Building Rural Prosperity: A Look At Current And Future Housing Needs In North Dakota's Region 4

August 2024

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Contents

Executive Summary

About the Region

Region 4—which includes the four counties of Grand Forks, Nelson, Pembina, and Walsh in northeast North Dakota—is growing, following statewide trends. The region overall saw a 5 percent increase in residents between 2012 and 2022, growing from 88,519 to 93,358 during that time.[1] Populations in the small towns throughout the region have begun to stabilize after decades of decline and shifts of rural residents to the state's largest communities and elsewhere outside of the state.

Movers to the region are drawn by the quality of life, cost of living, and economic opportunities offered by the region's top industries of healthcare, agriculture, education, construction, and manufacturing. Employers both large and small across all sectors have shared with community leaders their plans to expand operations in the region, as well as their need to attract more workers to support this growth. They also cite housing, or lack thereof, in Grand Forks, Nelson, Pembina, and Walsh Counties as a critical issue that affects the local workforce and employers' ability to continue to do business in northeastern North Dakota. This is echoed in the region-wide survey conducted for this study, in which employer-respondents note that it is "very important" to their businesses' success and growth that additional suitable housing is developed in the community.

Currently, the region lacks an adequate supply of high-quality housing available at an attainable price point for those living and working in Region 4. "Attainable" housing refers to that which is affordable to middle-income households whose earnings are above the threshold that would make them eligible for "affordable," subsidized housing.

What's more, the region's existing housing stock will not meet future demand based on anticipated growth, including the temporary and permanent workers whom employers are recruiting to the region from abroad. In particular, the use of foreign workers through the H-2A (agricultural) and H-2B (nonagricultural) visas and similar programs is an important part of the economy in northeast North Dakota. It allows employers in essential industries like agriculture, healthcare, construction, and education to supplement their domestic workforce in order to fill significant labor shortages.

This trend has accelerated in recent years, with 720 visa workers employed regionally in 2023 and 915 applications as of June 2024. This trend is expected to continue as businesses face increasing challenges recruiting and retaining local workers. Many farmers and agricultural businesses purchase housing for the seasonal workers they employ, which, while an important strategy for enabling economic security for this critical industry sector, has put additional pressure on the limited housing stock that is available.

Residential vacancy has remained low, around just 2.5 percent in recent years, whereas a healthy vacancy rate is between 5 and 10 percent, demonstrating that demand for housing indeed far outpaces supply.[2]

According to North Dakota Employment Projections, Region 4 will add 2,351 jobs by 2030.[3] This will result in demand for 1,810 housing units. Using job postings as a measure of demand projects an even larger housing demand by county. Excluding Grand Forks City, the rural areas of Region 4 had 6,186 unique open job postings as of May 2024. National standards assume a need for 0.77 housing units for every job created, **which equates to a demand for nearly 4,800 units in the rural areas.[4] This includes 2,414 in Grand Forks County outside of the city, 1,170 in Walsh County, 627 in Pembina County, and 553 in Nelson County**, of which more than a third (35 percent) will be for rental units, compared to 65 percent for owner units.

New construction is essential to meet this future housing demand, as well as address current demand challenges. For example, while Region 4 boasts a higher homeownership rate than the state or national average (76 percent, compared to 63 percent and 64 percent, respectively)—and **most homeowners (82.4 percent) are not cost burdened, meaning they spend less than 30 percent of their income on housing costs**—this does not capture people living in substandard housing that may nevertheless be "affordable," nor does it account for rising costs of new housing.

Meanwhile, the small towns in the region have seen little new housing development over the past several decades. **Nearly 70 percent of the housing units in Region 4 were built before 1970**, and only 835 housing units have been built between 200 and 2022 in the rural regions outside of Grand Forks City, compared to over 8,000 in the city. In Nelson, Pembina, and Walsh combined, the number of permits was just 301 in the same time period. **Meanwhile, there is an estimated need for 3,950 additional market-rate houses for homeowners, and 1,295 market-rate rental units, just to meet current demand.**

Because most of the region's housing is older, it is more likely to be in disrepair and expensive to maintain, especially for seniors living on fixed incomes who may be aging in place. The rural parts of the region (minus

The region's housing challenges are characterized by an aging and limited housing stock and sluggish rate of new construction. This is especially apparent in rural areas of region 4. To acommodate a growing population and need for more workforce housing our analysis finds that rural areas will need to add nearly 4,800 new housing units by 2030 to keep up with demand.

Grand Forks City) are aging as well, with a larger portion of the population aged sixty-five or older than in the city or in North Dakota as a whole.

Due to the demographics of the region, senior and subsidized housing in particular is needed, as are starter homes for young families looking to purchase for the first time.

Though wages have begun to rise in recent years, many workers, especially women and minorities, who face a wage gap as high as 50 percent, **struggle to afford homeownership.**

At the same time, the region struggles to build new homes at the scale that is needed. Challenges for new development include **high infrastructure, materials, land, and labor costs; high interest rates; and a lack of investors, developers, builders, and skilled trades.** It is also difficult in Region 4's smaller rural towns to acquire land that is suitable for development at scale. Highly productive agricultural land is hard to buy and very expensive. The region is also predominantly flat and experiences frequent flooding, with much of the land **considered to be in a floodplain, and unsuitable for development in some communities**. These are barriers to acquiring adjacent lands and extending infrastructure hookups.

To combat these challenges, several communities in the region are considering solutions such as twin homes, tri- and quad-plexes, or multifamily apartment units that fit more homes per lot, which **lowers the overall cost of development and creates more new homebuilding at scale.** This study also explores the possibility of introducing nontraditional housing typologies to the region, including accessory dwelling units (ADUs), homes with smaller footprints ("microhomes"), or manufactured and modular homes. These should all be explored, as Region 4 is currently **over reliant on single-family housing.** Across Region 4 (less Grand Forks City), 77 percent of units are single-family detached residential, compared to 43 percent in Grand Forks County (with Grand Forks City) and 57 percent across the state. Building denser housing can help lower development costs, making new home construction more cost effective for both developer/ builder and homebuyer.

Recommended Actions

This study identifies potential actions the region and individual municipalities can take to **advance density and new home development,** including:

- assessing and refining zoning policy;
- identifying parcels ripe for infill development;
- extending municipal infrastructure like water, sewer, and electric;
- creating land trusts to acquire land for housing development;
- forming cooperatives to lessen expenses for both builders and homebuyers; and
- launching educational campaigns to build awareness about the value of these innovative housing types.

It also explores strategies to **enable repair and renovation of older homes, as well as redevelopment and reuse of commercial and other vacant, blighted, or underutilized properties** that might be transformed into new housing. These include:

- developing ordinances that incentivize upkeep of vacant properties;
- showcasing potential redevelopment opportunities that exist in the region;
- empowering local municipalities to condemn and demolish blighted buildings;
- sponsoring engineering surveys of available lots, properties, and parcels to facilitate redevelopment; and
- creating and expanding funding tools that can be used for repair and reuse.

The action plan provides several examples of **additional funding tools** that could be implemented to facilitate housing development at scale in Region 4. These include:

- working with the Bank of North Dakota to provide loan guarantees;
- creating a revolving loan fund to help finance appraisal gaps and balance out property values;
- creating a regional community development financial institution (CDFI); and
- issuing housing bonds. It also suggests changes to existing funding programs that could make a great impact if scaled—for example, proposing expansion of the Flex PACE program to include home repair, advocating for more funding within the Housing Incentive Fund (HIF), and increasing limits on statewide tax abatements for new construction.

Increase Density and New Home Development

Repair, Renovate, Redevelop, and Reuse to Increase Housing Stock Availability and Quality

Implement Additional Funding Tools

Grow the Housing Workforce

Finally, there are various recommendations around **workforce and human capital development** that can support the development of more housing in Region 4. These include:

- advancing educational opportunities for developers and homebuilders.
- highlighting career pathways, earning potential, and opportunities associated with going into the building industry.

Though not directly related to **creating more housing in the immediate future, these people-focused strategies may be the most important**, as they create lasting and sustained impact for the region as a whole, building needed capacity and resources to support economic growth over the long term.

Additional Considerations

> One critical consideration that was revealed over the course of this study is the need for better local data. Due to limitations on reliable, publicly available data, housing analysis was possible only at the countywide level. Regional leaders recognize the importance of distinguishing between conditions in Walhalla and Grafton, or Lakota and Cavalier, for example, which local-level data would make possible.

Some communities in Region 4 have cultivated strong data collection practices, such as Walsh County's Tax Director's Office, which has kept complete records of vacant farmsteads throughout the county, that could serve as models and best practices for others, to ensure future analysis can occur at a more granular level. This includes sales and tax records, property listings, land use, infrastructure capacity, vacant farmsteads, and more. Upgrades to technology used by municipal officials is also needed to make data more readily available and easier to maintain and access.

That said, this study examines the rural areas of Region 4, excluding the City of Grand Forks in data analysis where possible (the "Study Area"), to truly examine the demographic, economic, and housing conditions in the small towns and cities surrounding the Grand Forks urban center.

At the same time, regional leaders recognize that both urban and rural components of Region 4 contribute to the economic well-being of the region, as well as the state as a whole. Although the City of Grand Forks remains a job center for the region, as nearly three quarters of jobs in Region 4 are located there, not all who work in the city live there, preferring or needing to commute from nearby communities. As employers expand their businesses in the region, adding jobs and contributing to the local economy, workers will need housing, and may choose to locate in any of the municipalities in the four-county region. More housing anywhere in the region benefits all those who live and work in Region 4.

Therefore, it is **critical that housing continues to be seen as a region-wide matter that affects all, and is approached collaboratively**, with all community leaders working together across municipal boundaries to solve the problem collectively. The action plan contains strategies that can be tackled locally and regionally, as well as those that will require state-level intervention to be effective. Pooling resources and efforts will be necessary to truly make the impact at scale that is needed to address this complex and wide-ranging issue—as will bold leadership at the local level. Community leaders can determine which recommended actions are most feasible for their cities or towns, electing to pilot innovative initiatives to prove concepts and build momentum. Regional and state-level organizations can support these local efforts where applicable to add needed capacity and resources.

At the same time, the recommendations included in this action plan **require expanded nonprofit housing development capacity that can provide the leadership, experience, and coaching Region 4's small towns** need to be successful in implementing this work. This includes financial resources and added staff for housing nonprofits to cultivate new projects and advocate for the programming needed to address these complex needs.

With serious and sustained effort, Region 4 can tackle its housing challenges and create new housing that serves current and future residents, bringing prosperity to the region and serving as a model for all rural communities across the state of North Dakota.

Acknowledgements

The Red River Community Housing Development Organization (RRCHDO) is a sister organization to the Red River Regional Council (RRRC), which is Region 4's public-private economic and community development partnership.

This study could not have been completed without the guidance of the members of the Steering Committee, composed of employers, housing experts, and local and state government leaders:

- Jared Hagert, North Dakota House of Representatives, District 20
- Terry Hanson, Grand Forks and Nelson County Housing Authority
- Lacey Hinkle, Mayor, Cavalier
- Lucas Kelley, Minto City Commission
- Lisa LeTexier, Pembina County Memorial Hospital
- Keith Lund, Grand Forks Region Economic Development Corporation
- Alli Olimb, Park River Economic Development Corporation
- Loree Osowski, Grafton City Council
- Dr. Kelly Peters, Lakota School Superintendent
- Angie Shutt, City Auditor, Minto
- Cameron Swenson, Nelson County Commission
- Amie Vasichek, City Auditor, Lakota

Thank you also to all the funders of this study, which include:

- Grand Forks Housing Authority
- Grand Forks Region Economic Development Corporation
- Grand Forks City
- Minnesota Housing Partnership
- Nelson County Job Development Authority (JDA)
- North Dakota Housing Finance Agency
- Pembina County Job Development Authority (JDA)
- Walsh County Job Development Authority (JDA)

- Report by

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Glossary of Terms

ADU – Accessory dwelling units (ADUs) are small independent residential units located on the same lot as an existing stand-alone home. Also known as accessory apartments, secondary suites, and granny or mother-in-law flats.

Housing cooperative – A housing cooperative, or co-op, is a legal entity that owns real estate, typically co-owned by shareholders but in some cases by a nonprofit organization.

Manufactured housing – Manufactured homes are prefabricated, fully constructed on a permanent chassis in an off-site factory or warehouse in accordance with building codes set forth by the US Department of Housing and Urban Development, and then transported in one or more pieces to a site.

Microhomes – Microhomes are smaller-footprint homes that generally range in size from four hundred to nine hundred square feet. They can be built on a trailer frame or foundation. These spaces usually consist of one room (combining living room, bedroom, and kitchenette), with a separate area for a bathroom.

Modular housing – Modular homes are prefabricated structures, typically partially constructed off-site, and then assembled on-site and anchored to a foundation. Modular homes are typically held to the same local, state, and regional building codes required for on-site homes.

Region 4 – Region 4 includes all of Grand Forks, Nelson, Pembina, and Walsh Counties.

Study Area – The "Study Area" includes the counties of Nelson, Pembina, and Walsh and, for the purposes of this study, the rural parts of Grand Forks County, excluding the City of Grand Forks.

Tiny home – Tiny homes are usually fewer than four hundred square feet. They are often built on wheels, and can be moved around easily, though some people choose to live in them permanently.

Introduction

In August 2023, the Red River Community Housing Development Organization (RRCHDO) and Red River Regional Council (RRRC) partnered with Fourth Economy Consulting, Inc., to perform a future-focused Region 4 rural housing study and create a resulting action plan. The study and plan are intended to help decision-makers, stakeholders, and community members gain a meaningful sense of the housing market and key housing needs for the rural parts of North Dakota's Region 4.

The Study Area includes the counties of Nelson, Pembina, and Walsh and, for the purposes of this study, the rural parts of Grand Forks County, excluding the City of Grand Forks. **The Study Area is home to about thirty-four thousand people in forty-one communities, only five of which have a population of over one thousand residents.** The area faces a constricted housing supply, limiting its ability to attract and retain a qualified workforce. This has proven to be a major barrier to economic growth, despite existing and projected job opportunities in the Study Area. In the absence of regional stakeholders coming together to address this lack of housing, the region will face a significant squeeze on the potential economic prosperity it might otherwise experience. With this in mind, this regional housing study and action plan seeks to provide comprehensive data and meaningful and measurable strategies designed to reinvigorate the housing market in the Study Area.

Methodology

The objective of this study was to help RRCHDO and its partners better understand the local housing market and conditions. Then, to identify specific actions to address existing circumstances that local leaders can take to influence their housing ecosystems and outcomes positively. To achieve this objective, Fourth Economy undertook a two-phase work plan.

Phase I: Analysis and Engagement

Phase I included fact-finding and data compilation through both quantitative and qualitative data analysis relevant to the region and its counties.

From a quantitative standpoint, this included examination of the region's key economic indicators, demographic trends, and projected competitiveness, derived from Fourth Economy's independent analysis using federal, state, local, and nonprofit-developed data sources. This analysis created a practical process of bringing together various indicators to understand cross-cutting issues, and provided a transparent view of the strengths and weaknesses of the region.

From a qualitative perspective, the process involved a review of existing initiatives and plans, including plans identified by RRRC and RRCHDO staff, and produced a document designed to provide understanding of the existing housing strategies being deployed in the region. The document will help build a working knowledge of the local housing and economic ecosystems to better inform future strategies.

Reports reviewed include:

- Region IV Comprehensive Economic Development Strategy 2024–2028, 2024
- Overview of the Housing Incentive Fund, 2023
- ND Rural Housing Development Task Force Recommendation: Rural Opportunity, 2022
- Addressing the Critical Housing Shortage in Rural North Dakota, 2022
- COVID-19 Recovery & Response: An Economic Resiliency Strategy for Northeastern North Dakota, 2022
- North Dakota Statewide Housing Needs Assessment, 2022
- Red River Regional Council Destination Development & Marketing Action Plan, 2022
- Future of Region 4 Community Survey Thematic Analysis, 2021
- The Drivers and Obstacles to a Resilient and Prosperous Red River Region and North Dakota, 2021
- Nelson County Housing Study, 2020
- Housing Opportunity in Grand Forks County, 2017

Simultaneously, the Fourth Economy team engaged key housing and economic stakeholders across the region through ten one-on-one interviews, fourteen focus groups, a survey of major employers, and a public-facing resident survey.

Regional Survey

As part of the qualitative data gathering, Fourth Economy conducted an online survey to gain broad-based public insights into housing issues in the region. The RRCHDO and RRRC promoted the regional housing survey through email and social media and at in-person meetings from late March to early May 2024. Two formats of the survey were developed—one aimed at both employers and another focused on the general public. The survey received 504 responses: 76 from business owners and 428 from local residents.

Of the businesses that responded to the survey, over 50 percent said they expect to hire additional staff in the next twelve months. The employers represented a variety of industries looking for help in various occupations and professional levels, from cashiers and custodians to licensed veterinary technicians, nurses, teachers, and engineers. In addition, 77 percent of business owner respondents answered "yes" to the question "Does the need for / lack of available housing in the community affect your business?" Several expressed sentiments that many of their workers end up commuting long distances, "which is not good for retaining employees." Only 6.5 percent said that additional suitable housing developed in the community is "not important" to businesses success or growth.

> Of resident respondents, nearly 50 percent (176) said they know of friends or family who would like to move into the region but are unable to due to a lack of suitable housing.

From those who said they were dissatisfied with their current housing, many cited older homes requiring significant repairs and upgrades to be comfortable and adequate for their needs.

In terms of interventions that residents selected to improve their current housing situation, 53 percent (146) said "newly constructed entry-level homes for sale"; 48 percent (133) said "low-interest loans for rehabilitating existing homes"; 36 percent (99) said being able to purchase "vacant existing homes for sale in town"; 28 percent (77) said "down-payment assistance"; 28 percent (76) said "single-family rent-to-own opportunities (3–5 years)"; and 22 percent (60) said "new modern, multifamily rental housing."

These survey results point to the need for new single- and multifamily housing development, as well as tools that can help residents obtain and maintain existing housing in their communities.

Summary of Public Input

Fourth Economy gathered public input from community stakeholders across the region through ten one-on-one interviews and fourteen focus groups, which included 110 total participants. This summary highlights findings from these interviews and focus groups. Interviews focused on high-level county, regional, and local housing leaders, engaging those individuals who are already playing a role in addressing the region's housing issues. Focus groups primarily engaged individual municipalities, gathering information on current, past, and planned housing development and redevelopment, or a lack thereof, at the town, city, and county levels. These focus groups also highlighted unique opportunities for new housing construction and location-specific demand based on larger economic trends, such as job growth.

Existing Housing Stock

Long-Term Issue – Senior Housing: Housing for senior citizens is a massive issue in rural communities across the state, and Region 4 is no exception.

- There has been little to no senior housing development in the past two decades.
- Edgewood Healthcare in Fargo is a strong model to consider for Grand Forks.
- The state was sued in 2020 by the Department of Justice for unnecessarily institutionalizing individuals with disabilities in nursing homes, limiting the appetite of housing developers to build centers for senior citizens.[5]

Long-Term Issue – Vacant Farmhouses: Many vacant homes in the region are found on farmland, which is in demand but struggles to reach full occupancy.

- In Walsh County alone, 109 vacant farm homesteads were counted in 2023, accounting for 2.1 percent of all housing units in the county.[6]

- Some of these homesteads are unoccupied due to deteriorating conditions, but many are caught up in estate transfers and other circumstances that are leading to vacancy.
- Many vacant farmhouses have an actively producing agricultural operation on the property.

Limiting Factor – Agriculture Industry: With many farmers choosing not to develop on their land, and renting a high volume of available housing for their seasonal workers, the agriculture industry impacts both housing market supply and demand.

- Many farmers are renting properties year-round to ensure that out-of-state, often seasonal, foreign-born, or guest workers can live in these units during the farm season, with stays lasting up to ten months.
- Farmers are retaining their land en masse, choosing not to build new homes even on land no longer used for crops.

Cultural Issue – Lack of Public Property Listings: Many landlords and home sellers are not widely marketing their available properties, instead making word-of-mouth deals.

- Landlords know there is demand for their units, so rather than market them widely, many hand select tenants they believe will pay consistently and remain in the units long term.
- Oftentimes, elderly individuals are selling their homes to family members or friends instead of seeking the highest-possible bids on the open market.

Capacity Issue – Rehabilitation Programs: The region has offered rehabilitation and weatherization programs through creating projects in specific cities and/or counties in partnership with the RRRC. Issues have been meeting federal standards, lack of qualified contractors to complete the work, low assessed property values limiting investment, agency staff (with specialized technical expertise such as lead-based paint testing) turn-over in partner organizations, homeowner pride limiting qualifying applications, and lack of funding.

- Older populations often struggle with ongoing upkeep and maintenance, and may fail to care for their homes at a certain point, diminishing home values as they near a sale or estate-driven transfer.
- Most county housing authorities provide rental assistance for lower-income tenants as their primary program due to resource and capacity constraints.

Housing Development

Cause for Momentum – Flood Infrastructure: Increased investments in flood protection have yielded population growth and housing development, which has primarily occurred in Grand Forks to date.

- In general, investments in flood protection have greatly increased quality of life and the attractiveness of the region.
- In 2023, Grafton completed a $52 million river diversion project and FEMA revised its floodplain map which eliminated the need for $2 to 3 million in local flood insurance premiums and relieved floodplain development restrictions. This achievement is expected to have an impact on development potential. Notably, the citizens approved a local sales tax initiative in June 2024 to support a new outdoor swimming pool completed with a 76% approval.

Limiting Factor – State Funding: The volume of funding available at the state level for housing falls short of the need, with the Housing Incentive Fund (HIF) not having a tangible impact in the study area.

- HIF is an oversubscribed program, meaning the demand for this funding far exceeds the supply the state is distributing annually.
- While the HIF is useful, the large majority of HIF funding has been invested in the population centers and the oil patch.
- The ND Rural Housing Task Force, initiated by the RRRC in 2022, led to HIF policy and administrative rule changes which has led to HIF support awarded for four single family homes and an 8-plex developed by the CHDO in 2024.

Limiting Factor – Federal Funding: As federal funding for housing has dwindled in comparison to fifty years ago, states like North Dakota have fewer financial resources and real estate developers, and investors have fallen behind in housing development.

- Federal Low-Income Housing Tax Credit (LIHTC) investment in North Dakota has been limited to bigger cities due to burdensome and cost prohibitive requirements on small scale projects. Small, rural projects also have difficulty in selling the tax credits.
- Changes to the federal HOME program have also made small-scale housing development more financially difficult.
- The USDA Rural Development Direct Loan Program financed just nine loans between 2013 and 2023 in the four counties of Region 4.

Limiting Factor – Cost: The cost of housing development and repair in rural parts of the region is incredibly high due to the installation of needed infrastructure, higher materials costs due to lower volumes at small, rural lumber yards, and and the travel required by contractors and developers.

- Affordable housing development, which often faces feasibility challenges due to a lack of profits, becomes even harder in rural communities because of these restrictive costs.
- In rural communities, infrastructure and home repair costs can exceed $50,000, which most homebuyers cannot afford.
- City ordinances typically put new infrastructure and utility costs on the buyer/builder via special assessment.

Room for Growth – Workforce Training: There is not enough training for jobs related to construction trades and homebuilding, both statewide and within the region individually.

- In many communities, there is never going to be a big developer present. It is critical that there are small-scale home developers to fill this gap and create a flow of new construction, however small it may be.
- In some places, a small-scale housing developer leaving town has dried up new housing development completely.
- ● Often, training is focused on the trades and does not include entrepreneurship and small business training.

Room for Growth – Corporate Support: There is a widespread belief that businesses must play a role in pooling resources for future housing development.

- Marvin, American Crystal Sugar Company, Motor Coach Industries, and CHS could be key players in this effort.
- Coach Industries, CHS, and local healthcare companies could be key players in this effort. Support could include financial investment, technical assistance, advocacy for public funding, and capacity for growth. could play a role in this endeavor, strengthening the regional economy as a whole and bringing new talent to the area.
- Regional banks can also contribute at a local level as well as create bank partnerships to share risk and develop experience in new housing development.

Phase II: Strategy Development and Action Planning

In Phase II, after organizing insights related to the region's strengths, weaknesses, threats, and opportunities related to housing, derived from both analysis and engagement, the project team reflected this information back to the community to move into the strategy development phase. Fourth Economy did this by facilitating four workshops, called build sessions, designed to allow county and local leaders and other key stakeholders to start to brainstorm potential action items for the region as a whole as well as solutions that might be applied specifically to their local communities.

These build sessions took place in person the week of April 8 (on the ground in the cities of Grand Forks, Minto, and Cavalier) and virtually on May 9. These four sessions engaged more than sixty stakeholders relevant to housing development in North Dakota, and centered around critical topics including housing innovation and new construction; residential repair, creative reuse, and redevelopment; and state and local funding to spur housing development at scale. Asking how attendees might approach subquestions pertinent to each of these overarching themes, stakeholders had the opportunity to build out actionable strategies to meet housing needs in the region. At the virtual session, held a month after the in-person workshops, a group of stakeholders met to review and add to the strategic output of the earlier sessions.

The output of these two project phases resulted in the creation of the following deliverables:

1. Housing Conditions and Needs Assessment
2. Summary of Public Input
3. SWOT Analysis
4. Action Plan Recommendations

1

Housing Conditions and Needs Assessment

Section I: Housing Conditions and Needs Assessment

To more fully understand the housing conditions and needs of the communities in Region 4, the Fourth Economy team collected quantitative data related to the area's demographics, economics, and housing, including population statistics by race, age, and educational breakdown; economic statistics by household income and employment; and housing statistics by type and size of housing units present, age and value of housing, vacancy rates, and other data points. In its totality, this information provides a baseline understanding of the confluence of supply and demand for housing in Region 4.

Regional Demographic and Economic Analysis

North Dakota's Region 4 is made up of Grand Forks, Nelson, Pembina, and Walsh Counties. Of the more than seventy-two thousand residents of Grand Forks County, 82 percent reside within Grand Forks City. Data from Grand Forks City is removed from the following analysis to isolate conditions within the rural parts of the region, and the resulting geography composes the "Study Area."

The following analysis establishes a demographic, economic, and housing conditions baseline for the four counties in the Study Area.

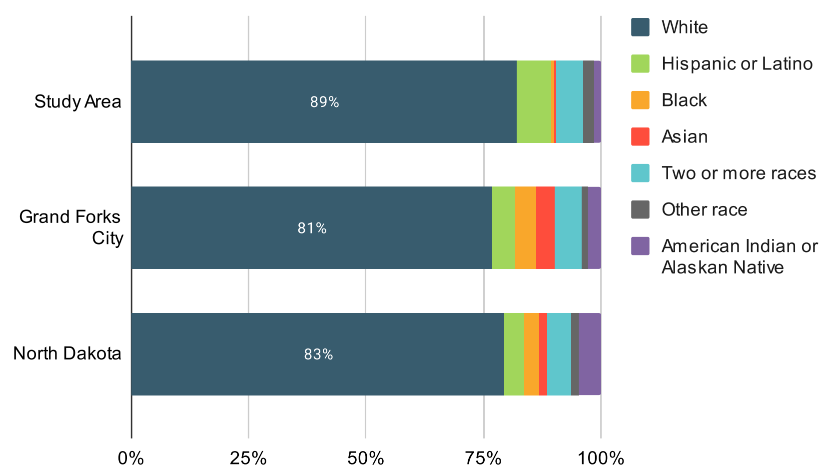
Demographics

The rural communities of the Study Area had a population of 34,423 in 2022, a loss of approximately 2,500 residents from 2012.[7] The population of Grand Forks Air Force Base, located north of Emerado and sixteen miles west of the City of Grand Forks, accounted for nearly 460 of the direct losses, an 18 percent decline over the same time period, and the spillover losses may have been greater. The base has an impact on housing demand in the region, but the dynamics that affect the need for housing related to the base are vastly different from the dynamics of the rural areas of Region 4. **Despite these losses, nearly half the small towns in the Study Area (eighteen of forty-one) have seen growth since 2010.**

Grand Forks City had a population of 58,935 in 2022, compared to 52,773 in 2012 (a gain of more than 6,000 residents, or 12 percent), which contributed to the region's 5 percent increase in population overall over that time period.[8] The state, meanwhile, gained more than 78,000 residents, an 12 percent increase in population (701,176 to 779,261), over the same period.[9]

The Study Area is less diverse than the city and state. The population in the rural parts of Region 4 is 89 percent white, 8 percent Hispanic or Latino, and 6 percent "two or more races," with small percentages of other races and ethnicities present. While Region 4 is more white than the state and Grand Forks City, it has higher percentages of Hispanic or Latino residents, concentrated predominantly in Grafton, and those who identify as "some other race" or "two or more races," compared to the state. The region has also seen increases in nonwhite populations from 2010 to 2020, including among Black residents, those of "two or more races," and Hispanic or Latino residents.

Race and Ethnicity by Geography



Source: Fourth Economy Analysis of US Decennial Census data, 2010-2020

There is growing diversity in some pockets of Region 4, particularly in Walsh County and the City of Grafton, which have populations that are 12.1 percent and 24.8 percent Hispanic or Latino, respectively.[10] **The Hispanic or Latino population has been the fastest-growing population in the county, increasing 36 percent between 2012 and 2022. Similarly, the Hispanic or Latino population in Pembina County grew 56 percent between 2012 and 2022 (approximately 98 people)**, while the county's white population during the same decade had a net change of -9.9 percent (671 people), pointing to a large effect of both in- and out-migration.

The Study Area is older than the city and state, with just a third of its population under age twenty-five (33 percent, or 11,319). This is less than Grand Forks City alone as well as the state (41 percent and 35 percent, respectively).

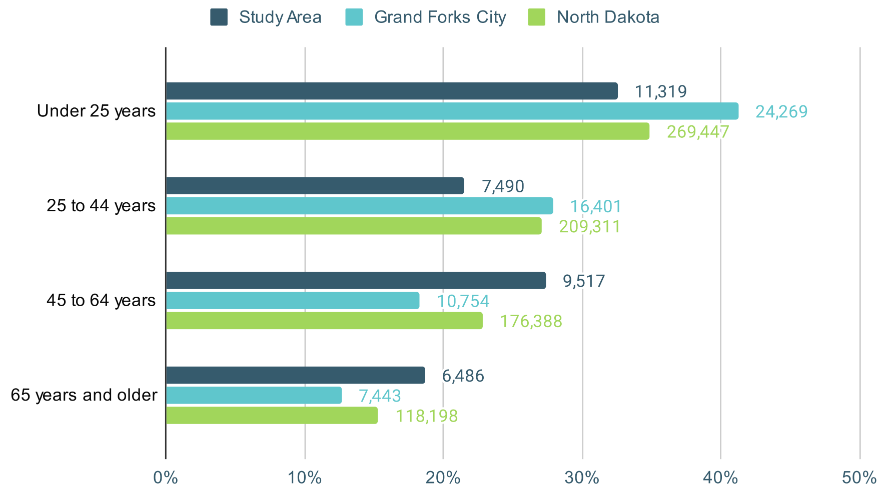
The Study Area also has a larger population of those aged sixty-five or older (19 percent), compared to Grand Forks City (13 percent) and the state (15 percent).

By county, Grand Forks County has the greatest share of residents under twenty-five years of age, at 41 percent, or 29,624; by comparison, no other county has more than 30 percent of their population in this age range. Grand Forks County also has the lowest share of residents aged sixty-five or older, at 13 percent, or 9,291 residents. By comparison, Nelson County has the highest share of residents in this age category.

In terms of number of residents with less than a high school diploma, the Study Area has a slightly higher share than both Grand Forks City alone and the state (5 percent and 7 percent, respectively), which could be correlated with the area's aging population.

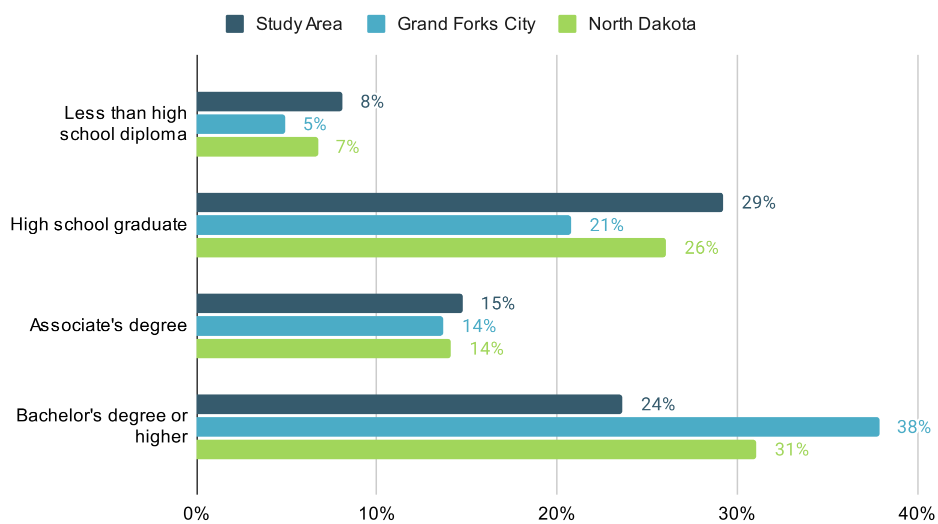
Compared to the other geographies, the Study Area also has a lower percentage of individuals who have attained a bachelor's degree or higher—24 percent, compared to Grand Forks City's 38 percent and the state's 31 percent—but a slightly higher percentage of those with an associate's degree (15 percent compared to 14 percent for the two geographies).

Age Distribution by Geography



Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

Educational Attainment by Geography



Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017–21

Economics

Nearly three quarters of jobs in the region are located within Grand Forks City.[11] Grand Forks' status as the economic center of the region remained consistent over the past decade, where 72.6 percent of jobs were located in the city in 2010, rising to 73.6 percent in 2020.

Of the 12,603 workers living in the Study Area, more than a third (39 percent, or 4,955) traveled less than ten miles to their jobs located in the region. Another 41 percent (5,179) traveled between ten and fifty miles to their jobs. About 20 percent of commuters (2,469) into Region 4 traveled more than fifty miles to their place of work, making them supercommuters– i.e. those with a commute significantly longer than average in terms of time and/or distance.

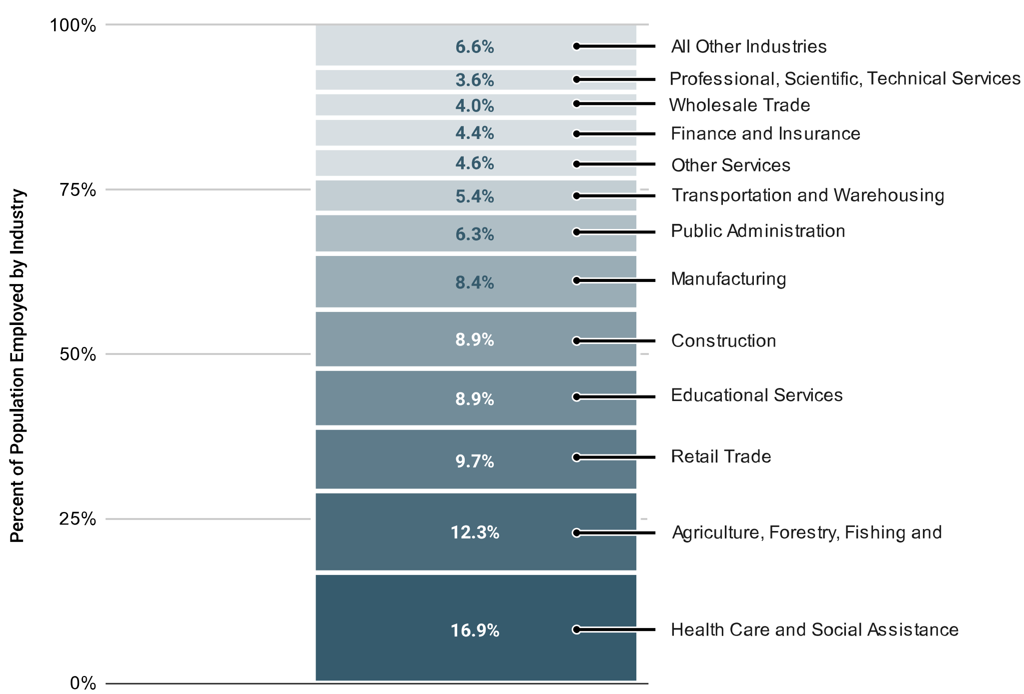
Inflow/Outflow Job Counts in 2021, All Workers

Source: Census On the Map

Employment in Region 4 is spread across several major industries, such as healthcare and social assistance; agriculture, forestry, fishing, and hunting; retail trade; educational services; construction; and manufacturing.

Region 4 is an agricultural region; agriculture, forestry, fishing, and hunting accounts for 12.3 percent of regional employment, compared to 5.7 percent at the state level. The region also has higher shares of construction and manufacturing employment than the state.

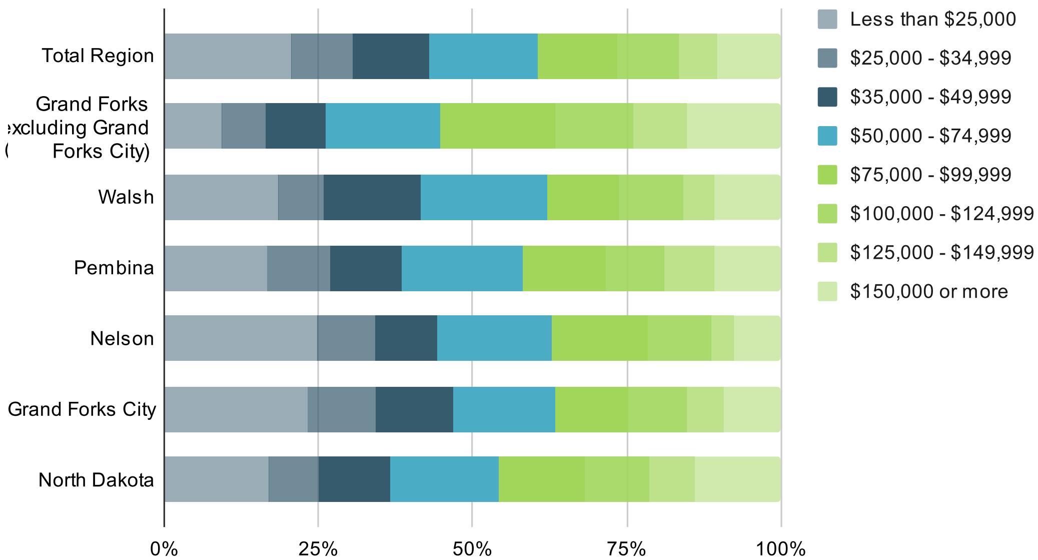
Study Area Employment by Industry



Source: Census ACS 2021

Wages in the region are similar to Grands Forks City and state averages, with slightly fewer highest earners than the state. The region's share of lowest earners is slightly below state averages, with 35.45 percent of regional households earning an annual income ofless than $50,000, which is just above 50% area median income for the region ($47,850 for a 4 person household). This equates to a $25.00 hourly wage. This compares to 36.6 percent of people in the state of North Dakota as of 2021. More than a third of households in Walsh (41.6 percent), Pembina (38.6 percent), and Nelson (44.3 percent) Counties earn less than $50,000 annually, compared to just 26 percent of Grand Forks County households outside Grand Forks City. By comparison, 34 percent of Bismarck households and 42 percent of Fargo households earned less than $50,000 in 2021. This places Bismarck slightly below the state average and Region 4, while Fargo is above the state average and Region 4 as a whole.

Household Income Breakdown



Source: Census ACS 2021

For households earning less than $50,000 per year, owning a home valued between $124,000 and $172,000 or incurring monthly housing costs of no more than $1,200 is considered "affordable" without cost burdening them.

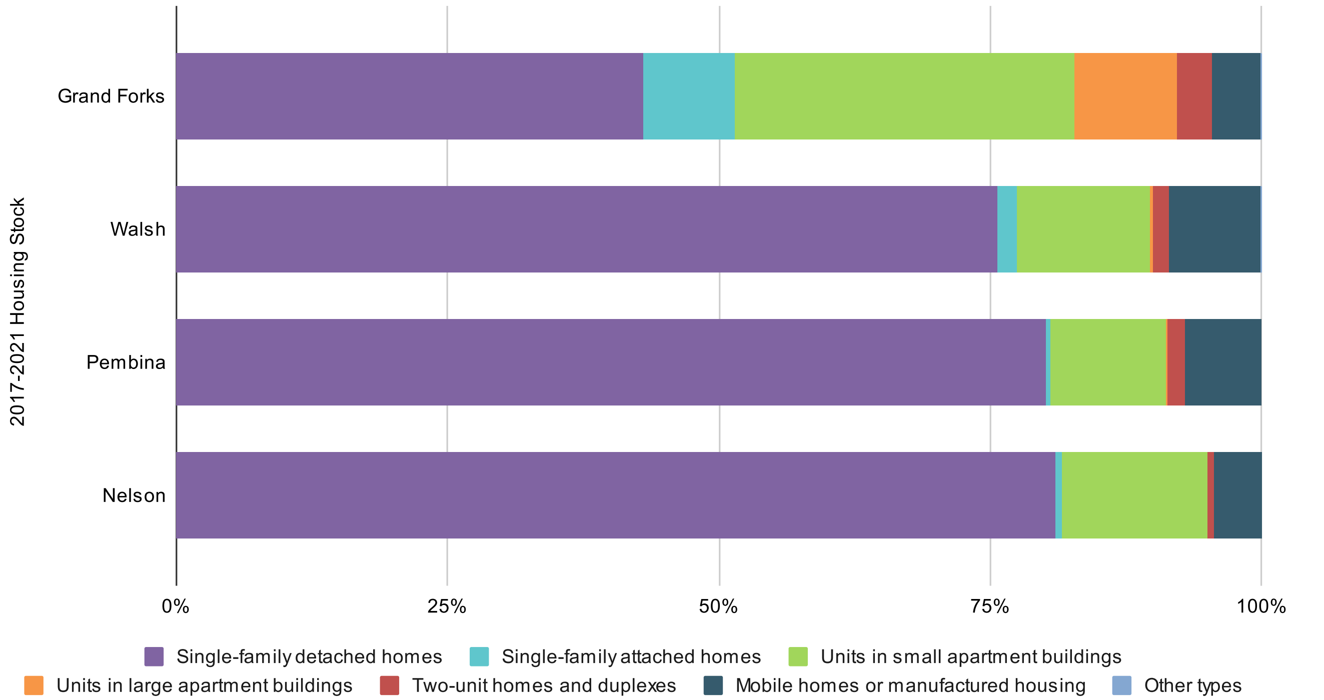
Existing Housing Conditions

This section details Region 4's housing characteristics, including age, size, vacancy, and value and volume of residential building permits.

Housing Type

Housing in the region is predominantly single-family residential. Across Region 4, 77 percent (or 12,626 units) of the 16,387 units in total are single-family residential. Single-family residential units make up 43 percent of Grand Forks (with Grand Forks City), 75 percent of Walsh, 80 percent of Pembina, and 81 percent of Nelson County housing stock. Other than Grand Forks County (with Grand Forks City), **rates of single-family housing units far surpass the overall state average of 57 percent** (211,156 units out of a total of 370,111 units). By comparison, in nearby Cavalier County, 82 percent (or 1,736 units) of the 2,128 units in total are single-family residential, while in the City of Fargo, this percentage is 35 percent (or 21,530 units of 61,307).

Housing Stock by County and Unit Type

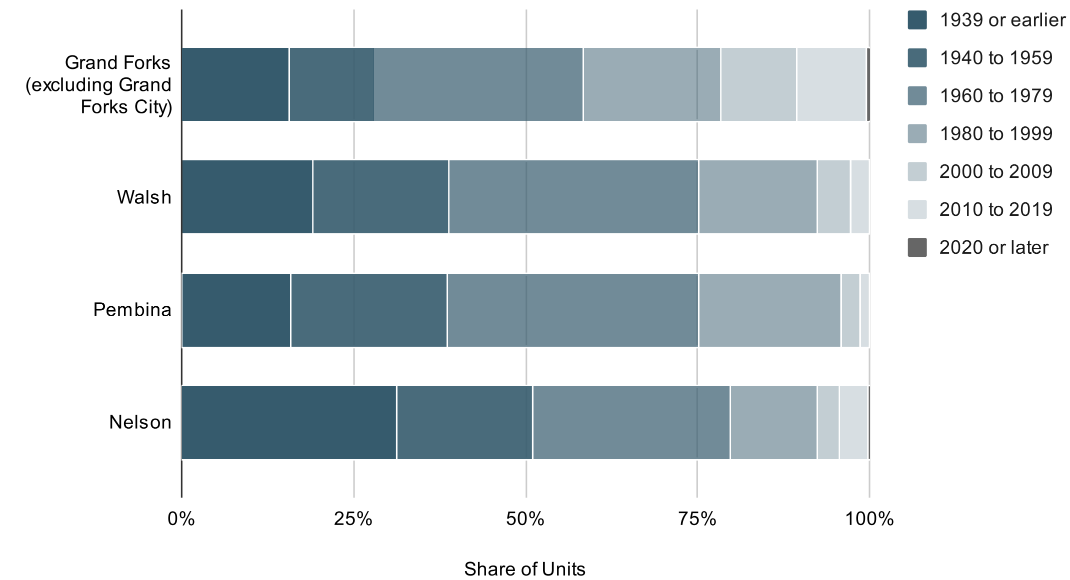


Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

Housing Age

The vast majority of housing units (69.5 percent) in the region were built before 1970 (fifty-four years old or older). More than a third (36 percent) of regional housing stock was built before 1960. Between 2000-2022, only 835 residential building permits were issued in the Study Area, including 301 in Nelson, Pembina, and Walsh counties combined, and 534 in Grand Forks County minus Grand Forks City. Meanwhile, over 7,800 permits were issued in the City of Grand Forks over that time frame.

Housing Units by Age

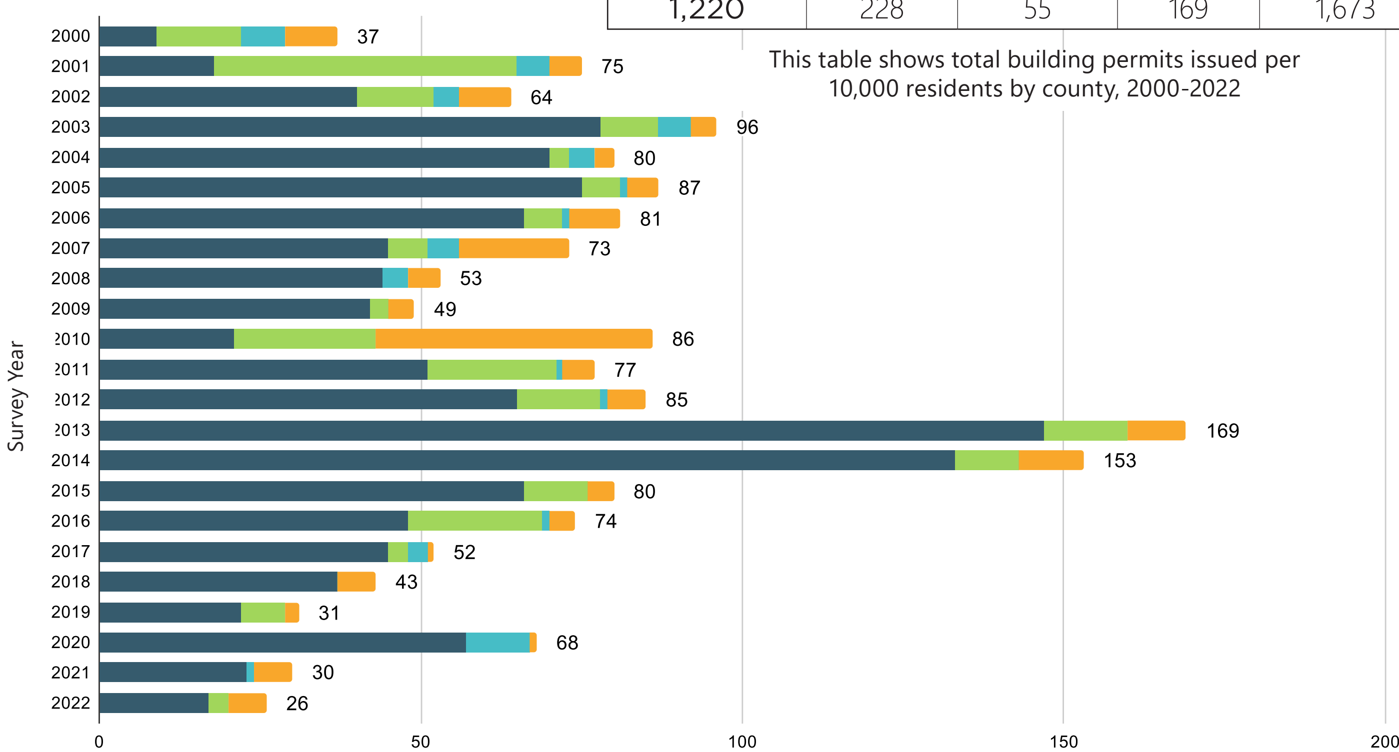


Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

Building Permits Issued per 10,000 People by County 2000-2022

Grand Forks	Nelson	Pembina	Walsh	Total
1,220	228	55	169	1,673

This table shows total building permits issued per 10,000 residents by county, 2000-2022



Source: Census Building Permits. Note that Grand Forks County includes the City of Grand Forks in this chart.

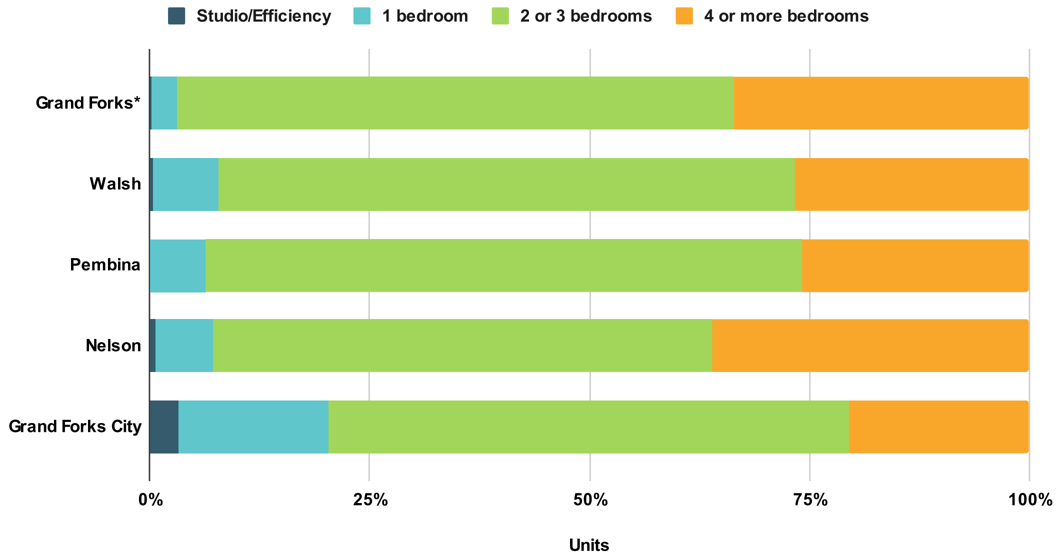
Housing Size

Most housing units in the region are two or three bedrooms in size. There are more family-sized units (4+ bedrooms) than studios/one-bedrooms in the region, which differs from Grand Forks City.

Housing Vacancy

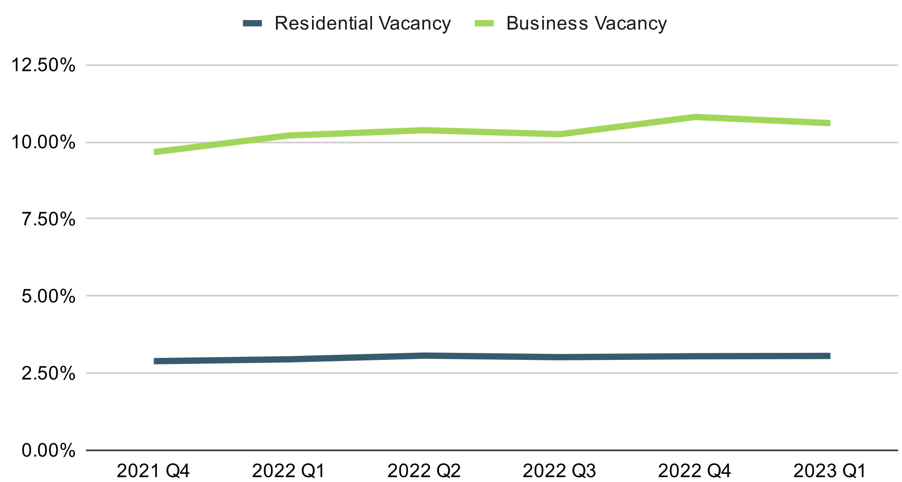
Housing vacancy in the Study Area remains steady and low. A healthy vacancy residential rate is between 5 and 10 percent,[12] because it indicates a supply of housing that is balanced with demand. When residential vacancy is lower than that, such as in the Study Area (which is around 3 percent), the demand for housing is higher than the supply of available units. This can cause disproportionate price increases, as well as an inability to attract new residents. Commercial vacancy has been at 10 percent in recent years, lower than national averages of 13.6 percent.[13]

Unit Size by Bedrooms



Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017–21

Housing and Commercial Vacancy in Study Area



Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

Residential Vacancy						
	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Study Area	2.89%	2.95%	3.07%	3.02%	3.05%	3.06%
Grand Forks	3.47%	3.53%	3.69%	3.60%	3.64%	3.65%
Walsh	1.82%	1.73%	1.67%	1.88%	1.86%	1.88%
Pembina	-	-	-	-	-	-
Nelson	-	-	-	-	-	-
North Dakota	2.28%	2.22%	2.27%	2.20%	2.18%	2.17%

Source: PolicyMap. Valassis Lists. Note: Percentages are suppressed in areas where addresses cannot be accurately mapped to a geographic location and when the number of residential addresses that were vacant was greater than the total number of valid residential addresses on record.

Housing Market Analysis

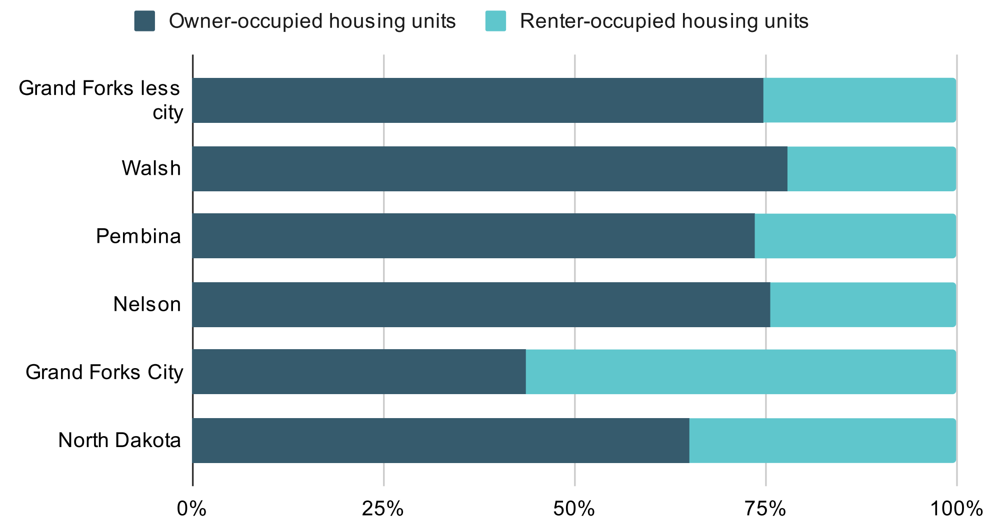
The following section includes housing affordability and wage analysis; for-sale and rental market analysis; subsidized and senior housing market analysis; and housing gap analysis.

Homeownership

The rate of homeownership in Region 4 is high. Across the region, an estimated 75.9 percent of households (or 10,556) owned their homes as of 2021. The region's homeownership rate surpasses North Dakota (63 percent) and the US (64 percent). At the county level, Walsh (77.9 percent), Nelson (75.6 percent), and Pembina (73.5 percent) Counties surpassed Grand Forks County (48.6 percent) as well as Grand Forks City (43.7 percent).

Three quarters of all homes across the Study Area are owner occupied as opposed to rented.

Unit Ownership Status

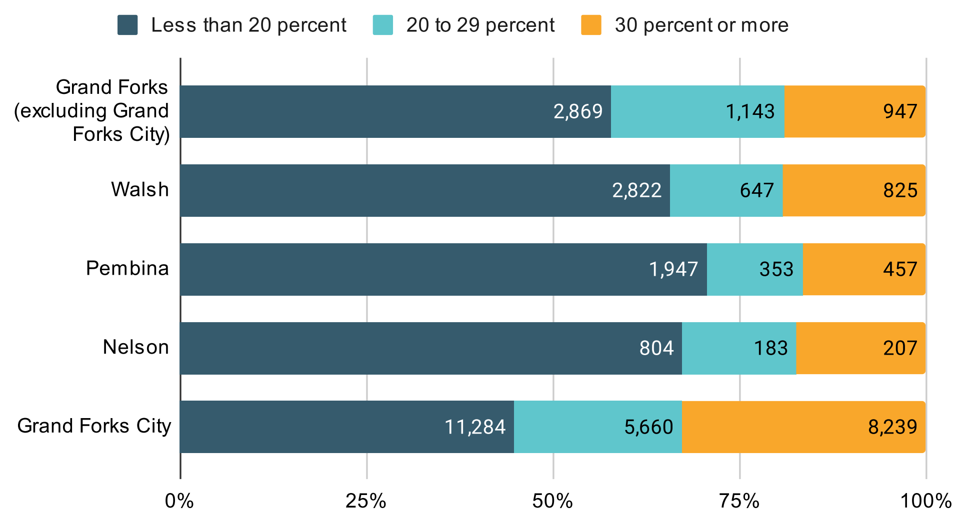


Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

Cost Burden

Households are cost burdened if they contribute more than 30 percent of their monthly income to housing expenses. **The majority of households in all four counties contribute less than 30 percent of their household income to housing-related expenses, meaning they are not housing cost burdened.** However, this does not capture people living in substandard housing that may nevertheless be "affordable," nor does it account for rising costs of new housing. In the Study Area, there is a lack of housing supply to meet the population's needs, and steadily increasing building costs mean it is difficult to build new homes that are affordable to those living in the region.

Share of Income for Housing - Owners and Renters

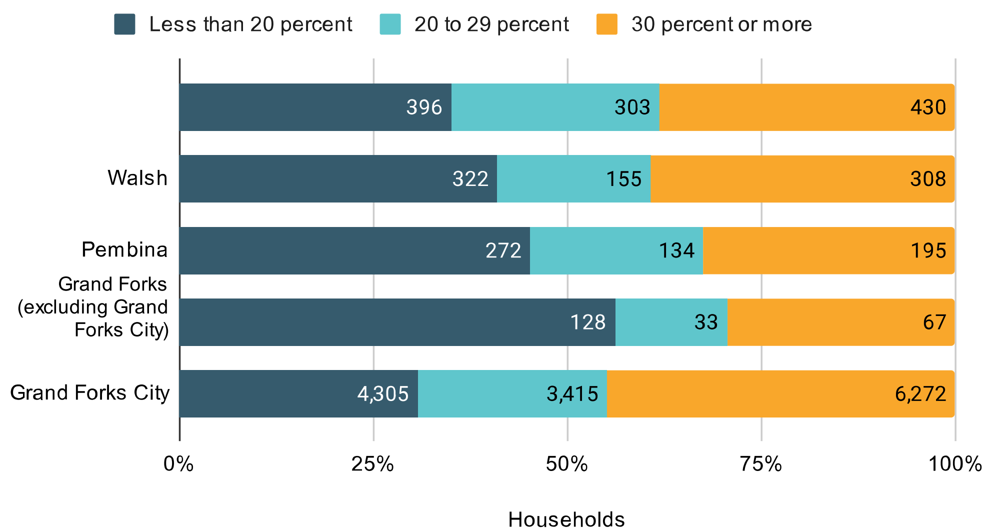


Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

With so many homeowners with housing costs less the 30% of income threshold there is potential opportunity to create shifts in the market if there were “move up” or “move over” housing options available. This is being evidenced with the CHDO’s 2024 Spark Build initiative as two homes in Lakota are being sold for the full asking price which has resulted in these homeowners listing their homes for sale in the community.

Across all counties, compared to homeowners, renters are much more likely to be cost burdened. Across all four counties, 43.5 percent of renters are cost burdened, meaning they contribute more than 30 percent of their income to housing-related expenses. Nearly 1,300 seniors who rent pay more than 30 percent of their income for rent in the region. Cost burdens for all households are likely to increase with the rising costs of construction and rapid appreciation in values, though this will be a dynamic situation as wages also rise.

Share of Income for Housing - Renters Only

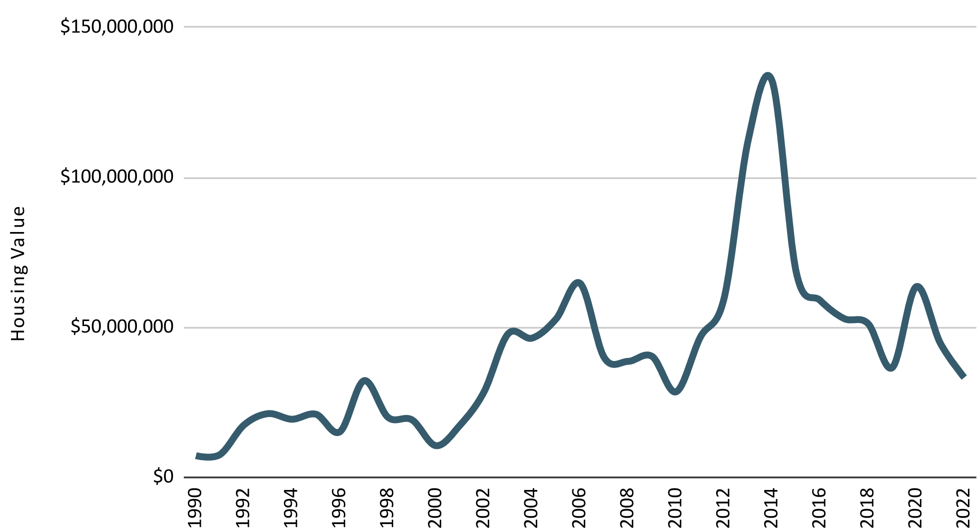


Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

Home Prices

As with national trends, housing values trended upward after 2000, falling off during the Great Recession. However, values spiked in the region in the mid-2010s, returning to prerecession levels in 2020 and falling again in the last few years.[14] The value of single-family units in the region has been rising steadily and is consistently above the multifamily value per unit. However, the value of housing per unit overall continues to trend upward, despite some fluctuations from year to year.

Total Housing Value - Region 4



Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

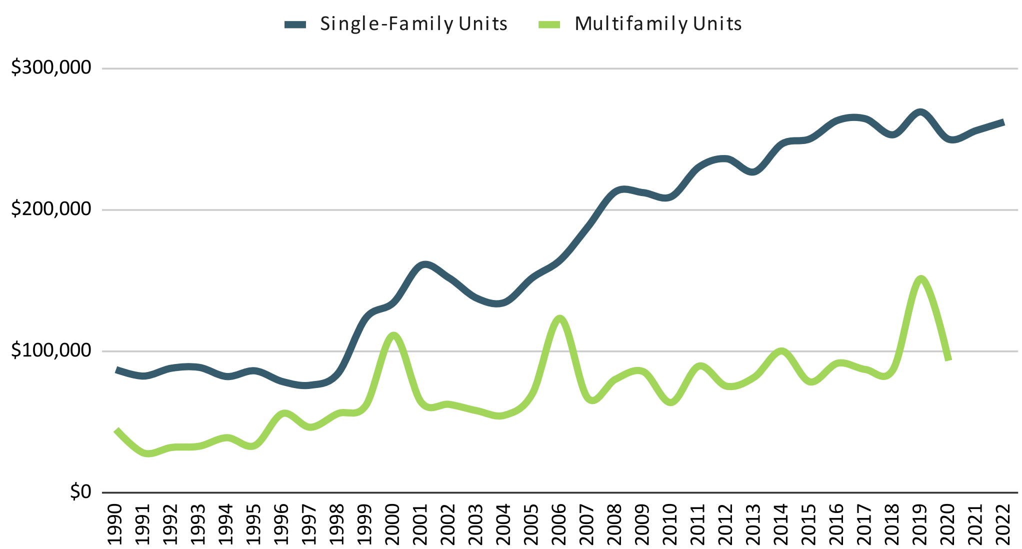
Rising home costs, while positive for raising the valuation of housing overall for the region, have put pressure on affordability for longtime residents, who have not seen wages rise significantly over time.

Median List Price by County 2018-2023

	2018	2023	% Change
Pembina	$79,700	$126,250	58.4%
Grand Forks	$252,375	$385,000	52.6%
Nelson	$53,975	$175,000	224.2%
Walsh	$108,225	$187,975	73.7%

Source: RDC Inventory Core

Value per Unit by Unit Type - Region 4



Source: Fourth Economy Analysis of US Census Building Permits. *(Note: Value is measured by the Census Building Permits Survey, which provides national, state, and local statistics on new privately owned residential construction. The United States Code, Title 13, authorizes this survey, provides for voluntary responses, and provides an exception to confidentiality for public records.)*

Rental prices have also risen over time, with the most expensive rental units located in Grand Forks County.

Median Rent by Unit Type and County 2021

Unit Type	Grand Forks	Nelson	Pembina	Walsh
All units	$941	$539	$658	$695
Studio	$699	-	-	-
1 BR	$753	$504	$582	$604
2 BR	$949	$525	$633	$793
3 BR	$1,314	$800	$815	$806
4 BR	$1,787	$1,292	-	$1,304
5+BR	$1,767	-	-	-

Source: Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2017-2021

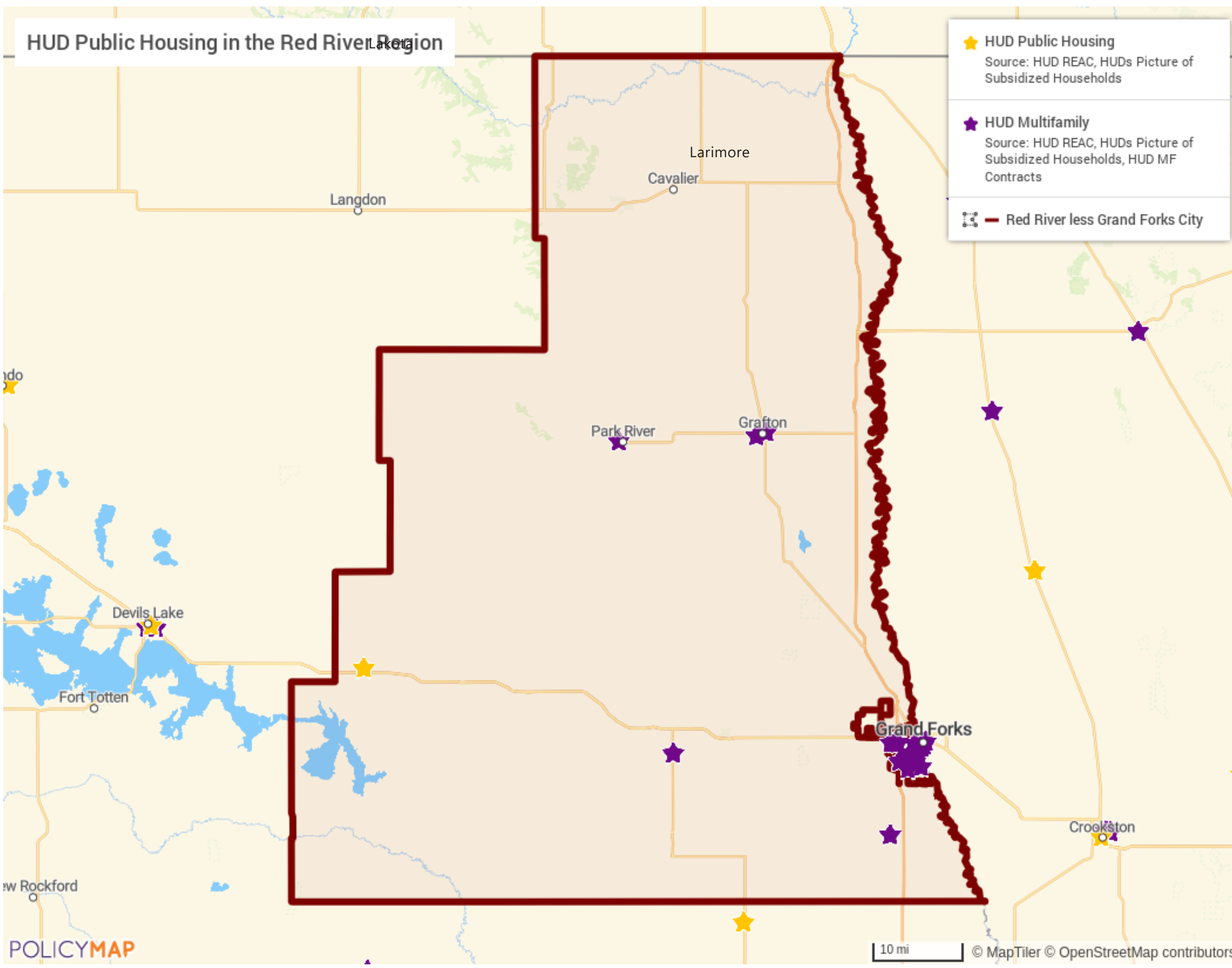
Subsidized Housing

Outside of Grand Forks City, the region is home to only five [Housing and Urban Development](#)(HUD) developments, totaling eighty-six units, located primarily in Grafton, Lakota, Larimore, and Park River. Most subsidized units in the region are serviced by [Low-Income Housing Tax Credits](#). The region has just over one thousand subsidized units, largely concentrated in Grand Forks County. There are no North Dakota Housing Finance Agency–registered project units in Nelson County. This may be due in part to the fact that the costs and requirements of LIHTC can often be too high for smaller-scale projects in rural towns to absorb, paired with the fact that the tax credits are difficult to market to would-be investors.

LIHTC Units and Projects by County

County	LIHTC Units	Project Units
Grand Forks	819	913
Pembina	30	30
Walsh	87	87
Nelson	-	-
Regional Total	**936**	**1030**

Source: North Dakota Housing Finance Agency



The value of single-family units in the region has been rising steadily and is consistently above the multifamily value per unit. However, the value of housing per unit overall continues to trend upward, despite some fluctuations from year to year.

Subsidized Senior Housing

County	Senior Restricted Units
Grand Forks	1,437
Pembina	10
Walsh	111
Nelson	38
Regional Total	**1,596**

Source: North Dakota Housing Finance Agency and review of state and federal housing programs (Section 515 Rural Rental Housing, PBCA, USDA, HIF, HTF, HOME, PBV, and LIHTC). Note: Many projects use multiple programs, so Fourth Economy eliminated known duplicates. Many projects do not report unit counts or distinguish between subsidized and senior subsidized units.

Looking to the future, there will be an increasing need for housing for older adults aging in place. Fourth Economy modeling indicates that from 2020 to 2030, Region 4 will experience demand for 2,495 housing units for retiring adults aging in place. However, over the same period, the region will experience the deaths of 2,113 householders. If, conservatively, there is full replacement in housing occupancy, **this leaves a demand for 382 new units for seniors over the age of sixty-five.** Without construction of housing that suits their needs, this age group will experience increased financial, physical, and social burdens. Seniors may decide to leave the region to relocate to areas where these types of units exist. Currently, most seniors are remaining in their single-family homes due to the lack of other available, affordable options.

As subsidized housing shifts from publicly owned assets to tenant-based vouchers, local housing authorities will see a shift in how housing is delivered. For March 2024, the housing authority for Grand Forks County issued 1,272 vouchers under lease, while 148 were issued in Pembina County and 66 in Walsh County. Data was not reported for Nelson County, and the City of Grand Forks data is included in the total for Grand Forks County. These represent total vouchers issued, not just those for seniors. Outside of Grand Forks City, an estimated 212 seniors sixty-two or older are living in subsidized housing. This estimate is likely low since the share of senior households is reported for the whole county and is likely to grow as the population ages.

Subsidized and Senior Housing

Unit Type	Pembina	Walsh	Nelson	Grand Forks (excluding City)	Grand Forks City
Subsidized units available	181	181	25	52	1,445
Vouchers	148	66	Not Reported	1,272	
People in subsidized housing	265	171	55	94	3,612
Shared of subsidized households age 62 or older	38%	33%	56%	26%	26%
Estimated population 62 or older in subsidized housing	101	56	31	24	939

Source: HUD Picture of Subsidized Housing, 2023. Subsidized units for Grand Forks City based on analysis of unit locations. Data on vouchers from the Voucher Management System Report CY 2024 Jan–Mar 2024. Available from Housing Voucher Program Support Division (PSD) – HUD

Future Housing Demand Projections and Gap Analysis

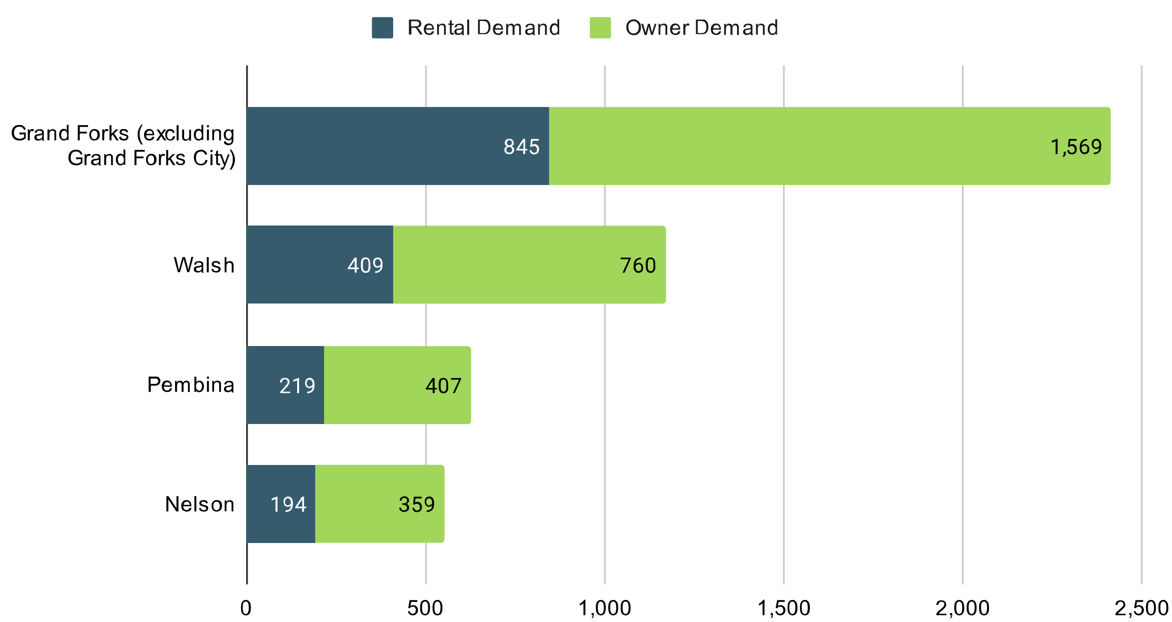
The economy in Region 4 is projected to continue to grow through 2030, and this economic growth will increase housing unit demand. According to North Dakota Employment Projections, **Region 4 will add 2,351 net new jobs by 2030.[15]**

This growth may be conservative, given forecasted growth at Grand Sky of 1,000 new direct jobs in five years; as many 1,500 jobs forecasted from the RRRC's recent business retention and expansion survey; and 1,900 current unfilled job openings. That said, those estimates include gross job growth estimates and don't count jobs that will be eliminated by 2030. **Also, job openings do not directly result in population growth, if unfilled in the long term.**

> The rural areas of northeast North Dakota have not been growing as fast in employment or population as they could **if they had enough housing to support existing and projected workforce needs**, highlighting the opportunity and need for more housing in Region 4.

Using job postings as a measure of demand paints a very different picture of housing demand by county. Excluding Grand Forks City, the rural areas of Region 4 had 6,186 unique open job postings as of May 2024.[16] **National standards assume a need for 0.77 housing units for every job created, which equates to a demand for nearly 4,800 units** in the study area. This includes 2,414 in Grand Forks County outside of the city, 1,170 in Walsh County, 627 in Pembina County, and 553 in Nelson County, of which more than a third (35 percent) will be for rental units, compared to 65 percent for owner units.

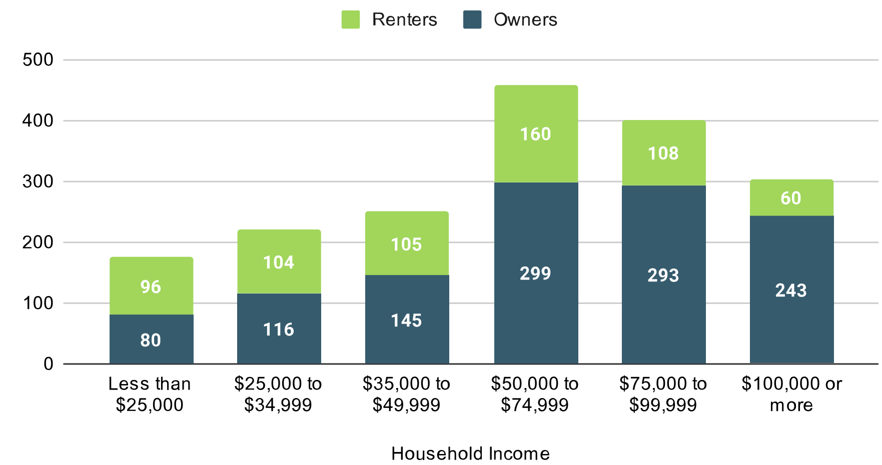
Forecasted New Housing Unit Demand Based on Unique Job Postings



Source: Lightcast™ Unique Job Postings. May 2024.

Unit demand will span income brackets, but will be particularly concentrated in middle-income households. This data can help inform development decisions regarding type and price point of future housing that will be attainable for current and future residents. Given the demand at the middle-income household level, generally, public funding programs currently do not support filling this niche while funding is needed to have affordable, accessible rents for this income bracket.

Housing Demand by Household Income Level



Source: Fourth Economy Housing Demand Model

The following analysis uses HUD Comprehensive Housing Affordability Strategy data to project housing supply gaps at various income levels for owner and renter units. Although this analysis contains projections for the entire Red River region, it should be noted that the income limits are based on the Grand Forks, ND-MN MSA. This is because, while there are subtle differences among the counties at the very highest income level, the level of affordability is the same for all other area median income (AMI) limits.

Region 4 Area Median Income (AMI) Income Limits, Estimated Values and Rents

	1 Person Household	4 Person Household	Owner Value (Low Estimate)	Owner Value (High Estimate)	Monthly Rent
30% AMI	$20,100	$30,000	$78,000	$108,000	$750
50% AMI	$33,500	$47,850	$124,000	$172,000	$1,200
80% AMI	$53,600	$76,550	$199,000	$276,000	$1,910
100% AMI	$65,950	$94,200	$245,000	$339,000	$2,360

Source: Fourth Economy Housing Gap Model.
Note: Home affordability equals roughly 2.6 - 3.6 years of income, resulting in low and high ranges here.

Owner-Occupied Housing

For Region 4, owner housing value ranges in affordability from $78,000 at the lowest AMI band to $339,000 at the highest band.

Region 4 Owner Households and Units Gap Calculation

	Households	Occupied Units	Vacant Units	Unit Shortage or Surplus
0-50% AMI	**1,390**	**4,369**	**165**	**+3,144**
	15%	*45%*	*1.7%*	
51-80% AMI	**1,298**	**2,309**	**35**	**+1,046**
	14%	*24%*	*0.4%*	
81-100% AMI	**1,106**	**841**	**10**	**-255**
	12%	*9%*	*0.1%*	
101%+ AMI	**5,675**	**1,950**	**30**	**-3,695**
	60%	*20%*	*0.3%*	

Source: Fourth Economy Housing Gap Model.

Region 4 Owner Households Mismatch

	Unaffordable Households occupying units that are unaffordable to them	No Mismatch Households with income that matches unit cost	Lives Below Means Households with income above the unit cost they occupy
0-50% AMI Households	491	899	0
	35%	*65%*	*0%*
51-80% AMI Households	119	294	885
	9%	*23%*	*68%*
81-100% AMI Households	130	47	929
	12%	*4%*	*84%*
101%+ AMI Households	0	1,645	4,030
	0%	*29%*	*71%*

Source: Fourth Economy Housing Gap Model.

Among current owner housing units, **there is a unit shortage of 3,950 units that are affordable to those at 81 percent AMI and above**, while there is a unit surplus for households at 80 percent AMI and below. This indicates a demand for more market-rate housing, simultaneously helping to alleviate housing shortages for those in the lower- and middle-income brackets.

For renter housing, affordability ranges from $750 a month to $2,360 a month.More than a third of owner households in the lowest income bracket (0–50 percent AMI) are cost burdened, whereas **the majority of households at all other income levels are living below their means.** This indicates that these households have incomes above the unit cost that they currently occupy, likely causing competition between the lowest-income-level households and all others for housing units that are affordable to them.

Rental Housing

Among renter households in Region 4, there is a unit shortage of 1,295 rental units at the highest income levels (81 percent AMI and above) and a unit surplus at all other levels, consistent with the housing burden analysis above.

Region 4 Renter Households and Units Gap Calculation

	Households	Occupied Units	Vacant Units	Unit Shortage or Surplus
0-30% AMI	747	1,390	260	**+643**
	20%	*34%*	*6.3%*	
31-50% AMI	782	1,280	150	**+498**
	21%	*31%*	*3.6%*	
51-80% AMI	752	906	0	**+154**
	12%	*22%*	*0%*	
81%+ AMI	1,427	132	10	**-1,295**
	38%	*3%*	*0.2%*	

Source: Fourth Economy Housing Gap Model.

More than a third (38 percent) of households at 0–30 percent AMI and a quarter (25 percent) of households at 31–50 percent AMI are occupying rental units that are unaffordable to them. Meanwhile, more than two-thirds (70 percent) of households at 51–80 percent AMI and 94 percent of households at 81 percent AMI or above are living below their means in their housing units, indicating a need for more market-rate rental units.

Region 4 Renter Households and Units Gap Calculation

	Unaffordable Households occupying units that are unaffordable to them	No Mismatch Households with income that matches unit cost	Lives Below Means Households with income above the unit cost they occupy
0-50% AMI Households	287	460	0
	38%	*62%*	*0%*
51-80% AMI Households	192	255	335
	25%	*33%*	*43%*
81-100% AMI Households	28	194	530
	4%	*26%*	*70%*
101%+ AMI Households	0	88	1,339
	0%	*6%*	*94%*

Source: Fourth Economy Housing Gap Model.

As with the owner households, this mismatch results in lower-income households competing with higher income households for modestly priced rental housing. This problem is amplified by the lack of newer market rate rental units available to higher income households.

This housing analysis indicates the need for affordable owner and renter housing units, including additional subsidized housing opportunities, in tandem with the development of higher-value owner and renter housing units targeted at households in the higher income brackets. **It is also supported by survey responses, in which respondents ranked newly constructed entry-level homes for sale as the most impactful way to improve their current housing situation.**

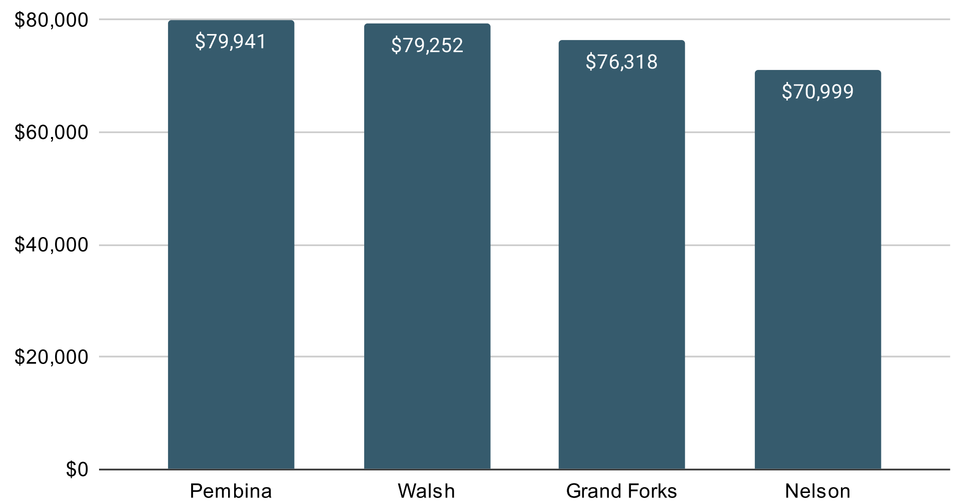
Housing Scenarios

If Region 4 is successful in pursuing new housing at scale to fill the gaps identified above, there are significant economic benefits associated with both the construction and the overall population growth that the availability of additional housing supply would enable. **As discussed above, there is currently not enough housing to meet current or projected future demand, which limits local employers' ability to hire.** The following section explores scenarios of what could happen if Region 4 were to invest in the housing needed.

Economic Impact by Consumer Spending

The Study Area has seen a 6 percent decline in population from 2010 to 2020, while there are some small towns that have seen small increases. In analyzing economic impact based on consumer spending, current spending across the four-county region totals nearly $3 billion.[17] **If the population were to decline another 6 percent over the next ten years, this consumer spending would fall to about $2.8 billion, while if the total regional population were to grow 6 percent, this would result in regional spending of more than $3.1 billion.**

Average Consumer Expenditures per Household by County



Source: Census Business Builder. Consumer spending measures personal consumption expenditures of goods and services.

Economic Impacts by Housing Needs

Housing to Address Current Gaps

Per Fourth Economy's analysis of 2022 HUD Comprehensive Housing Affordability Strategy data, Region 4 currently has a housing shortage of 3,950 owner units and 1,295 renter units. If the region were to construct enough housing to fill those gaps, the economic impact could result in 2,398 jobs in construction with an additional 78 jobs in support positions in the community. **This would mean $147 million in total regional wages and $7.7 million in state and local business taxes.**

Jobs in Construction

2,398

$147M in Direct Wages for these positions

Total Regional Wages

$147M

The 2,398 jobs would support an additional 78 jobs in the community for 2,476 jobs.

State and Local Business Taxes

$7.7M

$4.2M in local business taxes and $3.5M in state business taxes. This does not include personal income or real estate taxes.

*This assumes a job multiplier of 2.9 jobs for every unit of single-family housing and 1.25 jobs for every unit of multifamily housing,

Source: Fourth Economy Analysis of CHAS Data | Lightcast

Impact of Job Related Housing Demand

Following the conservative job growth estimates referenced on page 26, Region 4 will add 2,351 net new jobs by 2030,[18] resulting in demand for 1,810 housing units.[19] Using these projections, though likely conservative, points to significant impact resulting from this housing construction. **If those housing units were to be constructed in the region, there could be an economic impact of 4,086 jobs in construction with $219 million in direct wages for these positions**; $10.1 million in total regional wages with the addition of 439 jobs in indirect job creation; and $5.7 million in state and local business taxes.[20]

Jobs in Construction

4,086

$219 Million in Direct Wages for these positions

Total Regional Wages

$10.1M

The 4,086 jobs would support an additional 439 jobs in the community for 4,525 jobs.

State and Local Business Taxes

$5.7M

$3M in local business taxes and $2.7M in state business taxes. This does not include personal income or real estate taxes.

*This assumes a job multiplier of 2.9 jobs for every unit of single-family housing and 1.25 jobs for every unit of multifamily housing, Source: Lightcast

For context, hourly equivalents are calculated by dividing median income levels by 2,000 hours.

Household Income	Avg. Hourly Wage Equivalent
$25,000	$12.50
$35,000	$17.50
$50,000	$25.00
$75,000	$37.50
$100,000	$50.00
$125,000	$62.50
$150,000	$75.00

Impact of Housing for Supercommuters

The Study Area currently has 2,469 supercommuters[21] who travel more than fifty miles for work (this does not include those employed in Grand Forks City). If the region were to construct the housing necessary to house even just a portion of those supercommuters (the following calculation is based on just 1,300), the economic impact could result in 1,625 jobs in construction with $105 million in direct wages for these positions as well as the creation of an additional 102 indirect jobs in the community.[22] Not including personal income or real estate tax, housing construction in **this scenario could yield $2.8 million in state and local business taxes.**

Jobs in Construction

1,625

$105M in Direct Wages for these positions

Total Regional Wages

$116M

The 1,625 jobs would support an additional 102 jobs in the community for 1,727 jobs.

State and Local Business Taxes

$2.8M

$1.5M in local business taxes and $1.3M in state business taxes. This does not include personal income or real estate taxes.

*This assumes 1.25 jobs for every unit of multifamily housing,

Source: Lightcast

Impact of Meeting Senior Housing Demand

According to Fourth Economy's population model projections, **from 2020 to 2030, Region 4 will experience demand for 2,495 housing units for retiring adults aging in place.** However, over the same period, the region is projected to experience the deaths of 2,113 householders. If, conservatively, we can assume a full replacement in housing occupancy, this leaves a demand for 382 units. If the region were to construct senior housing necessary to fill those gaps, the economic impact could be 478 jobs in construction over time, assuming a job multiplier of 1.25 jobs for every unit of multifamily housing, plus an additional 17 support jobs in the community, for a total of 495 jobs created.[23] **This would result in $31 million in total wages for Region 4, in addition to $1.6 million in state and local business taxes.**

Jobs in Construction

478

$31M in Direct Wages for these positions

Total Regional Wages

$31M

The 478 jobs would support an additional 17 jobs in the community for 495 jobs.

State and Local Business Taxes

$1.6M

$880K in local business taxes and $740Kin state business taxes. This does not include personal income or real estate taxes.

*This assumes a job multiplier of 1.25 jobs for every unit of multifamily housing,

Source: Lightcast

SWOT Analysis

Regional conditions discussed above are reflected in the following SWOT analysis for Region 4.

Strengths

The region's strengths in housing include leaders who recognize the need to address housing as a key strategy to building a stronger, higher-potential economic future, and who are therefore positioned to address it. Between local, state, and federal programs, the region has a growing tool kit of resources to accomplish this feat. The region has a high rate of homeownership, there is a strong base of residents who are committed to the region for their livelihoods, and the growth in population and employment in Grand Forks has brought newfound attention to the region as a whole.

Weaknesses

The region's weaknesses in housing are characterized by an older housing stock that is currently ill equipped to meet the needs of future employers and their workers; a growing population of senior citizens who are aging in place; and a critical volume of lower-income renters, often essential workers such as teachers and those in healthcare and agriculture. Few existing federal programs exist to support the development and redevelopment of affordable units or workforce housing needed to make an impact at scale. The slow pace of new construction has also hindered the development of higher-value homes, which are attractive to middle- and high-income workers interested in moving to the rural parts of the region.

Opportunities

The region's opportunities to catalyze new housing construction, redevelopment, and rehabilitation rely on the joint commitment of partners across the public and private sectors. By tapping into existing and new federal and state resources and expanding local programs, the region can begin to create new momentum in rural housing development. New programs can also support the region in filling vacant farmsteads, renovating and updating the housing stock, and bringing a supply of local homebuilders and developers back to small towns and cities.

Threats

The region's threats in housing focus on both existing circumstances and barriers that are hindering development in the mid to long term. The lack of housing in the region is limiting employment growth and could result in employers leaving the region, which some companies have begun to do. Seasonal workers fill a considerable amount of available rental housing, limiting availability for new and existing residents. The presence of blight and disrepair within the existing housing stock presents challenges, particularly for first-time homeowners. Weather-related disasters continue to cause over $40 million annually in economic losses. These threats are only amplified by the region's high infrastructure costs, lack of homebuilders and developers, and lack of funding available for new programming.

Strengths

Regional Trends

- Regional leaders recognize housing as a critical issue.
- The high growth rates of population and employment in Grand Forks have brought newfound attention to the region as a whole.
- The region's counties all exceed state and national averages for homeownership rates.

Existing Housing Programs and Investments

- The Grand Forks Community Land Trust has been a successful model for developing new housing units.
- Robust investments in flood infrastructure since the 1997 Red River flood have brought newfound safety to the region's housing stock.
- North Dakota's Housing Incentive Fund (HIF) provides critical gap funding to catalyze rural workforce and affordable housing.

Insights on the Housing Stock

- The region has a surplus (more homes than households) of 4,190 single-family homes at values attainable for households below 80 percent AMI though values are rapidly increasing.
- The average value of housing increased by over 50 percent in each of the region's counties from 2018 to 2023, including a 224 percent increase in Nelson County.
- While there are gaps in small towns, the region has a surplus (more homes than households) of 1,295 rental units that charge rents attainable for households below 80 percent AMI, which are clustered in the City of Grand Forks.

Weaknesses

Existing Housing Programs and Investments

- The lack of federal Low-Income Housing Tax Credit (LIHTC) funding in smaller rural communities hinders the development of new affordable housing units.

Insights on the Housing Stock

- There is a lack of housing for senior citizens in the region.
- In general, a low volume of property listings limits new rentership and home sales.
- Of homes in the Study Area, 69.5 percent were built before 1970, with this aging housing stock likely in need of costly repairs and modernization.
- Between 2000-2022, only 835 residential building permits were issued in the Study Area, including 301 in Nelson, Pembina, and Walsh counties combined, and 534 in Grand Forks County minus Grand Forks City. Meanwhile, over 7,800 permits were issued in the City of Grand Forks over that time frame.
- The Study Area has a shortage of 3,695 for-sale units that are meant for households above 101 percent AMI.
- The Study Area has a shortage of 1,295 rental units that are meant for households above 81 percent AMI.
- Among regional housing units, 77 percent are single family, exhibiting a lack of diversity in housing typologies, compared to the overall state average of 57 percent.
- Within the Study Area, 45.3 percent of renters are cost burdened, meaning they spend more than 30 percent of their income on housing.
- There are only eighty-six federally subsidized units in the region outside of Grand Forks City, despite a need for low-income housing.
- Residential vacancy in the region hovers around 3 percent, with a lower rate in rural areas, compared to a healthy rate of 5 to 10 percent, indicating demand that outpaces supply.

Continued Next Page

Opportunities

Leveraging Existing Programs and Investments

- Community land trusts may be expanded throughout the region's counties.
- The North Dakota Legacy Fund could support housing development at a large scale throughout the state.
- The new statewide Rural Workforce Housing Grant program could support blight mitigation throughout the region, however, this program would need significantly more funding..
- Regional employers can collaborate to fund housing solutions for their current and future workers.

Ideas for the Future

- Regional funding programs intended for home renovation and weatherization could modernize the housing stock.
- Small-town governments could benefit from assistance in dealing with LIHTC and other complex funding tools, or having similarly designed state programs specific to smaller scale projects.
- Homebuilding would be more cost effective if developers and homebuilders lived in rural parts of the region to eliminate mobilizatrion and travel costs.
- Main Streets present ample opportunity and space for new housing units through revitalization efforts.
- Many seniors live in large single-family units that are incompatible with their lifestyles. As seniors look to downsize, these homes are ripe for renovation and redevelopment.

Threats

Existing Conditions

- Seasonal agricultural workers fill a considerable amount of available rental housing, limiting the quantity available for new and existing residents.
- The presence of blight and disrepair within the existing housing stock limits in-migration, especially in rural areas.
- Weather-related disasters continue to cause over $40 million annually in economic losses.
- Rural parts of the region are rapidly aging on average, with more senior housing needed to retain these populations in the area.

Future Considerations

- The lack of housing in the region is limiting employment growth. The region's housing shortage may cause businesses to leave the region, and company expansions are beginning to take place in other states and areas.
- The rising development, labor, and infrastructure costs associated with homebuilding limit new development.
- There is a decreasing supply of homebuilders and residential property developers in the region, leading to less housing development over time.
- From 2020 to 2030, the region will experience demand for 382 new housing units for retiring adults aging in place, a typology the region struggles to develop.
- Thirty-five percent of future regional demand will be for new rental units, totaling 1,810 new offerings by 2030. The region struggles to develop this typology of housing.

2

Action Plan Recommendations

The lack of available, appropriate, and attainable housing in Region 4 is a region-wide concern that must be solved for Region 4 to achieve success in future population growth, economic development, and enhanced quality of life and community vitality.

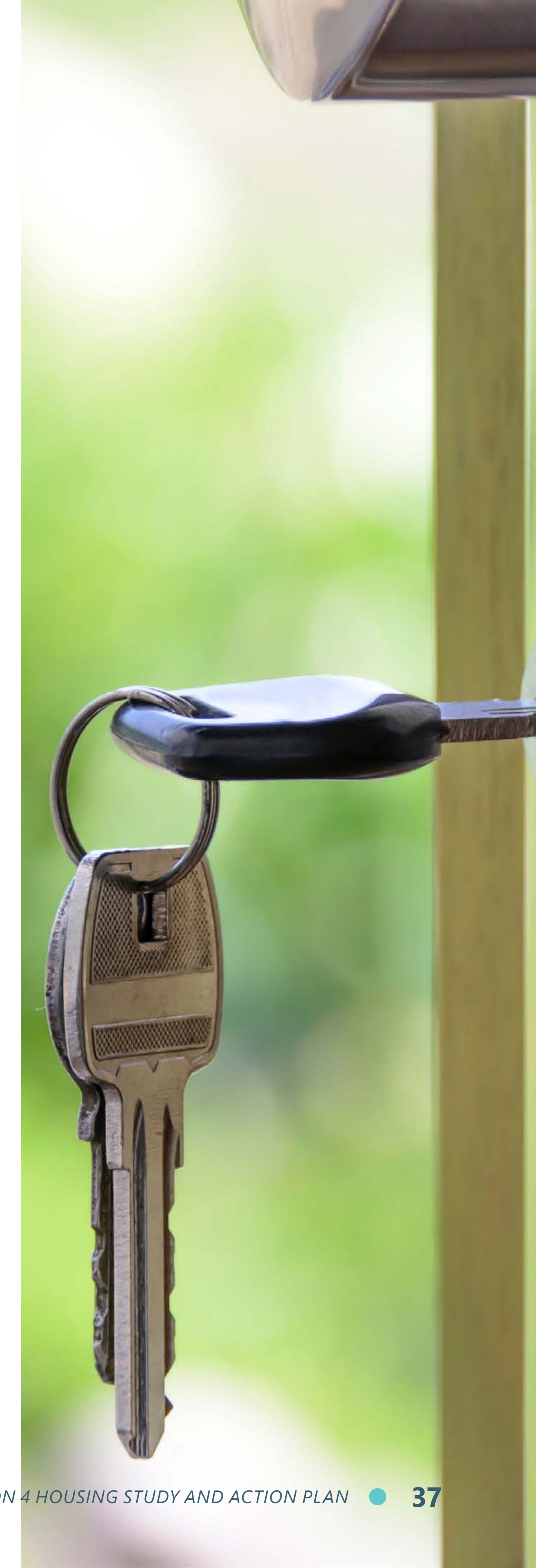
Current housing stock falls short of meeting demand and rural communities are not prepared to welcome the new workers needed by local employers. For Region 4 to take advantage of the opportunities in front of it, housing development is a necessary key step.

To begin seeing housing expansion, both incrementally and at a larger scale, Region 4 must focus on **five core areas**. These key themes are:

1. Enabling New Construction
2. Encouraging Housing Innovation
3. Developing Workforce and Human Capital
4. Facilitating Redevelopment, Reuse, and Repair
5. Funding Housing Development

These priority areas emphasize the need for not only new development but innovative housing types and redevelopment, reuse, and repair to match the region's land and built environment needs. They also focus on the human factor of housing development—northeast North Dakota needs more skilled tradespeople and entrepreneurial developers to catalyze longer-term growth. And, consistently cited as a primary barrier to regional housing development, funding strategies are highlighted that can create the volume of financing necessary to see development occur at scale.

These recommendations aim to highlight potential solutions that RRCHDO and its partners can pursue. Given resource constraints, not unique just to Region 4 but common among other rural communities across the country, not all can be enacted in the short term. The success of these strategies will rely on leaders' efforts to build programming and nurture partnerships in the region and across North Dakota, working collaboratively on implementation. The solutions laid out in this plan should be considered by key stakeholders, including elected officials, private developers, real estate agents, and property owners, and pursued according to capacity and desired impact.



1. Enabling New Construction

Nearly all rural towns in Region 4 saw an influx of development in the 1950s–60s, following national trends of a post-WWII economic boom, and have seen little new housing since. Local government leaders are ready to shift this paradigm, bringing in a new wave of suitable, modernized regional housing that accommodates existing and future residents alike.

At the core of the region's housing challenges is the struggle to develop new housing at scale. Numerous variables contribute to this challenge:

- landlocked municipalities;
- high development costs;
- a shortage of local developers;
- and lack of regional, state, and federal incentives all prohibit new construction from occurring in Region 4.

Additional housing supply is needed in order to not only retain residents but grow the population with new workers attracted to the region.

Catalyzing this new development gives small, low-capacity rural governments and regional organizations the assistance they need to alter their policies and infrastructure. For example, the RRCHDO has had limited capital available during its three-to-five-year startup period, which is a barrier to housing development in Region 4 and throughout rural North Dakota. Scaling the RRCHDO's staff size beyond its current one-person capacity is essential for long-term growth and housing investment. Similarly, the RRRC has limited staff capacity to support this work, and the region's county housing authorities are not equipped to support development work at scale. The governor created the Office of Rural Prosperity in early 2024, which is still in the early stages of development but has the potential to place a focus on these issues and needs.

A primary takeaway of this project's research, analysis, and engagement is that private developers prefer to seek projects with scale. This directly contrasts the reality of Region 4's rural environment, where undeveloped parcels do not exist en masse in any individual area. However, with creativity in educating government leaders, aggregating and packaging available land across geographies, and cultivating interest among local developers, Region 4 can make a broad impact on the region's housing stock, becoming a rural model for how to attract necessary new development that supports population and economic growth.

1.1: Work with municipal leaders to help towns, cities, and counties take local actions that catalyze new housing development

Enabling new construction throughout Region 4 requires work at the local government level. Towns, cities, and counties can create the right conditions for new development through smart zoning codes, comprehensive plans, capacity development, and a broader understanding of what opportunities exist throughout the region. This can be supported through regional leadership that can provide templates, guidance, and best practices that individual communities can adopt.

Implementation Strategies	Implementation Scale
1.1.1: Advance local rezoning to make more areas available for new housing development. It is difficult in Region 4's smaller rural towns to acquire land that is suitable for development at scale, with many in the floodplain and therefore not readily developable, and/or facing barriers to acquire adjacent lands and extend infrastructure hookups. However, many municipalities have vacant lots, underutilized commercial and industrial spaces, and blighted trailer parks within their city limits. This mix, which community leaders and residents agree need to be updated, presents a housing opportunity. Local planners and zoning officials can creatively rezone spaces like vacant strip malls, trailer courts, and underutilized portions of industrial areas to accommodate new housing development at scale, which offers increased potential to attract outside investors and speculative developers.	Local Regional
1.1.2: Educate municipal leadership about best practices for zoning, incentives, and other tools that can facilitate housing development. Region 4's rural small-town municipalities are capacity constrained, with few resources to creatively inspire new housing construction. The RRCHDO can begin to address this by providing hands-on education and assistance to rural communities through offering virtual workshops, site visits, and one-on-one meetings with local elected officials. Lessons learned can be highlighted from communities in North Dakota and similar rural states that have succeeded with new housing development, along with expertise and training offered from groups like the North Dakota League of Cities, North Dakota Association of Counties, and American Planning Association.	Local Regional
1.1.3: Inventory available land, property values, municipal land use, and infrastructure capacity throughout the region in a publicly searchable database and better data collection. To better identify opportunities for housing development across Region 4, leaders need a precise understanding of the individual sites that show promise for new construction. To date, most knowledge of available parcels is shared via word of mouth. A region-wide survey of land use, specifically highlighting available land and infrastructure capacity, can bring clarity to not only existing opportunities but potential new ones too. This visual inventory, if built as an online GIS map or similar technology, can be updated by RRCHDO periodically. RRCHDO can also work with local leaders to provide additional details around the records included in this inventory and market this critical resource to developers and builders to encourage new development. As noted in the Executive Summary, reliable local data is limited in rural areas, including Region 4. Regional stakeholders should work to collect and make publicly available everything from sales and tax records to property listings, land use, and more. Currently, much land and homes trade hands through private sales, without sale price reporting, which has limited the ability to pull comps in appraisals, suppressing appraisal values and market fluctuations. Local municipalities could pass ordinances that require the disclosure and recording of home sale prices following property transfer to more accurately provide a picture of evolving property values.	Local Regional

1.1.4: Extend municipal infrastructure to accommodate new housing development.

Existing parcels and sites are often assessed by private developers according to the availability of existing infrastructure, such as water and sewer, electric, and other utilities. Extending this infrastructure where it does not exist can be the most cost-intensive portion of developing new housing at scale. The burden of cost falls heavily on local government, developers, or homebuyers, depending on who takes initiative in building new homes and how special assessments are handled in a given municipality.

To help ease this burden, government and financial partners can work to collaboratively support the financing of critically needed infrastructure expansions that allow for new housing development. This might include the state providing matching grants to growing small towns to encourage and enable infrastructure growth, minimizing risk for the community and supporting workforce and economic growth. These expansions can help to create attractive, developable lots that increase the housing stock at scale. Potential funding for these infrastructure expansion projects are touched on in detail in Strategy 5: Funding Housing Development. In addition, mitigating special assessments on infrastructure for housing development could help ease the cost of developing housing, lowering the risk for developers and individuals building new homes.

Local

State

1.2: Empower region-wide actions that catalyze housing construction in areas that are viable for new development

Region-wide collaborative actions spearheaded by local leaders are crucial to northeast North Dakota's efforts to make new housing its top priority in the coming years. As a regional nonprofit organization focused on developing and supporting the development of housing, RRCHDO can play a role in leading regional players in ensuring lots are available and marketed for development, private developers and builders are aware of multiparcel opportunities in the area, and the region has formal mechanisms to help expedite new housing development. These regional actions have ripple effects into individual communities, as region-level work to attract housing development and population growth can directly yield benefits in local areas.

Implementation Strategies	Implementation Scale
1.2.1: Work with regional property owners to put vacant properties on the market. Vacant properties sit throughout the region for a plethora of reasons—outside investors are waiting for parcels or buildings to appreciate; older adults are keeping homes and farmsteads to pass on to the next generations in their families while living elsewhere; and farmers are acquiring lots to someday house future H-2A workers, who are critical to the success of their agricultural operations. While there are many legitimate reasons for property owners to hold on to existing housing and vacant sites, this puts pressure on the region's capacity to build new housing. To address this trend, RRCHDO and partner organizations can take a proactive stance toward working with the property owners of vacant lots and homes, through creating a cadence of checking in to gauge whether property owners are interested in putting these assets on the market. This strategy can help generate a knowledge of not only what units may become available but also the specific factors that prevent asset transfer. An increased knowledge of individual properties and their limiting factors for new construction will help drive new development, specifically in rural areas with little available land.	Local Regional

1.2.2: Bundle lots across municipalities to attract a builder, working with real estate agents to showcase available, shovel-ready lots to private developers.

The lack of scale in opportunities for housing construction on an individual parcel of land hinders private developers from working in the region, as they are frequently seeking the opportunity to build many units at a time. While one large parcel may not exist in Region 4 that meets this requirement, the region offers a plethora of development-ready opportunities across its rural towns. To attract a private developer to leverage this opportunity, RRCHDO, in partnership with local governments and real estate agents, must work to package a series of available parcels and lots that can accommodate new development. This package can reduce costs for a developer and bring needed, new high-quality housing into the region across its towns, cities, and counties. Packages can include areas suitable for multiple single-family units, multifamily typologies, and other housing types deemed attractive by both private developers and municipal leaders.

- **Local Best Practice:** RRCHDO's Spark Build 2024 initiative packaged four single-family homes in one building contract in partnership with cities donating lots. Two houses are being built in Lakota and two houses in Larimore in 2024.

Local

Regional

1.2.3: Form a regional building cooperative (co-op) to encourage development of spec homes and housing co-ops to lower costs of homeownership.

Rising construction costs are one of the more tangible barriers to new residential construction. Builders in Region 4 are less likely to take unnecessary risks to build speculatively, preferring to have a home purchased or under contract before construction begins. To ease cost burdens, contractors, materials companies, and other building industry partners might come together to form a cooperative purchasing entity to procure supplies, equipment, and other services in bulk to lower costs to build the spec housing that is in demand in Region 4.

This can be paired with a housing co-op for residents to co-purchase these units, in order to cost-share and therefore lower expenses. Housing cooperative real estate is typically co-owned by shareholders but in some cases by a nonprofit organization. Owners of a co-op buy shares of the cooperative instead of owning the unit outright, and typically are allowed to then sell their shares on the open market, with oversight by the co-op's governing body like a board. Employers might purchase shares to provide housing to their employees, or open it up to workers to buy their own shares.

- **Best Practice:** The USDA has a guide to creating purchasing cooperatives, as well as a resource for starting a residential housing co-op.

Local

1.2.4: Create local or regional land trusts to acquire land for housing development.

Local land trusts can work to purchase regional properties, lead development and redevelopment efforts, manage in-use housing units, and align the interests of various stakeholders. These mission-driven organizations, with the purpose of gathering funding from governments, developers, homebuilders, members of the supply chain, and other regional actors, can work with the RRCHDO on a long-term strategy to build and maintain homes throughout Region 4. Land trusts can bring in revenue over time from these activities and scale its impact in the region.

- **Local Best Practice:** The Grand Forks Community Land Trust offers a strong model of an existing successful housing trust in the region. This land trust has used donations, government subsidies, and operational income to purchase and maintain affordably priced rental and owner-occupied housing units.

Regional

2. Encouraging Housing Innovation

Housing innovation is needed to increase the supply of housing available in rural counties and towns in Region 4. Senior and subsidized housing in particular is needed, as are starter homes for young families looking to purchase for the first time. Though wages have begun to rise over recent years, many workers, especially minorities and women, who face a wage gap as high as 50 percent, struggle to afford homeownership. Several communities in the region have considered innovative solutions, such as twin homes, tri- and quad-plexes, or multifamily apartment units that fit more homes per lot, which lowers the overall cost of development and encourages new homebuilding at scale.

Region 4 should explore creative and lower-cost housing types, such as multifamily units, accessory dwelling units (ADUs), homes with smaller footprints (microhomes), or manufactured and modular homes to lower cost per unit. Introducing these nontraditional housing typologies can drive incremental growth in the housing stock and further inspire innovative housing types, breaking the region's current overreliance on standard single-family homes as the primary unit type available in the area.

To encourage housing innovation, buy-in is needed from elected leaders, auditors, and zoning officials who can work creatively to shift their built environments to accommodate more housing at scale. Forming partnerships with home developers that specialize in alternative housing types is key to implementing feasible solutions, perhaps introduced to the region gradually through pilot projects and proofs of concept. Finally, education is needed. Currently, municipal leaders and homeowners have little knowledge of innovative housing types such as ADUs and modular homes used throughout the country to successfully increase housing availability. By educating key stakeholders on how they can maximize acreage and square footage for both region-wide population growth and personal financial gain, Region 4 can begin to see growth in housing types that exist to welcome new workers and families to the area.

ADUs and microhomes can range from high-end, bespoke structures to traditional cottages, cabins, and shed conversions.Pilot projects which mirror local styles and preferences can help overcome negative perceptions of these housing types.

2.1: Educate regional leaders and residents on alternative housing types

Throughout the region, there is demand for innovative housing types and a desire from municipal leaders to see new housing typologies in their jurisdictions. Still, there is a mismatch between these aspirations and the reality of implementing new nontraditional home development. To capitalize on this interest, RRCHDO and other regional influencers must take on the role of educating key stakeholders, such as interested homeowners and city officials, on what it takes to see units such as ADUs, microhomes, 3D printed houses, and more come to fruition. Individuals in Region 4 can learn from each other, committing to the idea of incrementally expanding housing stock, proving feasibility one unit at a time.

Implementation Strategies	Implementation Scale
2.1.1: Develop an educational campaign around the development of multifamily homes, modular and manufactured homes, and accessory dwelling units (ADUs).	Regional

2.1.1: Develop an educational campaign around the development of multifamily homes, modular and manufactured homes, and accessory dwelling units (ADUs).

To dispel myths and misconceptions about alternative forms of housing, regional partners can create a long-term educational campaign that encourages the development of alternative housing types and dispels myths and misconceptions. For example, manufactured homes historically have garnered a negative connotation, but have made vast improvements in aesthetics and quality in recent years. Specifically targeting multifamily homes, modular homes, and ADUs (independent dwelling units found on the same lots as existing single-family homes, also known as "granny/mother-in-law flats"), education can focus on the value propositions of these housing types on both regional and household financial levels.

For the region, these housing types help expedite development and population growth, specifically supporting critical middle-income residents such as nurses, teachers, emergency responders, and other essential workers. At an individual level, multifamily and modular homes can bring cost savings for families, while the development of rentable ADUs on their properties can bring long-term revenue to homeowners. These insights, and more, can be wrapped into a digital educational campaign that also engages regional residents through in-person events and site visits.

- **Best Practice:** Neighboring South Dakota's Governor's House program has sold more than 3,200 modular home units since 1996. These homes are low maintenance, energy efficient, and aesthetically attractive, and use high-quality materials while remaining budget friendly. Northeast North Dakota could replicate this program by partnering with local businesses that offer modular manufactured homes.

- **Local Best Practice:** In Cavalier, an eightplex is currently being developed by the RRCHDO in partnership with a group of local investors. The city granted $50,000 toward this development. If successful, this model could be replicated in other small towns. Funding from the North Dakota Housing Finance Agency HIF is essential to this model.

2.1.2: Host homebuyer education in small towns across Region 4 and incentivize home transfer. To complement educational content on viable nontraditional housing types, homebuyer education is also needed in Region 4. Homebuyer education can focus on financial literacy; long-term fiscal planning and decision-making around purchasing a home; and tools, resources, and funding programs that can help bridge gaps for first-time homebuyers. This homebuyer education can be directly supported through entities like the North Dakota State University Extension Service, which doesn't currently host education for new homebuyers but does serve local residents. The North Dakota Housing Finance Agency also has a partnership with a provider who does online homebuyer education for users of the first-time homebuyer program. These efforts could be complemented through state establishment of a first-time-seller tax credit or senior-sale tax credit, to incentivize transfer of homes among first-time buyers and sellers. Also, given the number of foreign-born immigrants and/or seasonal and/or temporary workers moving to the region to fill labor shortages, technical assistance and education programs could be specifically targeted to support immigrants in locating and obtaining rental and for-sale housing in the region.	Local Regional State

2.2: Enable innovative housing types in individual communities through pilot programs, zoning, and districting efforts

To see individual towns, cities, and counties throughout Region 4 adopt innovative housing types, the region must show that it is open for business in attracting this kind of ambitious development. Directly working with municipal leaders to craft pilot programs, policies, and zoning codes will prepare the region for these new opportunities.

Implementation Strategies	Implementation Scale
2.2.1: Shift local zoning codes to encourage accessory dwelling units (ADUs). Allowing the development of ADUs and other housing units that complement existing single-family homes sometimes requires alterations to existing zoning codes. By increasing the amount of housing units allowed on single-family lots, zoning officials, auditors, mayors, and city council members who oversee decisions related to zoning, land use, and development can enable the development of housing units that allow senior citizens to downsize and live intergenerationally, teachers to find temporary housing near their schools, and adult children of existing residents to move back to the region after college or a first job outside of northeast North Dakota. This incremental population growth via new housing units can greatly impact the region's economic potential over time. ▪ **Best Practice:** For assistance on how to zone for ADUs and limit municipal barriers to their construction, AARP and the American Planning Association offer direct guidance to support local leaders.	Local
2.2.2: Create affordable housing districts in municipalities throughout the region, where appropriate. Housing districts of different varieties are a mechanism used by municipalities to cluster housing of various unit types and price points within specific geographies. For example, an affordable housing district can ensure that new development in an area with rapidly rising property values includes a portion of units available at prices attainable for lower-income residents. Housing districts can also provide subsidies to developers to incentivize new development in a target area of a jurisdiction. Region 4 can utilize affordable housing districts to ensure that existing affordability remains in near job centers like schools, hospitals, and manufacturing facilities that employ lower- and middle-income workers who are critically in need of housing. These districts can also catalyze new modern housing development that include denser mixed-income units around Main Streets and other commercial centers. ▪ **Survey Insight:** Respondents who own businesses note that single-family rent-to-own opportunities spanning three to five years would most help them attract and keep the employees they need, followed by newly constructed entry-level homes for sale and new, modern multifamily rental housing.	Local

2.2.3: Target denser microhome communities for senior citizens and H-2A seasonal agricultural workers.

In addition to projected future demand of workers regional employers are hoping to hire, the largest current demand for housing in the region comes from two main sources: retirees and older adults, and farmers seeking residences for their temporary agricultural workers. These two demographics generally seek similar characteristics in their ideal housing: simple, often single-story units that are affordable and near key amenities and that allow for comfortable lifestyles close to their peers.

To meet this demand, local officials and administrators can develop microhome villages. These dense, innovative housing developments can often repurpose an existing asset, such as a trailer park or strip mall, with high-quality housing that meets the needs of those looking for smaller-footprint living. Microhome developments typically start with the identification of a large parcel for development or redevelopment, and a municipality working with a private developer to agree on the financing and parameters for the development. Microhome developments allow for more housing units to be developed on a smaller acreage, meeting the needs of Region 4's demographics and limitations of available land.

Local

3. Developing Workforce and Human Capital

Northeast North Dakota lacks a critical volume of homebuilders, skilled tradespeople, contractors, and developers present in the region needed to develop new housing at scale. Residential developers, typically entrepreneurs with a blend of personal capital, bank financing, and the backing of institutional investors, seek profitable market opportunities in preferred geographies. However, the region has very few trained developers or local homebuilders and does not have the parcels at scale to attract out-of-town developers. The region also has a shortage of skilled trades workers who can physically construct new homes.

The region can work to build out this localized workforce and talent pool as a means of generating housing development in the long term, while also cultivating these skill sets and interests as a specialized career track within the region. Region 4 can work to lead not only in North Dakota but across the Great Plains as the center for this talent. In turn, the region can see increased housing construction and redevelopment.

To work toward these goals, regional leaders can take three core actions: (1) increasing educational opportunities, (2) assessing future workforce needs, and (3) encouraging entrepreneurs to take advantage of opportunities present in the region.

3.1: Advance educational opportunities to create regional housing developers and homebuilders

Educating local talent to work in trades and other skill sets relevant to housing construction and development is a long-term endeavor, starting with high school and moving through adult skills training. Region 4 already works to expose high school and college students to skills related to construction, engineering, and manufacturing through multiple career and technical education programs. The expansion of these programs can prioritize increasing student access, which can often be an expensive up-front investment, but ultimately a lucrative long-term choice for students and adults.

Implementation Strategies	Implementation Scale
3.1.1: Incorporate age-appropriate career exploration and entrepreneurship into the K–16 curriculum. Equipping public school and college students with the education and exposure they need for careers in housing development is a critical piece of driving interest in the industry. A multitude of programs in the region and state already provide these points of access, such as North Valley Career and Technology Center, the North Dakota Department of Career and Technical Education, and the North Dakota State College of Science's Building Construction Technology program. These programs, and others similar, provide direct career pathways to careers in trades and housing construction. The region should advocate for the expansion of these programs to help meet demand, and work to consider new region-specific programming where applicable. ▪ **Local Best Practice:** Marketplace for Kids, offered in both North Dakota and Montana for students in grades 3–8, provides project-based learning that "encourages students to stretch their thinking in more creative, divergent ways to solve problems and create new ideas. During our unique Education Days, students attend hands-on activities to explore career fields, technology, and entrepreneurship."	Regional State
3.1.2: Build more apprenticeship programs for high school students and adults in the building trades and associated industries, such as business banking and real estate. Apprenticeship programs are a key avenue for getting potential talent the experience they need to lead projects related to homebuilding and the trades. These programs are geared toward high school–aged students as well as adults looking for career pivots. Expanding apprenticeship programs to job pathways that support the building industries, such as banking and real estate, can help drive economic growth and housing development. Local apprenticeships and internships can help to keep skilled workers in the region and drive long-term economic prosperity in Region 4. Regional partners can consider subsidizing apprenticeships at individual companies that share the mission of catalyzing new housing development throughout Region 4.	Regional Employer
3.1.3: Create regional scholarships for students to pursue trades education. Regional partners can further amplify impact in housing-related education by funding scholarships for local students to participate in formal training and workforce development programming. These scholarships can come with attached location commitments, meaning local students and workers who receive scholarship funding must work in the industry within the region following their completion of a program. Scholarships help limit costs for individuals interested in working in the trades and increase the return on investment of education, limiting barriers to this work and increasing its attractiveness. Scholarship programs may be jointly funded by local philanthropic dollars and corporations seeking to make a social impact in Region 4. ▪ **Local Best Practice:** The North Dakota Career Builders program, offered through the North Dakota University System, provides funding to North Dakota businesses in order to recruit employees and keep talent in North Dakota. "This innovative partnership provides $1 of state funds for each $1 of matching funds, up to a total of $17,000 per recipient! Recipients can receive a scholarship while enrolled in college, or student loan repayment once they have finished their program of study and are seeking employment in an in-demand occupation within ND." This program has county-level components in Walsh and Pembina led by their JDAs. This local portion could be used as an advocacy tool to highlight the trades-related fields, perhaps be expanded to purchase training equipment, and support a regional apprenticeship program.	Regional State Employer

3.2: Develop a stronger understanding of the region's workforce needs as they relate to housing development

The need for more local tradespeople and housing developers was cited continuously throughout this study's research and engagement. Municipal leaders believe that without the presence of local homebuilders or developers, the region will lack the ability to drive the development it needs, with out-of-town developers prioritizing the best financial opportunity, whereas locals with an attachment to the region may work harder to find less obvious opportunities that serve local needs. To build the volume of specialized workers needed to drive housing development, regional partners must work to understand region-wide workforce strengths and gaps, to develop programs that can yield specialized programming and inspire local talent to enter the building trades.

Implementation Strategies	Implementation Scale
3.2.1: Conduct a workforce study to understand regional gaps and discover residents who may be underemployed. A workforce study of the region, with a prioritized focus on skills related to the building trades, can help regional leaders develop a clearer understanding of gaps between worker skills and key industries. Workforce studies can highlight shortages and surpluses of workers with certain skill sets, misalignment between education levels and the demands of specific industries, and identify demographics who may be experiencing underemployment or job dissatisfaction. The workforce study could also recommend needed programming and interventions related to housing.	Regional
3.2.2: Partner with workforce development entities to better market and advertise opportunities in the trades. Regional workforce development agencies and other educational institutions have focused much of their effort in recent years on marketing and training for jobs related to advanced manufacturing, aerospace engineering, and other high-need regional specializations, while not placing the same focus on trades-related training. With the region's shortage of tradespeople directly hindering housing development, these entities can begin to reprioritize critically needed high-paying jobs in construction, engineering, architecture, artisanship, and other trades. These skills can directly yield more talented laborers and builders in the region. Key messages to encourage entry into the trades include strong wage packages, lifelong earnings potential, entrepreneurship opportunities, and the critical long-term projected need for these skills in Region 4.	Regional
3.2.3: Launch a centralized job board that local employers can use to post job openings. In a region poised to experience an immense amount of job growth due to new companies and projects, a job board would help to attract talent and keep local students and workers aligned with current market demands, by marketing opportunities with local employers to broader regional, statewide, and national audiences. Jobs related to housing development and construction could be compiled and prioritized on the board. Tracking the volume of job postings could additionally help RRCHDO and economic development leaders better understand the demand for housing in the region as well as salaries, job locations, and more. ▪ **Local Best Practice:** The Living Local app allows communities to share events calendar alerts, news, healthcare resources, and local job postings. The Real. Good. Northeast ND (www.realgoodnd.com) also features entrepreneurship and job opportunities, with a job board being added in 2024	Regional

3.2.4: Increase staffing for regional housing organizations to adequate levels for required impact. The RRCHDO and RRRC currently lack staff capacity to fully support the development, education, and advocacy necessary to generate housing development at the scale that is needed in Region 4. The addition of at least two to four additional full-time equivalent positions would help these regional organizations provide the leadership needed to implement the tasks outlined in this plan.	Regional

3.3: Highlight housing development as a priority for the region's entrepreneurial ecosystem

To drive new housing development, Region 4 needs more risk-takers. Region 4 can leverage its entrepreneurial ecosystem assets—such as the University of North Dakota and its immense research capacity; Evolve Grand Forks, a leading entrepreneurial support organization for the region; and Grafton's planned business incubator and innovation lab, supported by RRRC and slated for construction later this year—in order to promote and position housing development as a key form of entrepreneurship in the region. This can prioritize providing resources to small-scale local developers, and providing funding for the development of new entrepreneurial ventures in the industry.

Implementation Strategies	Implementation Scale
3.3.1: Provide business support services and incentives to enterprising local residents to develop startups and encourage entrepreneurship related to housing. Housing development is inherently an entrepreneurial endeavor that involves risk in attracting bank financing, local buy-in, and outside investment. As with any traditional entrepreneur or small business owner, developers require support, including assistance with marketing, business planning, legal and accounting services, or minigrants for startup. Regional organizations supporting entrepreneurs can provide support to housing developers in the area, especially those just starting up, to provide resources and services critical to their success. Regional entrepreneurial support organizations might also create a training program that educates existing individuals in the region on the skills needed to become small-scale developers and build homes, including attributes related to physical construction, project management, and access to financing. Municipalities can pilot initiatives that encourage entrepreneurship, such as the ability to rent-to-own discounted long-vacant storefront spaces, or tax breaks for new startups. Resources to leverage include the state's Small Business Development Center, SCORE, and Wonder Fund North Dakota. ▪ **Local Best Practice:** The RRRC has plans to renovate a ten-thousand-square-foot historic property on Grafton's Main Street as a regional incubator, innovation lab, shared-use kitchen, mini retail spaces, and small offices for solo-preneurs, with construction planned for 2024/2025. Grafton's Storefront Improvement Program awards up to $10,000 grants for business owners rehabilitating commercial building façades. Tenants must have a minimum of two years remaining on their lease, and either building owner or tenant may apply for the program.	Regional
3.3.2: Amplify existing "builders exchange" directories and encourage more participation by local Region 4 construction companies, builders, and tradespeople. Resource sharing is a key activity in any entrepreneurial ecosystem that helps businesses build their networks and business pipelines. In the case of residential development, "builders exchanges" provide a marketplace for companies working within the industry. By not only keeping a directory of these businesses but working to align them for various projects, Region 4 can create connectivity among businesses and help individual enterprises grow in the region. Exchanges can include contractors, builders, and tradespeople to widen their reach. Local leaders can promote this resource among relevant stakeholders throughout Region 4.	Regional

4. Facilitating Redevelopment, Reuse, and Repair

Region 4's housing stock is aging and, in many cases, is in need of renovations and repairs that are costly for existing homeowners. At the same time, many municipalities have a surplus of underutilized properties, presenting a unique opportunity for Region 4 to deploy creative redevelopment, reuse, and repair of existing residential and commercial assets. This approach is particularly beneficial for northeast North Dakota's smaller rural towns that have limited space for new greenfield development and cannot afford infrastructure expansion to new lots.

Common reuse and redevelopment strategies include repurposing hotels, farmsteads, or commercial structures into residential units; renovating vacant warehouses, factories, schools, or other large structures into multifamily dwellings; splitting larger homes into duplexes as older residents look to downsize; and adding condos above storefronts in downtown areas. To unlock the potential found in these lots, RRCHDO and other Region 4 leaders can take a variety of actions to gain access to lots; finance redevelopment and reuse activities; and create an updated, repaired housing stock out of the current supply of aging assets.

While redevelopment offers potential for increased housing, the process can be complex and expensive, requiring coordination among local, county, and state governments; property owners; developers; and other stakeholders. Properties may need to be acquired from current owners, whether vacant farms, unused commercial buildings, city-owned parcels, or run-down structures on Main Streets. Investing in these buildings helps preserve the character and historic relevance of the region's communities.

4.1: Explore funding tools, policies, and marketing strategies that increase the volume of housing redevelopment, reuse, and repair in the region

Fostering region-wide redevelopment, reuse, and repair projects requires a firm commitment from regional and municipal leaders to prioritize existing blight, underdevelopment, and vacancy as a residential opportunity moving forward. Getting from vacancy to fully functioning redeveloped housing units is a long process, requiring multiple forms of support and subsidy from regional and local entities. Properties not owned by towns or cities must come up for sale, through either market forces or the pressure of local policy. Land and properties can then be held by a government and bid out to a private developer with a plan for new housing units and other uses that align with local priorities. Developers may require subsidies that make development financially feasible, along with the support of local government and community members in alignment with local vision. Local leaders can take action to shepherd redevelopment, reuse, and repair through to fruition.

Implementation Strategies	Implementation Scale
4.1.1: Create a redevelopment fund that provides low-interest loans for repair and renovation. Preserving and improving existing homes through maintenance, repair, and renovation is critical for housing stock and affordability. This is especially important for older homes that tend to need more upkeep over time. However, performing such work can stretch budgets, particularly for elderly homeowners and those with low to moderate incomes. Region 4 can explore the creation of a low-interest loan program that supports redevelopment, reuse, and repair endeavors, leveraging existing state funds that target repair and renovation for low-income residents, such as the Rehab Accessibility Program, Renaissance Zones, or Rural Workforce Housing Grant / Removal of Slum and Blight funds awarded through the North Dakota Department of Commerce. In partnership with local financial institutions, municipalities and the region as a whole can lessen the expenses to make the redevelopment, reuse, and repair more feasible at scale. ▪ **Local Best Practice:** Home maintenance programs like the North Dakota Homeowner Assistance Fund Home Repair program, HUD home improvement loans, and USDA's Section 504 Home Repair program assist by providing funding support like home repair grants and loans targeted to low-income rural residents. Since 2005, the RRRC has led the implementation of six housing rehabilitation projects in the region, with more than $2 million invested. Weatherization programs like the US Department of Energy's Low-Income Weatherization Assistance Program administered through the North Dakota Department of Commerce also help reduce energy costs and improve efficiency through measures like the installation of modern insulation and roofing. The Historic Preservation Program offers funding for rehabilitation and is administered by the State Historical Society through its Archaeology and Historic Preservation program. However, accessing these programs often involves navigating requirements and processes at local, state, and federal levels, as well as securing skilled labor and specialized services like lead-based-paint testing services. ▪ **Local Best Practice:** The RRRC and RRCHDO are currently developing a Region 4 PRICE application to support regional efforts to maintain, protect, and stabilize manufactured housing communities. Through this program, HUD is appropriating $235 million in competitive grant funding for the preservation and revitalization of manufactured housing. Awards will be announced fall of 2024 for 6-year programs/projects.	Regional State

4.1.2: Expand the use of tax increment financing (TIF) and payment in lieu of taxes (PILOT) for redevelopment throughout the region.

TIF is a useful financing tool used across the country for enabling new development and redevelopment projects. Defined as "a value capture revenue tool that uses taxes on future gains in real estate values to pay for new infrastructure improvements,"[24] TIF creates area-specific capital for municipalities to use in subsidizing private development projects that promise long-term property tax revenue for a town, city, or county. Projects may include new housing units, mixed-use development, commercial centers, or town-center-style developments. Regional leaders can collaborate with county and city officials to assess potential TIF districts and see through planning efforts that lead to the creation of new funding sources that incentive the creation of housing units.

- **Local and National Best Practice:** TIF has been used in Fargo and Grand Forks to spur growth in infrastructure and population. Utah and Vermont offer strong examples of using state-sponsored and subsidized rural TIF to catalyze housing and mixed-use development in rural areas. Grafton is currently using PILOT to support an apartment complex development.

Regional

State

4.1.3: Develop ordinances that incentivize upkeep of vacant properties. Tax unoccupied properties at a higher rate to disincentivize blight, vacancy, and underinvestment.

Throughout the region's municipalities, lots sit blighted, vacant, or undeveloped, held by in- and out-of-state property owners for returns on their investments through the appreciation of their assets over time. To combat this effect, communities throughout the country are implementing land value taxes, a policy defined by its ability to "encourage development and discourage speculative land investment."[25] The tax encourages property owners to build on their land or improve existing structures to make productive use of the land they own. Regional leaders could work with local municipalities willing to experiment with a land value tax. If the tax proves effective in mitigating blight and vacancy, others in the region may explore similar solutions.

- **Best Practice:** Land value tax has been piloted in areas experiencing immense blight and disinvestment, such as Detroit, MI, as a means of catalyzing mixed-use projects and new housing units.

Local

Regional

4.1.4: Raise awareness of the redevelopment, reuse, and repair projects that are possible in the region.

A critical component of inspiring action around repair and reuse is getting the word out surrounding attractive redevelopment opportunities through a comprehensive marketing campaign. Using platforms such as digital marketing, in-person site visits, and media outlets like TV, social media, and radio, regional stakeholders can work to get potential projects in front of interested investors. This campaign can highlight development-ready sites, alongside successful redevelopment, repair, and reuse projects that have already been completed with compelling before-and-after content, showcasing the impacts that new projects can bring to the region.

- **Best Practice:** AmeriCorps volunteers often serve rural communities under a sponsored project that meets the organization's mission to "improve lives, strengthen communities, and foster civic engagement." Region 4 could apply to partner with AmeriCorps under a campaign to help repair, paint, and improve older homes, which would bring needed resources and awareness to this issue.

Local

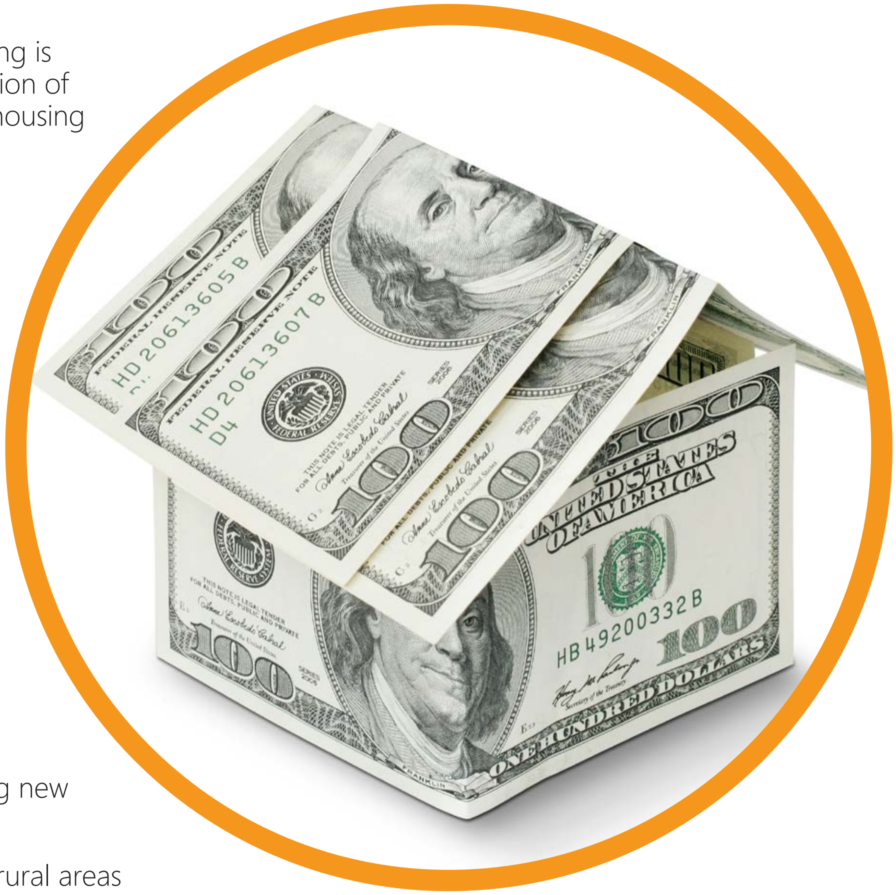
Regional

4.2: Target individual homes for demolition and/or redevelopment, effecting incremental progress in creating new housing at a regional level

While large-scale development projects can bring new housing units and other amenities to the region at a high volume, incremental progress is also needed to combat individual instances of blight and vacancy. A region-wide effort to mitigate against dilapidated homes and other assets is an endeavor all towns, cities, and counties can contribute to. The RRCHDO and other regional actors can take on the role of encouraging action, providing information and oversight on how municipalities can begin redevelopment processes, and taking the lead on prioritizing remediation throughout the region to make room for reuse and redevelopment.

Implementation Strategies	Implementation Scale
4.2.1: Empower local municipalities to condemn and demolish blighted buildings through funding and ordinance. The demolition of dilapidated buildings to create more space for redevelopment is a key activity led by municipalities, but community leaders generally have limited resources to approach this work at scale. RRCHDO can work to support municipalities in these efforts through accessing increased state-level funding for blight remediation projects. RRCHDO can also support municipalities in identifying local funding that may be put toward increased capacity for blight remediation, with the value proposition that this remediation will lead to increased revenue over time through redevelopment. Key targets for demolition include vacant homes, abandoned portions of trailer parks, and blighted commercial facilities.	Local Regional State
4.2.2: Sponsor engineering surveys of available lots, properties, and parcels to facilitate redevelopment. A critical piece of redeveloping properties at any scale is enabling property transfer to municipalities or active property developers. Currently, many properties sit vacant for years without upkeep or maintenance. In conjunction with identifying available lots, properties, and parcels to identify those that might be or become available for redevelopment, local municipalities or regional partners can provide engineering surveys to assess their condition. This can enable more seamless renovation of underutilized spaces, such as second stories that may become residential above commercial properties, or unutilized land abutting active farmland.	Local Regional

5. Funding Housing Development



In rural areas across the country, a lack of funding is consistently cited as a major barrier to the creation of new housing units. State and local funding for housing development is increasingly the deciding factor in determining which regions attract and retain population and which lose it. Historically, most of the country has relied on federal investment for new subsidized developments that house young families, essential workers like teachers and emergency responders, and other residents who cannot afford market-rate single-family homes. However, federal investments have tenant income restrictions that do not match the needs of Region 4's small towns, where middle-income households do not qualify for subsidized affordable housing. These projects also require rural areas to have flexibility to fill any vacancies given the drastic impact on cash flow. Entities such as HUD and the USDA Rural Development have intervened to subsidize the development of new rural units. Recently, state- and local-level sources have come to represent the primary tool that regions have in developing new housing at scale.

Development costs are also more expensive in rural areas due to the costs of transporting workers and materials, as well as the lack of scale and local supply chain found in these areas, deterring speculative investors from financing and building new housing units. With development costs skyrocketing over recent years, it is difficult to build a new single-family home for under $300,000, especially in rural areas like Region 4, where transportation of building materials and workers adds significant expense. Extending new infrastructure to reach previously undeveloped parcels adds another large expense, which neither housing developer nor homebuyer nor municipality can bear.

In Region 4, an inability to access federal and state funds to incentivize new housing development has caused a critical housing shortage. This housing shortage limits population growth, economic development, and community prosperity.

To increase funding for residential development available to Region 4's cities, towns, and rural areas, regional leaders can explore two key paths. First, the funding of new programs can fill critical gaps, financing home development through innovative programs and robust collaborative partnerships. Second, leaders can also convene key stakeholders like local employers and others who have a vested interest in the economic future of the region to advocate for increased state support for existing programs, ensuring Region 4 receives its fair share of housing funding. These joint strategies can, over time, position the region to become a rural case study in funding housing development, working across Region 4 to support growth.

5.1: Explore the creation of new regional housing development funding programs

Increased funding capacity in the region is critically needed to overcome the existing housing shortage. New funding programs, led by the RRCHDO and key partners such as financial institutions, employers, community foundations, and municipal governments, can work together to create new pools of funding that enable the development and redevelopment of housing units throughout the region. This process is complex and requires consensus building and buy-in for long-term sustainability. Therefore, regional leaders must be intentional in building support coalitions for new funding programs, as well as messaging around the program's beneficiaries and intended impacts.

Implementation Strategies	Implementation Scale
5.1.1: Provide loan guarantees to housing lenders. Through the Federal Housing Administration and other entities, the federal government often guarantees mortgage loans from private lenders, ensuring its housing development programs can occur sustainably and for the benefit of loan recipients. These guarantees allow lenders to act with more confidence and freedom, increasing loan volume for more housing development and purchasing. Region 4 can provide loan guarantees on construction loans for new speculative development, in partnership with a state-backed financial institution such as the Bank of North Dakota, or other local financial institutions, to give homebuilders and buyers more flexibility and risk reduction in the region.	Regional State
5.1.2: Create a revolving loan fund (RLF) to finance the appraisal gap seen in many Study Area communities. One of the Study Area's largest financial barriers is the appraisal gap: a housing developer or property owner can invest $400,000 to build a new home, only for its market value to be assessed at $275,000 at completion. This appraisal gap deters housing development from speculative investors and developers who build at scale, and leaves new home construction to wealthier individuals and families looking to build expensive customized homes in the region. The region can pilot an RLF to help fill this appraisal gap. RLFs typically grow through incremental returns from below-market interest rates, creating a patient and sustainable financing source. RLFs are used at the federal and state levels for small business growth, brownfield redevelopment, energy efficiency improvements, and more. A RLF focused on housing in Region 4 could also be used to fund down-payment assistance for first-time homebuyers, with buyers paying back into the fund as they build equity in their homes. Adding a requirement that homeowners live in the region for five or more years would help incentivize resident retention as well. ▪ **Best Practice:** Algona, a rural community in Iowa, offers a strong case study for a rural housing-focused RLF.	Regional State
5.1.3: Create a regional community development financial institution (CDFI). CDFIs are financial institutions created specifically to fund the projects and businesses of rural, low-income, Native, or other underresourced communities. These federally certified institutions, which are typically operated locally, lend to everything from real estate transactions and developments to the creation of new community assets and climate solutions. CDFIs are often housed within existing banks or foundations who have existing lending capacity. Local actors such as community foundations, private philanthropies, institutional investors, major employers, and municipalities can then contribute capital to CDFIs to fund projects and receive a return on investment. Region 4 could engage these entities and more in creating the region's first CDFI, with financing for housing development a key component of this new funder.	Regional State Employer

5.1.4: Issue regional bonds to create a higher volume of development-ready capital.

Housing bonds can create millions of dollars for local or state governments to utilize in targeting specific forms of housing development and preservation. Either state or local governments can issue housing bonds and use the proceeds to finance low-cost mortgages for lower-income first-time homebuyers or the production of apartments at rents affordable to lower-income families. Investors purchase housing bonds at low interest rates and favor the financial terms since the income from housing bond interest is tax-free. The savings is then passed on to homebuyers or renters.

Affordable housing, middle-income housing, and multifamily units are some examples of the housing types made possible by bond funding. The capital created by housing bonds can be used for multiple purposes: supporting lower-income tenants and homebuyers, granting funds to nonprofit housing developers, and creating incentives for larger development projects. Region 4 municipal and civic leaders can work in the long term to explore the viability and intended use of bond funding to support new housing units. This process requires a strong municipal credit rating from the issuing government entity, as well as a successful ballot measure.

- **Best Practice:** Local Housing Solutions offers resources for communities that are considering issuing housing bonds, including how to manage transaction costs.

Regional

5.2: Leverage and expand existing statewide housing finance programs

Alongside efforts to generate new funding programs for housing development in the region, regional leaders should continue to work with local partners and state officials to ensure Region 4 is positioned to receive additional support from existing state sources. The State of North Dakota is in a strong financial position and, in recent years, has increasingly shown an interest in investing in rural housing solutions. The 2022 ND Rural Housing Development Task Force work demonstrated a continued demand from rural communities for funding related to single- and multifamily housing development and blight mitigation. The state has a few funding programs that can be used for housing and infrastructure development, such as the housing investment fund (HIF), though these are currently oversubscribed and not adequate to address the problem at scale. Region 4 leaders should align with key partners to properly advocate for increased regional support and, in general, more robust state-level funding for housing development across North Dakota.

Implementation Strategies	Implementation Scale
5.2.1: Propose changes to the Bank of North Dakota's Flex PACE for Affordable Housing program to include not only housing development but repair and rehabilitation. The Bank of North Dakota is currently the leading statewide funder of affordable housing development through its Flex PACE program, providing "financing with an interest buydown for new affordable multi-family housing units and non-residential child care projects, new or expanding, licensed in North Dakota." However, the program provides no options for financing that supports the repair and rehabilitation of affordable housing units. Additional financing in this program to support the maintenance of older units in the region is a high priority, and amending the program to allow for this activity can bring enhanced vibrancy to the region's communities.	**State**

5.2.2: Advocate for an expansion of the North Dakota Housing Incentive Fund (HIF) program.

North Dakota's HIF has been an impactful statewide tool to date, catalyzing essential multifamily housing for urban and rural communities through new development and the rehabilitation of existing units. Through providing critically needed gap financing, the program helps with the financial viability of projects and can be key in capturing the involvement of other housing investors. Despite HIF's recent expansion, demand for HIF dollars surpasses supply of funding available through the program. Region 4, alongside other historically underserved and underinvested rural areas in North Dakota, should continue to pursue the expansion of HIF as a key priority.

State

- **Local Best Practice:** Both the HIF and the Rural Workforce Housing Grant pilot program are strong examples of North Dakota making the financing of new and preserved rural housing a legislative priority. The statewide Legacy Fund, which supports statewide priorities with hundreds of millions of dollars in annual transfers to the General Fund, has the potential to solve statewide issues related to housing and regional infrastructure.

5.2.3: Work with state leaders to expand the two-year tax exemption limit.

Local municipalities have implemented incentives that encourage development, such as the state law providing two-year tax exemptions on new construction, but these are capped at $150,000 per home and therefore limited in scope as currently implemented. This has not kept up with inflation and, given rising land, material, and labor costs, should be examined for potential realignment with current economic conditions.

State

- **Local Best Practice:** Some cities and counties in the region have local programs to incentivize housing development, such as offering lots for a dollar to interested homebuilders. One innovative example is from the City of Grafton, in Walsh County, which offers a $20,000 Grow Grafton incentive to those who build homes or townhomes on any lot within the city, $10,000 incentives for those who relocate to existing homes in the city, free street trees, and waived water/sewer hookup fees.

Conclusion

Each community within the Study Area experiences challenges and opportunities that are unique to the cities and towns within each county, including workforce dynamics, topography, economy, population change, and more. As such, each community has specific interventions that should be considered by local, county, and regional leaders that will be more effective for each given area. Below are some key challenges and opportunities by county, as well as targeted strategies to help address these challenges.

Grand Forks County

Challenges

- The largest county in Region 4, just over fourteen thousand people live in Grand Forks County but outside of Grand Forks City.
- Grand Forks County has a high concentration of jobs and population in Grand Forks City, with 82 percent of the county's population located in Grand Forks City, as well as 74 percent of the region's jobs. While a number of commuters travel from other parts of the region to the City of Grand Forks for work, many people hold jobs elsewhere but live in the city and commute to the outlying counties because they cannot find housing closer to where they work.
- Grand Forks County is the youngest within the region, with over 40 percent of residents under the age of twenty-five.
- It is also the wealthiest county. Outside of the City of Grand Forks, only a quarter of households have a median household income of less than $50,000, and close to 65 percent of households earn $100,000 or more.
- Grand Forks County has a mismatch between housing supply and demand, with a need for more market-rate housing, as well as more affordable housing options for those who are cost burdened.

Strategies

- There is demand for housing that can accommodate teachers, young families, and senior citizens, as well as workers from the Grand Forks Air Force Base and Grand Sky. This means accommodating a mix of housing types, including small starter homes for young families, multifamily homes, dense communities, ADUs for seniors or single professionals, and market-rate single-family homes for those working at the base or at Grand Sky. Therefore, recommendations around assessing local zoning codes to encourage innovative housing types, and creating affordable housing districts, could be particularly effective.
- There are a number of empty lots in Grand Forks County that are privately held. The City of Larimore, for example, has considered purchasing these lots and using the Bank of North Dakota's Flex PACE program to catalyze new development. Furthermore, the Larimore Star Fund provides economic development loans and grants to area businesses, and there is discussion about making this fund applicable to housing developments. Leveraging the funding recommendations, like providing loan guarantees to lenders and builders, or creating a revolving loan fund to help finance housing development, can complement these efforts.
- Recommendations around reuse and rehabilitation can be implemented in Grand Forks County to spur redevelopment of older properties for housing. For example, in Larimore, farmers recently purchased an old hotel and are building fifty-two housing units in the city to house their H-2A workers.

Nelson County

Challenges

- Nelson County is the smallest of the four counties in Region 4, with just over three thousand residents. The county lost 10 percent of its population from 2010 to 2020.

- It is also the oldest, with over a quarter of its population aged sixty-five and older, compared to 19 percent in the Study Area, 13 percent in the City of Grand Forks, and 15 percent in North Dakota overall. This poses challenges for maintaining the county's workforce, tax base, and housing stock.
- Nelson County has a high share of low-income and cost-burdened households. Over 44 percent of residents have a household median income of less than $50,000, which is roughly 50 percent area median income.
- There is a severe lack of developers in the area, as well as a lack of lots to build at scale. The county has seen no new housing units built since 2016, and only seventy-three units built since 2000.
- The appraisal gap also limits new development. Although Nelson County has seen the steepest increase in housing costs over the last five years, with a 224 percent upward shift, this has largely brought housing costs in Nelson County more in line with regional averages, rising from $53,975 to $175,000.
- Nelson County has a shortage of subsidized and senior housing: The county has no federally subsidized units or LIHTC units, and only thirty-eight senior-restricted units, which is inadequate to meet the demand of low-income and aging households. The county needs to invest in more affordable and accessible housing options for its vulnerable populations.

Strategies

- There is a demand for housing in Nelson County that suits young families who can fill jobs that older residents are retiring out of. There is perhaps an opportunity to develop housing that suits young professionals along Main Streets above businesses in Nelson County communities. Therefore, recommendations around sponsoring low- to no-cost engineering surveys of these properties to assess condition and feasibility of redevelopment can be particularly applicable in Nelson County.
- Following recommendations around building denser microhome communities for senior living is a promising strategy in Nelson County, given the county's aging population.
- Recommendations like forming housing co-ops to lower costs of homeownership may be uniquely effective in Nelson County, given the number of low-income and cost-burdened households living in the county.

Pembina County

- Pembina County is in the middle of the pack population-wise, but has experienced the starkest population loss, seeing a nearly 8 percent decline in residents from 2010 to 2020 (from 7,413 to 6,844).
- The Hispanic or Latino population in Pembina County grew 56 percent between 2012 and 2022 (approximately 98 people), while the county's white population during the same decade had a net change of -9.9 percent (671 people), pointing to a large effect of both in- and out-migration.
- Pembina County is the second-wealthiest county in Region 4, with just over a third of households earning a $50,000 median household income and over a quarter earning $100,000 or more.
- Pembina County has had the least amount of building over the past twenty years, with just forty-one building permits issued since 2000. Decreasing housing stock over time has severely capped property tax revenue, limiting opportunities for community investment.
- Pembina County struggles specifically with the surrounding floodplain, with a significant amount of land undevelopable due to FEMA regulations.
- Although there are vacant lots throughout the county, most appear to be owned by out-of-state investors who have no known plans of selling or developing new housing.
- Most new homes in the county are custom builds, limiting the scale at which developers can build.
- Communities in the county have also failed to reach consensus on raising taxes to fund infrastructure for new housing developments.
- Starter homes and housing for seniors are the biggest needs in the county.

Walsh County

- Walsh County is the second-largest community in the region, with 10,563 residents in 2020.
- There is a large and growing Hispanic or Latino population in Walsh County and particularly in the City of Grafton, with populations that are 12.1 percent and 24.8 percent Hispanic or Latino, respectively. The Hispanic or Latino population has been the fastest-growing segment in the county, increasing 36 percent between 2012 and 2022.
- Over 40 percent of Walsh County residents have a household median income of less than $50,000, though over a quarter earn $100,000 or more.
- There is a significant missing-middle housing gap in Walsh County, with higher-net-worth individuals building new housing and pricing out middle-income earners. There are a few new above-market-rate homes built per year by those who can afford the high development costs.
- The appraisal gap in Walsh County is a massive barrier, with homes not appraising above or even at cost to build. Infrastructure and construction costs are very high in the rural county, limiting new development.
- H-2A visa workers and Marvin employees occupy a majority of rental housing in Walsh County, leaving little room for new residents looking to rent properties.
- There are not enough lots for a developer to build units at scale, with much of the county landlocked due to the surrounding floodplain.
- City government has discussed making large infrastructure investments in vacant areas to drive new housing development.

Strategies

- Modular housing is a key opportunity for the county, as it limits expenses and is easily installable with the right infrastructure. Recommendations around educating county leaders and residents on alternative housing types can help make this type of housing more palatable and attractive.
- There are blighted houses and larger buildings, such as old schools, throughout the county that present redevelopment opportunities, but capital is needed to catalyze these projects. There are potential lots and parcels that could be eligible for redevelopment, including the Life Skills and Transition Center campus in Grafton, which is state owned. Recommendations that enable reuse and redevelopment can be helpful here, in addition to unlocking funding through the creation of a regional community development financial institution (CDFI).
- Grafton city government has discussed making large infrastructure investments in vacant areas to drive new housing development. Communities throughout Walsh County may benefit from recommendations like extending municipal infrastructure to accommodate new housing development.

3

Appendices

Appendix A – Focus Group Findings

High-Level Insights

1. **Impact on Local Businesses:** The lack of housing in communities throughout Region 4 has direct negative impacts on local businesses. Employers small and large are struggling to attract and retain employees due to a lack of available apartments, rental units, and starter homes. This problem especially affects schools and hospitals.
2. **Developer Desert:** There is a lack of housing developers in the region, limiting the volume of new housing that's built in the region. External developers rarely build in the region due to high material and labor costs. When local housing developers have existed in the region, new residential development has occurred incrementally.
3. **Lack of Available Lots:** Many towns in the region lack available lots for new development. This issue is amplified by the region's large floodplain, which is restricted from residential development. Many lots are undeveloped or vacant but are owned by out-of-town investors or families looking to hold them for future generations.
4. **Little to No Housing on the Market:** In general, there is very little existing housing on the market in the region. Of the limited housing stock that is sold, most units change hands via word-of-mouth exchanges or within one to three days of being posted on an online listing. Many regional workers, family members, and other residents are seeking housing units, creating consistent demand for the few units that do become available.
5. **Low State Support:** Many municipal and county leaders cite a lack of resources and capacity as key hindrances to building out a healthier housing stock. These leaders see recent state commitments to bettering rural housing markets, but believe North Dakota could be doing more, especially considering their robust budget surplus and reserves and comparative investments in the state's largest communities. Over a decade, the HIF program invested in excess of $100 million, with only 6 percent of the investment and 3 percent of total units built in small towns outside ND's oil patch in western ND.

City and County Insights

All data is compiled from the US Census Bureau's 2020 profiles.

Larimore

- County: Grand Forks
- Population: 1,260
- Total Housing Units: 603

Existing Conditions and Recent Development: No major development in recent years. The housing market is incredibly saturated, with significantly more people wanting to live in the community than there are spots available. Farmers recently purchased an old hotel and are building fifty-two housing units in the city to house their H-2A workers.

Barriers to New Development: Larimore is surrounded by farmland and fully landlocked. Of the lots available, private owners have asked for high purchase prices.

Development Opportunities: There are a number of empty lots in the city that are privately held. The city has considered purchasing these lots and using the Bank of North Dakota's Flex PACE program to catalyze new development. There is demand for housing that can accommodate teachers, young families, and senior citizens. Larimore can specifically attract workers from the Grand Forks Air Force Base and Grand Sky.

Programs and Incentives: The Larimore Star Fund provides economic development loans and grants to area businesses. There is discussion about making this fund applicable to housing developments.

Lakota

- County: Nelson
- Population: 683
- Total Housing Units: 390

Existing Conditions and Recent Development: Three duplexes have been built recently, with no single-family homes in the last forty years.

Barriers to New Development: There are a lack of developers in the area and a lack of lots to build at scale. The appraisal gap also limits new development—housing units are built and then immediately appraised for less value than the building cost. Infrastructure costs are also incredibly high.

Development Opportunities: Demand for housing that suits young families who can fill jobs that older residents are retiring out of. There is perhaps an opportunity to develop this sort of housing along Main Street, above businesses.

Programs and Incentives: None.

Cavalier

- County: Pembina
- Population: 1,246
- Total Housing Units: 678

Existing Conditions and Recent Development: Average of only 1.1 building permits per 1,000 people during the past twenty years. Housing prices have also risen in recent years. The decreasing housing stock over time has limited property tax revenue for the city, worsening its financial situation and limiting opportunities.

Barriers to New Development: Cavalier is incredibly landlocked due to the surrounding floodplain, limiting new development or municipal expansion. Individuals who own vacant or blighted lots are often unwilling to sell these properties for reasonable costs. The city also owns no land, a decision made by the city council, making targeted, expedited development difficult.

Development Opportunities: An eightplex is currently being built by RRCHDO in partnership with a group of local investors. The city granted $50,000 toward this eightplex. Investors need to raise $800,000 in private investment to complete the development. A senior living facility or downsized senior housing is also desired. There is also an opportunity to host workers in Grafton who cannot find housing there.

Programs and Incentives: Cavalier offers several housing incentives that are currently being used. These include:

1. Cavalier housing incentive: $15,000 grant if resident, contractor, or developer builds a newly constructed single-family home or multifamily home on a lot within the city limits of Cavalier, or $10,000 grant if resident, contractor, or developer relocates an existing single-family home into any lot within city limits of Cavalier.
2. Housing development grant: Matching grant of up to $8,000 for new affordable multifamily development.
3. Demolition grant
4. Two-year tax abatement on first $150,000 in value for new construction.
5. Waiver of local fees during construction, including building permit and weekly dumpster fees.

Drayton

- County: Pembina
- Population: 757
- Total Housing Units: 418

Existing Conditions and Recent Development: The city invested in new infrastructure for a subdivision on the north end of town, which will need to be investigated further to determine the number of possible units it could accommodate and potential overlap with the floodplain. There are no apartments available for new residents, especially for teachers who are looking to live in the area for just a couple of years. Most new development in recent years has been homes that cost $500,000 or more, large houses built by high-net-worth families with disposable income. Fifteen years ago, the city built a twin home with subsidized rent and utilities and ultimately lost $40,000. This has left a bad taste in the mouths of municipal leaders.

Barriers to New Development: There's little space for new development due to the floodplain—flood insurance payments are debilitatingly high. The appraisal gap further limits new development.

Development Opportunities: There are four city-owned lots for new development, two of which are in the floodplain. There are also about fifteen private lots that are currently not for sale.

Programs and Incentives: None.

Pembina

- County: Pembina
- Population: 512
- Total Housing Units: 259

Existing Conditions and Recent Development: There is no new development and little to no housing on the market.

Barriers to New Development: Owners of vacant and unused lots are not willing to sell them. Many vacant lots appear to be owned by out-of-state investors who have no known plans of developing new housing. Pembina also suffers from the developer desert phenomenon. All lots owned by the city are designated for trailer courts or motor homes, limiting quality housing development. The floodplain is also a larger barrier.

Development Opportunities: A contractor was going to build a few duplexes near the trailer park a few years ago, but backed out. This has led to a broader discussion on allowing modular homes at the trailer park site. The city is open to acquiring property to build on as well. The city is actively demolishing blighted houses, too, to open up new lots. There is demand for ADA-compliant one-level homes.

Programs and Incentives: The city offers a three-month subsidy on water bills for new residents.

Pembina County

- Population: 6,844
- Total Housing Units: 3,499

Existing Conditions and Recent Development: Most new homes in the county are custom builds, limiting the scale developers can build at.

Barriers to New Development: Pembina County struggles specifically with the surrounding floodplain, with a significant amount of land undevelopable due to FEMA regulations. Building and material costs are also very high in the rural area, which, paired with the lack of buildable land, limits development at scale. Communities in the county have also failed to reach consensus on raising taxes to fund infrastructure for new housing developments.

Development Opportunities: Starter homes and housing for seniors are the biggest needs in the county.

Programs and Incentives: None at the county level.

Walhalla

- County: Pembina
- Population: 893
- Total Housing Units: 482

Existing Conditions and Recent Development: Many homes are being bought by companies that purchase homes as investments but hold on to them while they are vacant, limiting the existing housing stock. There is a vacant eightplex as well as quadplex vacated due to poor living conditions. The city has a plethora of rental homes, many of which are occupied by low-income individuals on housing assistance programs. There has only been one new single-family development in the past ten years.

Barriers to New Development: The city owns one lot it is willing to donate to a developer, but otherwise there are very few available lots. The city is also landlocked due to abutting farms. Many existing homes are occupied only a couple of months a year, as they are second homes for families who hunt and recreate in the area.

Development Opportunities: The city owns an underutilized industrial park, some of which may be rezoned to accommodate housing development. It is not in the FEMA floodplain.

Programs and Incentives: None.

Grafton

- County: Walsh
- Population: 4,170
- Total Housing Units: 1,966

Existing Conditions and Recent Development: A missing-middle gap has developed in Grafton, with higher-net-worth individuals building new housing and pricing out middle-income earners. A couple of new, nice homes are built per year by those who can afford development costs.

Barriers to New Development: The appraisal gap is a massive barrier; a house built for $450,000 appraises for $300,000. There are not enough lots for a developer to build units at scale. Infrastructure costs are also high in the community. H-2A visa workers and Marvin employees occupy the vast majority of rental housing in Grafton.

Development Opportunities: City government has discussed making large infrastructure investments in vacant areas to drive new housing development. Most vacant areas are not feasible for development due to the surrounding floodplain, though. There are potential lots and parcels that could be eligible for redevelopment, including the Life Skills and Transition Center campus, which is state owned.

The city wants to prioritize rental housing that tenants can hold for two-to-three-year periods as they move to the area for work and decide whether to stay.

Programs and Incentives: The Grow Grafton Housing Incentive provides multiple forms of financing, including:

1. $20,000 grant if you buy or build a newly constructed single-family home, townhome, or condo on any lot within city limits

2. $10,000 grant if you relocate an existing single-family home into Grafton on any lot within city limits
3. Two-year $150,000 tax exemption on the building (see below)
    - Trees for your berm
    - Water/sewer hookup fees waived

Minto

- County: Walsh
- Population: 616
- Total Housing Units: 277

Existing Conditions and Recent Development: There is a small amount of single-family development. The city has invested in infrastructure over the last decade that could help future housing development.

Barriers to New Development: Minto lacks lots for development. The few available lots abut a trailer park, which is not attractive for development. The surrounding floodplain is also a large issue.

Development Opportunities: There is demand for housing that suits teachers, multifamily housing, and smaller housing for seniors looking to move off a farm.

Programs and Incentives: None.

Park River

- County: Walsh
- Population: 1,424
- Total Housing Units: 719

Existing Conditions and Recent Development: There are few available apartments for workers in Park River, and almost all employees live outside of Park River and commute in. Farmers also occupy much of the existing housing stock for H-2A workers. There has only been one single-family development in the last five years.

Barriers to New Development: Within a subdivision in Park River, new residents have protective covenants in place that allow residents to veto new developments in the area, limiting new development. The cost of building materials is prohibitive. The area is also perceived as a developer desert.

Development Opportunities: A townhome development was proposed in the last decade but ultimately failed. However, available properties in that area remain undeveloped. There are lots for up to ten twin homes and another five lots available across the street. This area has paved roads, sewer/water, and surrounding businesses. These lots are available for purchase by developers for $10,000, $5,000 of which would return in incentives within two years.

There are another twenty or so lots on the hillside on the east side of town. These lots have no infrastructure attachments but could potentially accommodate new housing development. For now, Park River is averse to infrastructure spending due to $1 million that went into the townhome development that is yet to come to fruition.

Park River also has a brownfield former school site that could be redeveloped into housing with proper asbestos removal. There is also the potential for repurposing of second floors rentals in Park River.

Programs and Incentives: Park River's Development Corporation offers a $150,000 exemption over two years on any new home. The city is also interested in exploring an incentive that helps cover the cost of moving modular homes from Canada to Park River.

Walsh County

- Population: 10,563
- Total Housing Units: 5,202

Existing Conditions and Recent Development: Most properties in the county are aging, with main cities fully occupied. H-2A visa workers dominate the county's rental market, providing little to no room for workers looking to rent properties.

Barriers to New Development: Infrastructure and construction costs are very high in the rural county, limiting new development. Development cannot occur at scale.

Development Opportunities: Modular housing is a key opportunity for the county, as it limits expenses and is easily installable with the right infrastructure. There are blighted houses and larger buildings, such as old schools, throughout the county that present redevelopment opportunities, but capital is not present to catalyze these projects.

Programs and Incentives: None at the county level.

Appendix B - Strategy Matrix

Theme → Recommendation → Strategy	Local	Regional	State	Employer
1. New Construction				
1.1: Work with municipal leaders to help towns, cities, and counties take local actions that catalyze new housing development				
1.1.1: Advance local rezoning to make more areas available for new housing development.	x	x		
1.1.2: Educate municipal leadership about best practices for zoning, incentives, and other tools that can facilitate housing development.	x	x		
1.1.3: Inventory available land, property values, municipal land use, and infrastructure capacity throughout the region in a publicly searchable database and better data collection.	x	x		
1.1.4: Extend municipal infrastructure to accommodate new housing development.	x		x	
1.2: Empower region-wide actions that catalyze housing construction in areas that are viable for new development				
1.2.1: Work with regional property owners to put vacant properties on the market.	x	x		
1.2.2: Bundle lots across municipalities to attract a builder, working with real estate agents to showcase available, shovel-ready lots to private developers.	x	x		
1.2.3: Form a regional building co-operative (co-op) to encourage development of spec homes, and housing co-ops to lower costs of home ownership.	x			
1.2.4: Create local or regional land trusts to acquire land for housing development.		x		
2. Housing Innovation				
2.1: Educate regional leaders and residents on alternative housing types				
2.1.1: Develop an educational campaign around the development of multifamily homes, modular and manufactured homes, and accessory dwelling units (ADUs).		x		
2.1.2: Host homebuyer education in small towns across Region 4 and incentivize home transfer.	x	x	x	
2.2: Enable innovative housing types in individual communities through pilot programs, zoning, and districting efforts				
2.2.1: Shift local zoning codes to encourage accessory dwelling units (ADUs).	x			

Theme → Recommendation → Strategy			Local	Regional	State	Employer
		2.2.2: Create affordable housing districts in municipalities throughout the region, where appropriate.	x			
		2.2.3: Target denser microhome communities for senior citizens and H-2A seasonal agricultural workers.	x			
3. Workforce and Human Capital						
	3.1: Advance educational opportunities to create regional housing developers and homebuilders					
		3.1.1: Incorporate age-appropriate career exploration and entrepreneurship into the K–16 curriculum.		x	x	
		3.1.2: Build more apprenticeship programs for high school students and adults in the building trades and associated industries, such as business banking and real estate.		x	x	x
		3.1.3: Create regional scholarships for students to pursue trades education.		x		x
	3.2: Develop a stronger understanding of the region's workforce needs as they relate to housing development					
		3.2.1: Conduct a workforce study to understand regional gaps and discover residents who may be underemployed.		x		
		3.2.2: Partner with workforce development entities to better market and advertise opportunities in the trades.		x		
		3.2.3: Launch a centralized job board that local employers can use to post job openings.		x		
		3.2.4: Increase staffing for regional housing organizations to adequate levels for required impact.		x		
	3.3: Highlight housing development as a priority for the region's entrepreneurial ecosystem					
		3.3.1: Provide business support services and incentives to enterprising local residents to develop startups and encourage entrepreneurship related to housing.		x		
		3.3.2: Amplify existing "builders exchange" directories and encourage more participation by local Region 4 construction companies, builders, and tradespeople.		x		
4. Redevelopment, Reuse, and Repair						
	4.1: Explore funding tools, policies, and marketing strategies that increase the volume of housing redevelopment, reuse, and repair in the region					
		4.1.1: Create a redevelopment fund that provides low-interest loans for repair and renovation.		x	x	
		4.1.2: Expand the use of tax increment financing (TIF) for redevelopment throughout the region.		x	x	

Theme → Recommendation → Strategy			Local	Regional	State	Employer
		4.1.3: Develop ordinances that incentivize upkeep of vacant properties. Tax unoccupied properties at a higher rate to disincentivize blight, vacancy, and underinvestment.	x	x		
		4.1.4: Raise awareness of the redevelopment, reuse, and repair projects that are possible in the region.	x	x		
	4.2: Target individual homes for demolition and/or redevelopment, effecting incremental progress in creating new housing at a regional level					
		4.2.1: Empower local municipalities to condemn and demolish blighted buildings through funding and ordinance.	x	x	x	
		4.2.2: Sponsor engineering surveys of available lots, properties, and parcels to facilitate redevelopment.	x	x		
5. Funding						
	5.1: Explore the creation of new regional housing development funding programs					
		5.1.1: Provide loan guarantees to housing lenders.		x	x	
		5.1.2: Create a revolving loan fund (RLF) to finance the appraisal gap seen in many Study Area communities.		x	x	
		5.1.3: Create a regional community development financial institution (CDFI).		x	x	x
		5.1.4: Issue regional bonds to create a higher volume of development-ready capital.		x		
	5.2: Leverage and expand existing statewide housing finance programs					
		5.2.1 Propose changes to the Bank of North Dakota's Flex PACE for Affordable Housing program to include not only housing development but repair and rehabilitation.			x	
		5.2.2: Advocate for an expansion of the North Dakota Housing Incentive Fund (HIF) program.			x	
		5.2.3 Work with state leaders to expand the two-year tax exemption limit.			x	

Endnotes

1. Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2008–2012 and 2018-2022

2. Chase Bank: "Vacancy rate in real estate: What is it and how does it work?"

3. North Dakota Labor Market Information; https://www.nd.gov/

4. Lightcast™ Unique Job Postings. May 2024.

5. U.S. Department of Justice, Justice Department Reaches Major Olmstead Settlement Agreement with North Dakota, 2020

6. US Census Bureau – Walsh County, North Dakota QuickFacts (Housing)

7. Fourth Economy Analysis of American Community Survey 5-Year Estimates, 2008-2012 and 2018-2022

8. Fourth Economy Analysis of US Census ACS data, 2012-2022

9. US Census Annual Estimates of the Resident Population: April 1, 2010, to July 1, 2019, and US Census ACS 2022 1-Year Estimates

10. Note: This is based on ACS 2022 5-year data, and contains a +/- 10 percent margin of error. Due to small population numbers, margin of error in rural data tends to be large.

11-11. Fourth Economy Analysis of Census OnTheMap data, 2021

12. Chase Bank: "Vacancy rate in real estate: What is it and how does it work?"

13. Site Selection Group, 2024

14. Note: Value is measured by the Census Building Permits Survey, which provides national, state, and local statistics on new privately owned residential construction. The United States Code, Title 13, authorizes this survey, provides for voluntary responses, and provides an exception to confidentiality for public records.

15. North Dakota Labor Market Information, Long-Term Employment Projections, 2020–2030

16. Lightcast™ Unique Job Postings. May 2024

17. Fourth Economy Analysis of Census Business Builder data

18-19. North Dakota Labor Market Information, Long-Term Employment Projections, 2020–2030

20, 22-23. Fourth Economy Analysis of Lightcast™ Data

21. Supercommuters are a category of commuters who undertake a significantly longer than average commute each day in terms of time and/or distance—in this case, more than fifty miles.

24. Value Capture - Tax Increment Financing

25. FHWA - Center for Innovative Finance Support - Value Capture - Land Value Tax

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