NORTH DAKOTA STATEWIDE HOUSING NEEDS ASSESSMENT

PURPOSE

The North Dakota Statewide Housing Needs Assessment was conducted by the North Dakota State Data Center at North Dakota State University for the North Dakota Housing Finance Agency (NDHFA) and the North Dakota Department of Commerce Division of Community Services. The research is available through the NDHFA website at http://www.ndhfa.org. The purpose of this housing needs assessment is threefold. First, it offers policy-makers, developers, housing agency administrators, and others directly related to housing an overview of the current housing situation in the state. Second, it describes the changes that have occurred in the state's population base and corresponding shifts that have resulted in housing stock. This relationship provides context for forecasting housing needs. Finally, the analysis presents an objective assessment of future housing needs based on a combination of a) historical trends in housing utilization, b) recent trends in housing construction, and c) demand for housing based on population and income shifts.

It should be understood that determining future housing needs is a complex issue. There is no single indicator that adequately predicts future needs. Therefore, housing forecasts should be used only as one tool in developing housing policy. Nonetheless, insight can be drawn from historical trends regarding the relationship between population dynamics and corresponding housing development. The patterns that emerge, when placed within the appropriate economic and political context, are useful for predicting future housing needs. Consequently, in the needs assessment you will find a series of projections that allow you to contrast forecasts for population movement, predicted trends in occupied housing, and two scenarios for projected housing supply. The first projected housing supply forecast is based on a historical pattern of housing construction while the second projected housing supply scenario is based on shifts in an area's population profile. Contrasting these two forecasts will allow you to assess how well the current pattern of housing construction, if continued into the future, fits the expected housing needs based on population projections.

KEY FINDINGS

Population Change

1. North Dakota's population has remained relatively stable over the past 60 years, fluctuating by no more than 35,000 people or 5 percent.
2. North Dakota's population continues to consolidate into its largest cities. Currently, 53 percent of the population resides in only 15 cities and more than half of the state's 371 incorporated places have fewer than 200 residents.
3. Population movement within the state has led to very uneven growth patterns. Between 1990 and 2000, only six of 53 counties gained population.
4. North Dakota's age profile is changing dramatically.
    a. In 2000, 15 percent of all residents were 65 years and older (in 27 of the state's 53 counties, this proportion was over 20 percent).
    b. Between 2000 and 2015, residents 65 years and older are projected to expand by 35 percent and represent 20 percent of the statewide population by 2015.
    c. Residents 24 years and younger are projected to decline by 13 percent between 2000 and 2015 while those between the ages of 25 and 54 will decline by 11 percent.

Changing Household Composition

5. Statewide, the number of married-couple families with children declined by 31 percent or by nearly 28,000 households since 1960. In contrast, during the same time period, married-couple households without children increased by 58 percent.
6. Non-family households have become the dominant form of household in the state, nearly quadrupling since 1960. Currently, they represent just over one-third of all households. Approximately 83 percent of non-family households are persons living alone, 39 percent of whom are elderly.

Housing Stock
7. Occupied housing units in the state increased by nearly 7 percent or 16,274 units between 1990 and 2000.
8. Owner-occupied housing units grew at a faster pace between 1990 and 2000 than renter-occupied units: 9 percent relative to 4 percent.
9. Overall vacant housing units have declined over the past decade and account for approximately 11 percent of total housing units. The greatest declines in vacant units were among year-round homes and mobile homes, down 19 percent and 24 percent, respectively, between 1990 and 2000.
10. Growth in housing since 1960 has been centered on single-family units and larger multi-family structures (i.e., five or more units).

Affordable Housing
11. North Dakota lacks sufficient affordable housing, especially for those in low- and extremely low-income brackets. Using 30 percent of household income as a benchmark for affordable housing and statewide median family income (MFI) for 2000 at $52,500, the data indicate that:
    a. 43 percent of current owner-occupied or renter-occupied homes in North Dakota are affordable to those earning less than 30 percent of MFI.
    b. Only 69 percent of owner-occupied homes are affordable to those with income between 31 percent and 50 percent of MFI.
    c. Approximately 83 percent of renter-occupied units are affordable to those with income between 31 percent and 50 percent of MFI.

Housing Conditions
12. The general housing conditions in North Dakota are very good.
    a. Less than one-half percent of owner-occupied units lack complete plumbing or kitchen facilities.
    b. Approximately 1 percent of owner-occupied units are overcrowded, having more than one occupant per room.
    c. One-half percent of renter-occupied units lack complete plumbing facilities and 1 percent lack complete kitchen facilities.
    d. Nearly 4 percent of renter-occupied units are overcrowded, having more than one occupant per room.

Special Populations
13. Survey data of homeless indicate that there is an unmet need in the state for nearly 2,136 homeless, 40 percent of whom are families with children.
14. There is an important housing need for low- and moderate-income elderly.
    a. 15 percent of residents 55 years and older in owner-occupied units have housing cost burdens that exceed 30 percent of their household income.
    b. 35 percent of residents 55 years and older in renter-occupied units have housing cost burdens that exceed 30 percent of their household income.

Projected Housing Demand
15. The distribution of households will change dramatically over the next 10 years. Forecasts indicate that for the time period 2000 to 2015:

Age:
- The number of young adult households (i.e., ages 15 to 34) will decline by 4,938 or 8 percent.
- Middle-age households (i.e., ages 35 to 54) will decline by 15,367 or 15 percent.
- Early retiree and young senior households (i.e., ages 55 to 74) will increase by 29,801 or 50 percent.
- Older senior households (i.e., age 75 and over) will increase by 12,586 or 38 percent.

Income:
- Households with income below 30 percent of MFI will increase by 7,426 or 15 percent.
- Households with income between 31 percent and 50 percent of MFI will increase by 4,789 or 12 percent.
- Households with income between 51 percent and 60 percent of MFI will increase by 3,490 or 9 percent.
- Households with income above 115 percent of MFI will increase by 2,555 or 8 percent.

Type:
- First-time homebuyers are expected to decline statewide by nearly 9 percent.
- Upscale homebuyers are expected to increase by nearly 8 percent.
- Low-income homebuyers are expected to increase by nearly 6 percent.
- Moderate homebuyers are expected to increase by nearly 8 percent.
- Elderly homebuyers are expected to increase by 42 percent.

Projected Housing Supply

16. If the current level of housing construction continues, the state's overall housing stock will expand by less than 1 percent or by 30,562 units between 2000 and 2015. Housing supply forecasts for the same time period based on population change rather than on the past decade's building trend are slightly more robust and indicate housing stock will expand by 32,157 units. The projected housing expansion will slightly exceed anticipated housing demand assuming current vacancy levels persist. However, the type of housing unit and location will vary markedly throughout the state.
    a. Greater housing growth than current levels will be needed to meet demand in Region IV (Grand Forks area).
    b. An increased demand for elderly housing, especially in Region I, Region III, and Region VII, will require more specialized construction even though overall housing units will exceed demand.
    c. The current level of housing growth in Region II will likely outpace future demand, therefore a housing slowdown in this region is probable.

Survey of Key Leaders Results

17. A telephone survey of 183 key leaders representing every county, major city, and reservation in North Dakota was conducted in the summer of 2004. Representatives from the financial community, public housing authorities, realtors, apartment associations, builders, and statewide housing organizations also were included in the study. Topics covered in the survey included housing supply and demand issues, housing quality and affordable living, barriers to development, special population needs, and concerns regarding housing policies and programs. Key findings indicate:
    a. Overall, key leaders generally agreed that the economic health of their communities is good and that community leaders are visionary.
    b. Important local issues of key concern include economic development, retention of young adults, an aging population, infrastructure, social issues such as drug and alcohol abuse, and services for special populations.
    c. A general sense among key leaders is that there is growing demand for larger apartments, duplexes/townhomes for rent, single-family houses for purchase or rent, and starter homes. There is general consensus that there is sufficient public housing to meet the needs of their communities.
    d. Overall, leaders generally agreed that the housing stock in their area is in good repair, with the major exception of reservation areas. Representatives of the reservation areas felt housing quality in their communities was worse than other communities, in general.
    e. Leaders felt affordable housing has changed little over the past 10 years with the exception of Region V and the top 12 cities in the state, where leaders said that rising housing costs have made housing less affordable.
    f. Approximately one-fourth of the key leaders indicated concern regarding barriers to housing development in their communities. The major concerns included zoning issues, cost of development, availability of infrastructure, restrictions regarding development of multi-family units, lot size, development of agricultural land, equity and appraisals, and the need for stricter codes to improve property values and pride in ownership.
    g. Three of four key leaders expressed the need for the state to play a role in increasing the supply of adequate and affordable housing.

RECOMMENDATIONS

An overall analysis of the findings, including comments and suggestions from key leaders, leads us to offer the following top six recommendations as a way to prioritize future housing development strategies:
1. Top priority should be given to exploring ways to best address future elderly housing issues.
2. Special attention should be given to housing for special needs populations including the frail and physically disabled, mentally disabled, veterans, and the homeless.
3. Attention should be given to initiatives that will increase the likelihood of rehabilitating or remodeling older homes, especially for elderly use.
4. Agencies should position themselves for a significant increase in demand for programs that address housing for extremely low-, low-, and moderate-income residents.
5. A contingency plan should be developed for possible significant reductions in federal housing support. The Center on Budget and Policy Priorities forecasts a possible reduction that may exceed $8 million in Section 8 Vouchers as a result of cuts in federal housing assistance. This would likely eliminate 2,101 vouchers in North Dakota by 2009.
6. Priority should be given to creating a task force that can explore the feasibility of innovative programs or approaches to housing development.

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