?," Headland asked. Anderson replied that there isn't.

John Phillips, president of Lutheran Social Services of North Dakota, said affordable housing is

increasingly becoming a statewide need, not just in the Western oil patch. Lutheran Social Services has projects under way in Watford City, Belfield and Williston.

Phillips said Lutheran Social Services is “flooded with calls whenever we announce a project.”

He said demand for affordable housing is enormous, making programs like the HIF necessary. Phillips said market pressure is so intense that it’s eliminating affordable housing from the market in the oil patch.

“If we build more market-rate housing will the problem be solved?” Phillips said. “I think the answer is no.”

A representative from the North Dakota Department of Commerce, a developer from Watford City and a Mandan business owner also testified on HB1029.

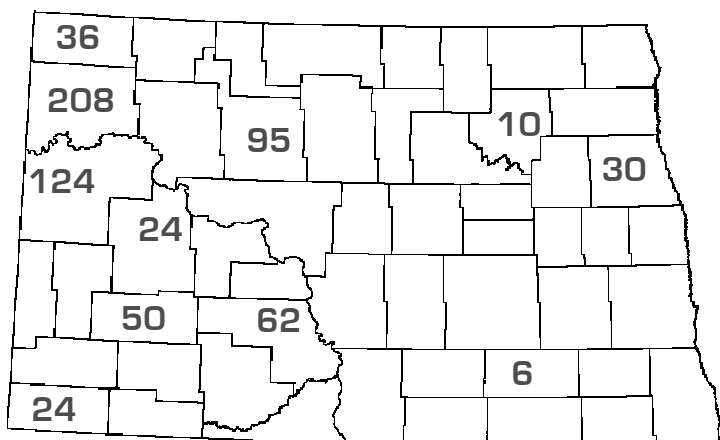
NORTH DAKOTA housing INCENTIVE FUND

2011-2013

Creating affordable housing for all North Dakotans—waitresses, bank tellers, cashiers, police officers, nurses, teachers, daycare providers, seniors, individuals with disabilities.

Projects

669 units - 24 projects - 14 communities



415 units
targeted to
lower income
households.

Average Rent

\$776

All HIF-assisted units are rent and income restricted to be affordable to low & moderate-income households.

Total project costs

Each HIF \$ committed
leveraged another \$7
in housing activity.



561 units in the oil-impacted communities of

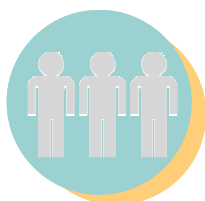
Belfield
Crosby
Kenmare
Minot
Watford City
Bowman
Dickinson
Killdeer
Ray
Williston

HIF Contributors Individuals vs. businesses

Taxpayers making a contribution to HIF receive a tax credit equal to their contribution.



60 contributions from
businesses & financial
institutions—\$9,568,576



542 contributions from
individuals—\$5,431,424



Average Contributions:
Businesses—\$159,476
Individuals—\$10,021

The Housing Incentive Fund is making a difference for those most in need in North Dakota

The Housing Incentive Fund was created to incentivize the development of affordable multifamily rental housing. **Developments of single-family, for-sale homes are not eligible for this program.**

The North Dakota Housing Finance Agency conditionally committed \$15 million in less than a year and leveraged nearly seven times the original amount for more than \$99.5 million in total construction costs.

Since the close of the final HIF funding round, Agency staff have responded to inquiries about funding for more than 1,250 units in more than 20 communities across the state—from Minot to Belcourt to Beulah and Fargo to Fairview.

A \$50 million Housing Incentive Fund is projected to result in approximately 2,500 additional affordable rental housing units and a total direct investment of approximately \$350 million in the next two to three years in our local communities. This level of funding will allow the fund to have a **positive impact on the affordable housing needs statewide.**

The Housing Incentive Fund is proposed to be funded by both a tax credit for contributions into the fund and by a direct appropriation. By supplementing the tax credit authority with an

HIF helps create units affordable for low- and moderate-income individuals and families:

- 35 units affordable for extremely low-income households with rents as low as \$243
- 127 units affordable for very low-income households with rents as low as \$401
- 73 units affordable for low-income households with rents as low as \$653
- 185 units affordable for moderate-income households with rents as low as \$586

420 of the 679 units in the projects are income and rent restricted.

The affordability of units in HIF projects went well beyond the program requirements.

appropriation, we can get more affordable projects built quicker.

The Housing Incentive Fund was created to help people who are struggling with having decent, safe, and affordable housing. 100% of the Housing Incentive Fund benefits individuals and families with extremely low to moderate incomes.

The flexibility of HIF helps respond to the unique needs of our local communities including housing for seniors, individuals with disabilities, essential public workers and nursing home staff.

HIF is helping seniors:

- Legacy at Central Place in Williston will provide 44 units for low-income elderly tenants.
- Cherrywood Village in Grand Forks will provide 30 units for very low- and extremely low-income seniors.

HIF is helping individuals with disabilities:

- The Landing in Bowman will provide 8 units for very low-income individuals with disabilities.
- Oakwood Court in Minot will provide 7 units for very low-income individuals with disabilities.



Gov. Jack Dalrymple cuts the ribbon to open Divide Vista Apartments in Crosby, ND, the first project funded under the Housing Incentive Fund program.

HIF assistance is generally limited to 30% of the total project cost (40% if the project provides supportive services for the homeless or serves extremely low-income).

HIF assistance goes into the project as an interest-free soft loan.

A typical 24 unit project looks like this:

Total Construction Cost	\$3,600,000
Maximum HIF Assistance (30%)	\$1,080,000
Other financing	\$2,520,000
Income and Rent Restricted Units (HIF assisted)	8
(30% of the project was financed with HIF so 30% of the units are considered "HIF assisted" and subject to a long term deed restriction ensuring continuing affordability)	
Non HIF Assisted Units	16
(Rents are controlled even on non HIF assisted units. If, during initial underwriting, the non HIF assisted rent projections result in excess cash flow, then the HIF assistance is reduced or rents on the HIF assisted or non assisted units are further reduced. If, in subsequent years, the non HIF assisted rents are increased, then repayment on the HIF loan is triggered. NDHFA staff reviews operating statements annually.)	